

from three to six members, all of whom are appointed by the Lieutenant-Governor in Council. One commissioner must be, and a second commissioner may be, a member of the Executive Council of the Province of Ontario.

The basic principle governing the financial operations of the Commission and its associated municipal utilities is that electrical service is provided at cost. The Commission interprets cost as including payments for power purchased, charges for operating and maintaining the power systems, and related fixed charges. The fixed charges represent interest on debt, provisions for depreciation, allocations to reserves for contingencies and rate stabilization, and the further provision of a sinking fund reserve for retiring the Commission's capital debt. While the enterprise from its inception has been self-sustaining, the province guarantees the payment of principal and interest on all bonds issued by the Commission and held by the public. In addition, during a period of more than forty years the province has materially assisted the development of agriculture by contributing toward the capital cost of rural distribution facilities.

For the financial and administrative purposes of the Commission, the province is divided into two parts. The roughly triangular part lying south of Lake Nipissing and the French and Mattawa Rivers is served by the Southern Ontario System, a fully integrated power system combining the Niagara, Georgian Bay, and Eastern Ontario Divisions. The System is operated on a co-operative basis predominantly for the benefit of more than 300 municipal electrical utilities supplied with power at cost, but in part also for the benefit of the Rural Power District which it serves. The northern part of the province is served by the Northern Ontario Properties, held and operated for the most part in trust for the province, but operated in part also for the benefit of a group of utilities supplied with power at cost. The Northern Ontario Properties include a North-eastern and a Northwestern Division. Each of these Divisions is an integrated power system, the former being interconnected with the Southern Ontario System.

In addition to administering the enterprise over which it has direct control, the Commission exercises certain regulatory functions with respect to the group of municipal electrical utilities which it serves. In order to provide convenient and expeditious service in this dual function of regulation and supply, the Commission subdivides its province-wide operations into eight regions, six in the south and two in the north, with regional offices located in eight major municipalities. At present the two northern regions coincide with the two northern Divisions.

The Commission is concerned primarily with the provision of electric power by generation or purchase and its delivery in bulk either for resale or for use in the industrial operations of certain customers served directly. Power for resale is delivered to the associated municipal electrical utilities, and to certain interconnected systems, including a number of independent municipal distribution systems, operating within or beyond the provincial boundaries. The industrial customers served directly include mines and industries in unorganized areas. Some power users located within areas served by the municipal utilities are also served by the Commission since their power requirements may be so large, or may create supply conditions so unusual, as to make service by the local municipal utilities impracticable. In total, bulk delivery for resale and for industrial use accounts for about 90 p.c. of the Commission's energy sales. The remaining 10 p.c. of the Commission's sales are made to ultimate customers either in rural areas served on behalf of the townships by the Commission's rural distribution facilities, or in a relatively small group of municipalities served by Commission-owned local distribution systems. In general, however, retail service to ultimate customers in most cities and towns, in many