

Northwestern Divisions but there are facilities for the interchange of power between the Northeastern Division and the Southern Ontario System. The Northern Ontario Properties is not a co-operative system although it does serve a group of seven municipalities in its Northwestern Region on a cost-contract basis. Apart from the supply of power to these cost-contract customers, the Northern Ontario Properties are held and operated in trust for the Province of Ontario. The basic principle governing the financial operations of the undertaking is that electrical service is provided by the Commission to the municipal electrical utilities, and by them to their customers at cost.

The Commission's total cost of operation includes the power it purchases, all charges for operation and maintenance of the power systems, interest, and reserve provisions for depreciation, contingencies and stabilization of rates. A sinking fund reserve is also included for the retirement of the Commission's capital debt. The enterprise from its inception has been self supporting, except for the Provincial Government assistance of 50 p.c. of the capital cost of rural distribution facilities, undertaken in pursuance of the Province's long established policy of assisting agriculture. The Province also guarantees the payment of principal and interest of all bonds issued by the Commission and held by the public.

The undertaking as a whole involves two distinct phases of operations:—

(1) Provision of power supply—either by generation or purchase—and its transformation, transmission and delivery in *wholesale* quantities to municipal electrical utilities, certain large industrial customers and rural operating areas. This phase of operations is performed by The Hydro-Electric Power Commission of Ontario. (2) The *retail* distribution of electric energy. In most cities and towns, and in many villages and certain township areas, retail distribution of electric energy is conducted by municipal commissions under the general supervision of The Hydro-Electric Power Commission of Ontario as provided for in the Power Commission Act and the Public Utilities Act. These local commissions own and operate their own distribution facilities. In a small group of municipalities The Hydro-Electric Power Commission of Ontario owns the distribution facilities and conducts retail distribution through what are called local systems. Throughout most of rural Ontario the Commission, on behalf of the respective townships, operates the distribution facilities and attends to all physical and financial operations connected with the retail distribution of energy to customers in the rural operating areas. Since 1944 the rate structure applying to rural customers designated as farm, hamlet, commercial, and summer service has been uniform throughout the Province.

The growth of Ontario Hydro's physical and financial resources reflects the remarkable industrial and social development of the Province. In 1914 the Commission purchased its first generating station, Big Chute on the Severn River. Later in the same year the first Commission-built generating station, at Wasdell Falls, also on the Severn River, was placed in service. The program of purchase and construction of generating stations reached a climax in the great Queenston-Chippawa development, later renamed Sir Adam Beck-Niagara Generating Station No. 1 on the Niagara River in honour of the first Chairman of the Commission. This station first delivered power in 1922 but four years later the Commission found it necessary to negotiate for the extensive purchase of power from large Quebec suppliers in order to satisfy Ontario's steadily growing power demands—demands that have continued to increase over the years.

In 1954 the primary and secondary load carried reached a total of 3,778,744 kw. and a total of 22,386,456,876 kwh. was supplied during the year from all the Commission's resources generated and purchased.

In the ten years since the end of World War II the Commission has carried out a most aggressive program of new construction to provide for increasing power requirements. The capacity of resources generated and purchased more than doubled during this period. Among the generating stations contributing to this remarkable growth are three large hydro-electric stations on the upper Ottawa River, two hydro-electric stations in northern