

icipalities, coordinated into groups or systems for securing common action with respect to power supplies. It had its beginning in 1903, when, as a result of public agitation to ensure the provision of adequate supplies of electrical power for distribution throughout the province at low cost, seven municipalities united under statutory authority in appointing an investigating commission to deal with power problems. This commission, known as the Ontario Power Commission, completed its work in 1906, and in the same year the Ontario Government, by special Act, created the present Hydro-Electric Power Commission of Ontario. The operations of the undertaking have grown rapidly, until now electrical service is supplied by the Commission to about 550 municipalities comprising nearly all of the cities and towns of the province, as well as many small communities and rural areas.

The providing of the power, either by generation or purchase, its transformation, transmission and delivery to the individual municipalities and to large industrial consumers, and the operation of rural power districts, are performed by the municipalities acting *collectively* through their agent and trustee, the Hydro-Electric Power Commission of Ontario. The local operations involved in the retail distribution of the electrical energy to the consumers within the limits of the various urban municipalities are performed by the municipalities *individually*, through municipal utility commissions acting under the general supervision of the Hydro-Electric Power Commission.

Capital required for plant to generate and transmit power is lent by the province, and the municipalities are under contract to repay, over a period of 40 years, the moneys thus loaned, with interest in full. The local distribution systems are financed individually by the issue of municipal debentures. Provision is made in the rates charged to the ultimate consumers, for revenue with which to retire these bonds in from 20 to 30 years.

When a municipality wishes to become a partner in the Hydro system, the Commission submits an estimate of the cost of power, delivered to the municipality. Then the question of joining the "Hydro" is voted upon under a civic by-law, which, if passed, is followed by another to provide the money necessary for construction of the municipal distribution system.

The rates at which power is supplied by the Commission to the various municipalities vary with the amounts of power used, the distances from the sources of supply, and other factors. The basic principle underlying the operations of the undertaking is the provision of service "at cost". Like any other efficient business concern, the Commission and the municipal electric utilities make provision from the charges for electrical service for repairs and replacements and for obsolescence and contingencies. In addition, the sinking fund provisions ensure that as the successive issues of capital are retired, the charges for interest will be reduced. Power bills for the wholesale service given by the Commission are rendered each month to the municipal utilities at an interim estimated rate, and "credit or debit adjustment" is made at the end of the year when the Commission's books are closed and the actual cost of providing the service is determined.

The rates charged by the municipal utilities for retail service are under the control of the Commission and are designed to ensure that each class of consumer bears its appropriate share of the expenses of the undertaking. The form of rate schedule for each class of service is designed to ensure, as far as is practicable, that each consumer is charged with the cost of the service he receives.