

to get your light from a central station than to instal an isolated plant. It may, therefore, fairly I think be conceded that, whatever may have been the vicissitudes of the past, the money invested in a central station to-day is entitled to take rank as a safe conservative and first-class investment from which a return of 6 per cent. per annum should be regarded with satisfaction.

The sufficiency of the allowance of 6 per cent. to cover depreciation is more open to discussion, and in it is really involved, as well, the soundness of the third assumption. In order to clear the way to a fair consideration of this matter it must be kept in mind that the depreciation of electrical apparatus in the past, and to a measurable degree in the future, is of two distinct kinds. The first is in the depreciation proper, due to the wearing out of the machinery and appliances in service; the second, and in the early days of the electrical art vastly the most important, is the arbitrary depreciation which is due not to the wearing out of the plant, but to its becoming obsolete by reason of the introduction of newer and more efficient and satisfactory types. There can be no question but that the unparalleled rapidity of development of electrical science and the electrical industry which has crowded the progress of a century within one decade and a half, has borne heavily upon the earlier investors whose faith and courage made this marvellous progress possible. The apparatus produced in the tentative stages of electrical evolution was naturally crude and often unsuitable for the purpose for which it was sold, since the principles governing its operation were only dimly understood or guessed at, and that often incorrectly. Considered in the light of present standards, the units in use were, in view of subsequent requirements, absurdly small; the commercial efficiency of generators, distribution lines and transformers when used was very low; regulation, with all which it entails in plant efficiency, was practically non-existent. The steam plant on the market too was in a much less advanced stage of development than at present, and the relative suitability of varying types had as yet to be determined. Contrasting with this the present condition of the art, we find that in the best types but little room is left for improvement along present lines. The efficiency of the best dynamos

to-day is exceedingly high, 90 per cent. or better at full load being an ordinary guarantee for even the smaller sizes. Regulation in the best machines, both for incandescent and arc lighting, is practically perfect. As an example of the stability to which the highest grades of apparatus have attained by a gradual course of evolution, we may instance a widely-known machine—the ironclad armature type of alternator, as constructed by a number of the principal manufacturing companies. Experience has established its perfect adaptation to the purpose for which it is primarily intended—the supply of alternating currents for incandescent lighting. Its design renders possible the highest attainable efficiency at all loads; the regulation by the simple device of compounding provides compensation not only for armature reaction, but also for line and transformer drop, ensuring an even potential at the lamps, and permitting the use of lamps of ten, twenty, or thirty per cent. higher efficiency than was possible with hand regulation. The ironclad construction of the armature secures perfect mechanical protection of the conductors buried in the slots, and these are made

easily removable for repairs in case of damage. The high self-induction caused by burying the coils beneath the iron of the armature affords the best possible protection against burn-outs by lighting or short circuit. The single-phase system for which these machines are designed is admittedly the simplest and most economical for lighting distribution. Altogether, therefore, it is evident that this machine, which is selected simply as a familiar type, has proved itself in experience to be admirably adapted for the work which it is called on to perform.

Setting aside all unessential peculiarities in design, by which one or another machine or appliance may be recommended, as against that of a competing manufacturer, there can be no question that for both incandescent and arc lighting the best types to-day are practically perfected for the work which they are called on to do, and have therefore reached a reasonably permanent and stable form. This being the case, the arbitrary depreciation charges to which an investment in electric lighting plant was formerly subjected are no longer to be feared, and that the depreciation due to the natural wearing out of the machinery in service is covered by the allowance made for that purpose, no one will probably be inclined to dispute. In the matter of current prices, whilst improved methods of manufacturing and the keenness of competition may be expected to cause from time to time some further reductions, the bottom may fairly be said to have been touched in most lines of standard supplies and machinery.

Involved in the foregoing, at least by inference, is of course the conclusion that the wasted capital represented in the balance sheets of most companies by obsolete and discarded plant bought at the high prices of the early days should be wiped out; if not by the summary process of reduction in capital stock, at any rate in so far as it affects a reasonable and just decision as to the profitable nature of the field offered by electric lighting under the conditions which obtain to-day.

Having thus defined the standard by which we may judge whether a lighting plant pays, we may now indicate briefly some of the causes of failure to realize the modest basis of earning power which we have set forth, and which is the very lowest which can be regarded as satisfactory. The matter is too large for proper treatment within the limits of a convention paper, even with its scope restricted by leaving entirely out of consideration the central stations of the larger cities. I shall therefore only attempt to suggest by touching very generally on some of the more evident cases and causes of failure, a set of conditions the real root and remedy for which will be apparent to the experience of the members of this Association.

The subject naturally divides itself into two sections, the one, failure by reason of mistakes in management and business methods; the other, failure through mistakes in engineering and the actual operation of the plant itself. In the first, a sufficient cause for the non-success of the enterprise is often found in the personnel of the management. In this respect central stations are of five classes: the first, those which are in charge of a manager or superintendent who may be specially trained for the work, and who devotes his attention exclusively to it; in the second place, those whose management is in the hands of a man who divides his time between it and his other business interests; the next is