

January 17, 1934

Hydro-Electric Power Commission of Ontario,-

Some time after the purchase, various committees were formed, representing the 66-2/3 cycle users, who endeavored to secure assurance that such users would be freed from expense when required to change their equipment.

These committees have presented their cases to the Prime Minister of the province, the H.E.P.C. of Ontario and the interested local commissions.

While no promise has been made by the H.E.P.C. to assume the expense of change-over, the commission has made a statement which is a definite departure from the policy agreed upon at the time of the purchase and has now assured these customers that 66-2/3 cycle power will be available for at least ten and possibly twenty years.

This change in policy reduces the customer's claims to a minimum as it is apparent that any equipment will have, by that time, become obsolete and depreciated to such an extent as to be practically without value.

This new policy would seem to place the H.E.P.C. of Ontario in a comfortable position with regard to any responsibility in reference to changing of equipment but the local commission desires to point out that such a change in policy is directly contrary to the understanding arrived at, at the time of the purchase, and cannot accept such a decision which results in placing on the local commission the responsibility of maintaining the 66-2/3 cycle distribution system for many years longer than was anticipated and in fact being compelled to rebuild the whole system as it is well known to your commission that the system is in such condition that it cannot possibly stand up for the time you have now given for the supply of power. This also includes the substations that will have to be kept in operation at a tremendous increase over the anticipated cost.

The system was purchased for \$2,125,000. which figure was based on an annual revenue of over \$1,300,000. and it is felt that attention should be drawn to the fact that the revenue in 1932 amounted to only \$889,542.36 the result being a net operating loss for the year of \$151,377.87.

The Hydro-Electric Commission of the City of Hamilton purchased this system under certain definite conditions and desires that these conditions be adhered to, or if any change is made, without the concurrence of this commission, that an assurance