

# HYDRO SHOWS PROFIT FOR NORTH UNITS

**Operating Surplus Adds to  
System's Sound Finances,  
Says Roebuck**

## AMPLE POWER SEEN

The combined Northern districts of the Ontario Hydro System are this year "out of the red." with total revenues exceeding expenses other than sinking fund.

Attorney-General Arthur Roebuck made this declaration in the Legislature yesterday as he wound up a six-hour Hydro speech, which he had started on the previous evening.

He coupled his Northern announcement with a statement that Hydro's finances are now "as sound as the Rock of Gibraltar," and gave an emphatic assurance that never would industry of the consuming public need to fear a shortage of power in Ontario.

Reductions in Hydro rates in the Eastern Ontario district were forecast "in the near future" by the Attorney-General, as he detailed the growth and administration of Hydro, system by system.

He started with the Eastern Ontario System.

"A striking feature of the history of the past year in this system has been the marked increase in the growth of load, and a surplus of more than \$100,000 in excess of the comfortable surplus of last year," he said.

### Outstanding Achievements.

"This has been most satisfactory, but the most outstanding achievements in the Eastern district has been the making available of the idle capacity of the Commission's plants on the Madawaska River—the installation of a frequency-changer connecting the 60-cycle load of that district with the 25-cycle load of the Niagara district, and the cancellation of the former contract with the Gatineau Power Company and the substitution of a new contract, based upon the Commission's actual requirements, at a considerably reduced price."

The peak load of primary power this year had increased 10,402 horse-

power, or 10.74 per cent., over last year. "In this system, as in the Niagara, good management is evidenced in increased revenue on the one hand and decreased expenses on the other hand," he said.

The revenue of the last year had been \$76,892.46 greater than that of 1934, and \$220,944.03 in excess of that of 1933, he said.

### Decrease in Expenses.

Offsetting the growth in the cost of power, there had been a steady decrease in the expenses of the system, operation, interest and reserves included. In 1935 expenses decreased \$54,243.56 from 1933, he said.

The results of the favorable trend in the relationship of expense as compared with revenue were found in the increasing surpluses, he said. From a surplus of \$36,413.06 in 1933, the surplus had jumped to \$241,091.02 in 1935, he stated.

"Nor have these surpluses been achieved at any cost to capital account. Reserves have been faithfully accumulated on the basis of the Commission's highest standard of practice, so that our combined reserves have now grown to \$6,674,598," he said.

Continuing his account of administration. Mr. Roebuck stated:

"During the past summer the Commission has connected the Madawaska local system to the general Eastern district by the building of a 33,000-volt transmission line from Galetta to Smiths Falls. The cost of this transmission line and transformer equipment has been approximately \$120,500. The Commission has thus added to its Eastern system resources approximately 4,000 horsepower, available at all times for peak purposes and for energy on a high-load factor during periods of normal stream flow. Aside from the investment in the plant, which had already been made, this is a capital outlay of only approximately \$30 per horsepower."

### Anticipated Growth.

The growth of demand in the Eastern system had been due to the operations by General Motors at Oshawa and the Howard Smith Company at Cornwall, he said. An anticipated growth of 6,000 horsepower for the next two or three years was an outside estimate, he said, and the surplus power was ample to supply the current needs, and no further orders for power were necessary.

### Two Questions.

"When one turns toward the future," he continued, "two inquiries naturally arise. What will be the cost of power under the new arrangement, and what are the Commission's resources should the growth in demand continue beyond the 60,000 horsepower now provided.

"As to the first question, one has but to note the surplus last year of \$241,000, and to bear in mind what I have said with respect to the prospect of savings under the new contract, and to appreciate that the Commission will very shortly be in a position to grant a substantial reduction in the cost of its power to our municipal customers.

"With regard to the second question, I need but mention the possibilities that are suggested in the frequency changer between the Niagara system and the Eastern system with a capacity of 60,000 horsepower, and to this is to be added the 85,000 horsepower of undeveloped capacity on the Madawaska River, in which we have already paid the exorbitant price of \$1,800,000 to the O'Brien interests, and to this is to be added further capacity available on the Mississippi River and the

Trent Watershed, to say nothing of such supplies as may be made available from the Ottawa and St. Lawrence Rivers.

### Escaped Blight.

The Georgian Bay system, said Mr. Roebuck, turning to that development, had, "fortunately escaped the blight of purchase power contracts."

"In 1935 the total expenses of the system were \$908,902.77, a decrease from 1933 of \$68,988.16. The total revenue for the year 1935 was \$1,004,226.63, leaving a surplus of \$95,323.85.

"The fact that the present Commission in each of its annual reports of 1934 and 1935 is able to announce a surplus of nearly \$100,000 a year, together with the fact that the physical operation of the system has been so uneventful that there is nothing of note to be mentioned, is sufficient indication of satisfactory good management," he said.

For the first time since 1930, the Thunder Bay system is out of the "red," and this year is able to report a surplus of \$3,721.20, Mr. Roebuck said.

"This satisfactory change in the financial showing of the system is in part the result of mining activity taking place on the north shore of Lake Superior, in the Sturgeon River district. The Northern Empire Mines, and the Little Long Lac Mines built their own transmission line in 1933, and last year absorbed approximately 25,000 horsepower," he stated.

### Industry Revives.

There had been a revival in the pulp and paper business at the Head of the Lakes, where three great mills were located, and the Commission was now in a position to offer more favorable rates to the industry. They were now paying for firm power from \$20 to \$21.50 per horsepower, and a proposal was now under consideration to reduce this to \$18 on the basis of increased takings.

"If this could be accomplished, it would result in considerably increased industrial activity and in employment, as well as financial benefit to the system and the municipalities," Mr. Roebuck said.

The deficit in the Manitoulin Rural Power District had been decreased this year to the small amount of \$638.42. "This deficit is so small as to be unimportant, particularly in view of the fact that sinking fund, renewals and contingencies reserves have been provided, and it may confidently be expected that a surplus will be reported this year," he said.

### Reduced Costs.

In the rural power districts the Hydro Commission had not only extended its lines by a greater number of miles than in any year since the commencement of the depression in 1929, but it had also reduced the cost of its services and had inaugurated a policy of giving free power for certain purposes.

The total expenditures on the distribution systems in the rural power districts to the end of October, 1935, had been \$19,000,000, and of this the Ontario Government had contributed \$9,500,000.

This year the Commission is planning construction of 838 miles of line, to serve approximately 6,400 additional consumers, at a total expenditure of, roughly, \$2,000,000, of which the Province will contribute \$1,000,000.

Reserves for contingencies now amount to \$1,000,000. Betterment of the fund by way of interest earnings was sufficient to meet ordinary charges on this account and the Commission had decided to discontinue charges against rural customers on this account. Reserves on account of renewals were in excess of the annual charges and they had been reduced

from 2 per cent. to 1.75 per cent. on the total capital investment, he said. **\$225,000 Saving.**

"The result of these changes has been a substantial reduction in maximum service charges to rural customers. This is a reduction of roughly 10 per cent. to customers in hamlets and on small farms and a 20 per cent. reduction to standard and large farms and other consumers needing heavier than ordinary loads. The total saving per annum to rural consumers on account of this reduction is estimated at \$225,000 beginning in 1936," Mr. Roebuck said.

The Attorney-General dealt next with the Northern Ontario properties, other than Abitibi. These include Nipissing, Wahnapiatae, Espanola, Albany River and Red Lake.

"In 1934 the divisions other than Abitibi showed a revenue as of Oct 31 of \$675,761.69, and a total expense of \$534,955.55, being a surplus over cost of operation, maintenance, interest, renewals, obsolescence and contingencies of \$140,806.15—a very creditable showing," he said.

"During the year 1935, due to increased demand for power, the revenue of the districts, exclusive of Abitibi, have shown a satisfactory growth. To Oct. 31, 1935, the revenue was \$754,313.60, and the total expenses were \$627,271.83, leaving a surplus of \$127,041.77."

### New Units Planned.

The Commission was planning, he continued, the installation of additional units on both the Albany River and the English River. Last year the Commission started installation of an additional generating unit at Rat Rapids on the Albany River in the Lake St. Joseph district, for the Pickle Crow and Central Patricia mines.