rate of interest is based on 6% value of money, that the consumer must pay $18 per h. p., based on his maximum demand,to cover the interest charges on the investment involved. To this amount should be added the operating costs, which of course vary materially, but in the case of small customers would probably be upwards of $10 per h. p., and again there must be added items of insurance and depreciation, amounting to at least 5% more on the total investment, or $15, making the total cost $43.50 per h. p. on the maximum demand. Nothing is added in for the actual cost of the power, or the profit. Assuming that all of these items combined represent $5 per h. p., for water power plants the total cost is then $48.50 per h. p. per year.

The load factor of the average small consumer is very small, and consequently the rate per kilowatt hour must be made high, with a guarantee of a certain definite return, if the business is to carry itself.

I realize that the figures given above are open to very considerable debate, but even if the figures are modified considerably, the final result will in most cases arrive at a high figure.

This demonstrates what I have stated above, that one of the most serious problems facing any company engaged in the distribution of electric power, is the problem of selling power to the small customer where the density of business is small. As the average customer increases his use of power by taking on accessories, doing his cooking by electricity, the conditions may be benefited somewhat, although unfortunately a good deal of new business which will doubtless come on, has a comparatively poor load factor, and in many cases laps over the present lighting peaks.

In conclusion, I would sum up all I have stated above very simply: