NEW RATES

Continued from page 1.

straight line to the Canadian National Railway right-of-way, thence northwardly following the Canadian National Railway right-of-way, to Sherwood Road, thence eastwardly along the Sherwood Road to the Brackley Point Road, thence southwardly along the Brackley Point Road to the St. Peters Road, thence north-eastwardly along the St. Peters Road about sixty feet to the road leading from the St. Peters Road to Falconwood Hospital, thence following the said Road to Falconwood Hospital. The full area of the Charlottetown Airport shall also be included.

Domestic Service Rate

Availability: The rate for domestic service shall apply to all electric energy used by the customer for domestic or household purposes, including lighting, heating, cooking, refrigeration and power for ordinary small household appliances. Service shall be rendered under this rate through one meter to each individual household unit, i.e., single family house, individual apartment, each unit of a multiple dwelling, and the like. Two or more household units shall not apply to hotels, public buildings, public boarding houses, rooming houses, institutional dormitories and the like.

Minimum Charge: $2.00 per month, including the first 20 kilowatt hours.

Energy Charge: 3.0 cents per kilowatt hour for the next 180 kilowatt hours per month; 2.0 cents per kilowatt hour for all consumption over 200 kilowatt hours per month.

Domestic Water Heating Service

Minimum Charge: When electric water heating equipment is connected in the same service and supplied through the same meter as the domestic lighting service and when the simultaneous demand of the elements of the electric water heater does not exceed 1500 watts, the minimum for domestic service shall apply. When the simultaneous demand exceeds 1500 watts the minimum charge for domestic service shall be increased by $3.00 per month for each 1000 watt increase in the simultaneous demand and shall include 20 kilowatt hours for each 1000 watt increase.

General Service Rate

Availability: This rate shall apply to electric energy used by the customer for lighting, heating, and power purposes in all premises other than those covered by the Domestic Rate and Street Lighting. Where service for lighting, heating and power can be measured through a single meter and service will not be impaired by such grouping, single metering may be permitted by the Company.

(A) Light, Heat and Power up to 3 Kilowatts Connected Load.

Minimum Charge: $2.50 per month per kilowatt of connected load including the first 20 kilowatt hours per kilowatt of connected load.

Energy Charge: 2.0 cents per kilowatt hour for the next 180 kilowatt hours per month per kilowatt of connected load; 1.5 cents per kilowatt hour for all consumption over 200 kilowatt hours per month per kilowatt of connected load.

(B) Light, Heat and Power over 3 Kilowatts Connected Load.

Minimum Charge: $3.00 per month per kilowatt of maximum demand including the first 20 kilowatt hours per kilowatt of maximum demand; or, when the connected load is 50 kilowatts or over and the off peak demand is more than twice the demand during peak hours, $1.75 per month per kilowatt of maximum demand including the first 20 kilowatt hours per kilowatt of maximum demand.

Energy Charge: 2.0 cents per kilowatt hour for the next 180 kilowatt hours per month per kilowatt of maximum demand; 1.5 cents per kilowatt hour for all consumption over 200 kilowatt hours per month per kilowatt of maximum demand.

Street Lighting Rate

Availability. This rate shall apply to electric energy to be used by the customer for incandescent street lighting service furnished within the Charlottetown area and shall be for all-night service every night on a schedule of approximately 4,000 hours per year and shall include maintenance of street lighting circuits and equipment and removal of lamps.

Series or Multiple Lighting
4000 Hours Burning

200 candle power—
[illegible] per lamp per year
250 candle power
[illegible].00 per lamp per year
400 candle power
45.00 per lamp per year
600 candle power
60.00 per lamp per year
100 watts—26.00 per lamp per year
200 watts—39.00 per lamp per year
300 watts—50.00 per lamp per year
500 watts—72.00 per lamp per year

Fuel Clause. The foregoing energy charges are subject to the following proviso: If, because of the rise or decline in the delivered cost of Bunker C Fuel Oil above or below the price of two dollars and ninety three cents ($2.93) per barrel (of 35 Imperial gallons), the cost of producing energy appreciably rises or falls, the said charges shall be subject to variation accordingly by the Public Utilities Commisson after a summary inquiry on its own motion or on ex parte application by the Company.

Rates For Town Areas

The Town Areas shall include the areas within the corporate limits of the Towns of Georgetown, Montague, Souris, and Borden, as set forth in their acts of incorporation.

Domestic Service Rate

Availability. The rate for domestic service shall apply to all electric energy used by the customer for domestic or household purposes, including lighting, heating, cooking, refrigeration and power for ordinary small household appliances. Service shall be rendered under this rate through one meter to each individual household unit, i.e., single family house, individual apartment, each unit of a multiple dwelling, and the like. Two or more household units shall not be connected together and served under this rate, and it shall not apply to hotels, public buildings, public boarding houses, rooming houses, institutional dormitories and the like.

Minimum Charge: $3.00 per month including the first 20 kilowatt hours.

Energy Charge: 3.0 cents per kilowatt hour for the next 180 kilowatt hours per month; 2.0 cents per kilowatt hour for all consumption over 200 kilowatt hours per month.

Domestic Water Heating Service

Minimum Charge: When electric water heating equipment is connected in the same service and supplied through the same meter as the domestic lighting service and when the simultaneous demand of the elements of the electric water heater does not exceed 1500 watts, the minimum for domestic service shall apply. When the simultaneous demand exceeds 1500 watts the minimum charge for domestic service shall be increased by $4.50 per month for each 1000 watt increase in the simultaneous demand and shall include 20 kilowatt hours for each 1000 watt increase.

General Service Rate

Availability. This rate shall apply to electric energy used by the connected in the same service and power purposes in all premises other than those covered by the Domestic Service Rate and Street Lighting Rate. Where service for lighting, heating and power can be measured through a single meter and service will not be impaired by such grouping, single metering may be permitted by the Company.

(A) Light, Heat and Power up to 3 Kilowatts Connected Load.

Minimum Charge: $4.00 per month per kilowatt of connected load including the first 20 kilowatt hours per kilowatt of connected load.

Energy Charge: 3.0 cents per kilowatt hour for the next 180 kilowatt hours per month per kilowatt of connected load; 2.0 cents per kilowatt hour for all consumption over 200 kilowatt hours per month per kilowatt of connected load.

(B) Light, Heat and Power Over 3 Kilowatts Connected Load.

Minimum Charge: $4.50 per month per kilowatt of maximum demand including the first 20 kilowatt hours per kilowatt of maximum demand; or, when the connected load is 50 kilowatts or over and the off peak demand is more than twice the demand during peak hours, $2.50 per month per kilowatt of maximum demand including the first 20 kilowatt hours per kilowatt of maximum demand.

Energy Charge: 3.0 cents per kilowatt hour for the next 180 kilowatt hours per month per kilowatt of maximum demand; 2.0 cents per kilowatt hour for all consumption over 200 kilowatt hours per month per kilowatt of maximum demand.

Street Lighting Rate

Availability. This rate shall apply to electric energy to be used by the customer for incandescent street lighting service furnished within the Town Areas and shall be for all-night service every night on a schedule of approximately 4,000 hours per year and shall include maintenance of street lighting circuits and equipment and renewal of lamps.

Multiple Lighting
4000 Hours Burning

100 watts—23.00 per lamp per year
200 watts—42.00 per lamp per year
300 watts—60.00 per lamp per year
500 watts—95.00 per lamp per year

Fuel Clause: The foregoing energy charges are subject to the following proviso: If, because of the rise or decline in the delivered cost of Bunker C Fuel Oil above or below the price of two dollars and ninety three cents ($2.93) per barrel (of 35 Imperial gallons), the cost of producing energy appreciably rises or falls, the said charges shall be subject to variation accordingly by the Public Utilities Commission after a summary inquiry on its own motion or on ex parte application by the Company.

Rates For Rural Areas

Rural Areas shall comprise all areas and districts within this Province exclusive of the area west of Summerside and the Charlottetown Area and the Town Areas as hereinbefore described.

Domestic And Farm Service Rate

Availability. The rate for domestic services shall apply to all electric energy used by the customer for domestic or household purposes, including lighting, heating, cooking, refrigeration and power for ordinary small household appliances. Service shall be rendered under this rate through one meter to each individual household unit, i.e., single family house, individual apartment, each unit of a multiple dwelling, and the like. Two or more household units shall not be connected together and served under this rate, and it shall not apply to hotels, public buildings, public boarding houses, rooming houses, institutional dormitories and the like.

A farm shall be considered a domestic customer and shall be served through a single meter at this rate and may use motors up to an aggregate capacity of five horsepower connected load. If the aggregate capacity of motors exceeds five horsepower connected load the General Service rate shall apply. Farm buildings, such as barns, work shops, etc., shall be served through the same meter as the farm house but additional cottages, cabins, stores and the like shall be served through separate meters or the General Service rate shall apply to the entire premises.

Minimum Charge: $2.00 per month including the first 20 kilowatt hours.

Energy Charge: 3.0 cents per kilowatt hour for the next 180 kilowatt hours per month; 2.0 cents per kilowatt hour for all consumption over 200 kilowatt hours per month.

Domestic and Farm Water Heating Service

Minimum Charge: When Electric Water Heating Equipment is connected in the same service and supplied through the same meter as the domestic lighting service and when the simultaneous demand of the elements of the electric water heater does not exceed 1500 watts, the minimum for domestic service shall apply. When the simultaneous demand exceeds 1500 watts the minimum charge for domestic service shall be increased by $4.50 per month for each 1000 watt increase in the simultaneous demand and shall include 20 kilowatt hours for each 1000 watt increase.

General Service Rate

Availability. This rate shall apply to electric energy used by the customer for lighting, heating and power purposes in all premises other than those covered by the Domestic and Farm Service Rate and Street Lighting Rate. Where service for lighting, heating and power can be measured through a single meter and service will not be impaired by such grouping, single metering may be permitted by the Company.

(A) Light, Heat and Power up to 3 Kilowatts Connected Load.

Minimum Charge: $4.00 per month per kilowatt of connected load including the first 20 kilowatt hours per kilowatt of connected load.

Energy Charge: 3.0 cents per kilowatt hour for the next 180 kilowatt hours per month per kilowatt of connected load; 2.0 cents per kilowatt hour for all consumption over 200 kilowatt hours per month per kilowatt of connected load.

(B) Light, Heat and Power Over 3 Kilowatts Connected Load.

Minimum Charge: $4.50 per month per kilowatt of maximum demand including the first 20 kilowatt hours per kilowatt of maximum demand; or, when the connected load is 50 kilowatts or over and the off peak demand is more than twice the demand during peak hours, $2.50 per month per kilowatt of maximum demand including the first 20 kilowatt hours per kilowatt of maximum demand.

Energy Charge: 3.0 cents per kilowatt hour for the next 180 kilowatt hours per month per kilowatt of maximum demand; 2.0 cents per kilowatt hour for all consumption over 200 kilowatt hours per month per kilowatt of maximum demand.

Street Lighting Rate

Availability. This rate shall apply to electric energy to be used by the customer for incandescent street lighting service furnished within the Rural Areas and shall be for all-night service every night on a schedule of approximately 4,000 hours per year and shall include maintenance of street lighting circuits and equipment and renewal of lamps.

Multiple Lighting
4000 Hours Burning

100 watts—23.00 per lamp per year
200 watts—42.00 per lamp per year
300 watts—60.00 per lamp per year
500 watts—95.00 per lamp per year

Fuel Clause: The foregoing energy charges are subject to the following proviso: If, because of the rise or decline in the delivered cost of Bunker C Fuel Oil above or below the price of two dollars and ninety three cents ($2.93) per barrel (of 35 Imperial gallons), the cost of producing energy appreciably rises or falls, the said charges shall be subject to variation accordingly by the Public Utilities Commission after a summary inquiry on its own motion or on ex parte application by the Company.

GENERAL REGULATIONS
Effective 1 August, 1951.

1. **Contracts.** No electric service shall be given until a regular application form has been signed by the prospective customer.

2. **Life of Contract.** Standard contracts shall be for a period of one year and shall be self-renewing from month to month thereafter.

3. **Deposits.** When required, each applicant for service shall deposit with the Company a sum of money equal to the estimated charges for two months service. The minimum deposit shall be $5.00. This deposit is to be held by the Company as collateral security for the payment of its bills, and on payment of such deposit, a note of the amount shall, separately, appear on the customer's bill when rendered. The deposit shall be returned to the customer, less any amount owing to the Company by him, after the service has been discontinued. When any deposit is held for a period in excess of two years, interest at the rate of three per cent per annum shall be credited to the amount.

4. **Payment of Bills.** Unless otherwise ordered by the Public Utilities Commission, bills shall be rendered to each customer at intervals of not more than one month, (except for rural areas which may be two months), and shall be payable within fifteen days after the date rendered.

5. **Delayed Payment Penalty.** All bills shall be computed according to the rates fixed by the Public Utilities Commission, and if any bill be not paid within fifteen days after the date on which it is rendered a penalty equal to five per cent of the amount of such bill shall be payable thereon but in no case shall the amount of any penalty be less than twenty-five cents, and no penalty shall be chargeable while a deposit paid by the customer still remains with the Company.

6. **Information On Bill.** Bills rendered shall be in such form and, in addition to the information required by Sections 3 and 5, hereof, shall contain such information as the Commission may prescribe.

7. **Discontinuance of Service.** Any customer who wishes to have service discontinued shall give the Company forty-eight hours written notice. Until such notice is effectively given, the customer shall remain responsible for the account.

8. **Disconnection For Non-Payment of Bills.** The Company shall have the right to discontinue service if a bill remains unpaid more than forty-five days after the date rendered. In addition to settlement of the account, the customer shall pay a reconnection charge of one dollar before service is restored.

9. **Protection Against Abuse or Fraud.** The Company shall have the right to disconnect the supply of electricity to any customer if it finds such action necessary to protect itself against abuse or fraud.

10. **Seal of Meter.** If the seal of a meter is broken, or if from any cause the meter does not register correctly, then the probable amount of energy consumed shall be estimated on the basis of the consumption in a corresponding period of the next preceding year, or in the preceding billing period in the current year if the record for the preceding year is not available.

11. **Access To Meters.** The representative of the Company shall have the right of access to meters or other Company-owned appliances at all reasonable hours for the purpose of reading, testing, replacing or removing the same.

1, **Premises Jointly Used For Residential and Commercial Purposes.** When a customer uses part of his residence for a store, beauty parlor, rooming house or other commercial enterprise and service is provided through a single meter, the General Service rate shall be applied to the entire premises. When connected load is the basis for billing, the residence portion shall be counted as 1000 watts.

13. **Short Term Service.** Short Term Service shall be available to summer cottages, tourists camps, summer hotels, warehouses, skating and curling rinks, canteens, and other like recurring services. A customer taking Short Term Service shall pay a short term minimum bill equal to four monthly minimum charges applying to the district. The Company shall have the right to collect the Short Term minimum in advance of connection.

14. **Temporary Service.** When the Company is called upon to furnish temporary service, the customer shall be billed for the cost of installing and removing the necessary connections, in addition to the cost of service supplied at the regular rates applying to the district.

If the service is discontinued within thirty days, the bill shall be pro-rated at the regular monthly rate, but shall not be less than 1/2 the monthly charge.

The Company may collect a deposit before connecting a temporary service customer. Such deposit shall be a fair estimate of the cost of installing and removing connection as well as the estimated charges for electricity to be supplied.

15. **Connected Load.** Representatives of the Company shall have the privilege of visiting all customers' premises during reasonable hours for the purpose of checking the connected load.

16. **Measurement of Connected Load:** a. The total rated capacity of all installed electrical equipment taken to the nearest hundred watts shall be used as the basis for the charges, except as hereinafter provided.

b. Empty sockets shall be counted as 50 watts each.

c. In electrical supply stores, fixtures connected for demonstration purposes only shall not be included in the connected load.

4. When a customer's connected load is less than 1000 watts, his charges shall be based upon a load of 1000 watts.

e. For the purpose of determining connected loads, motors of five horsepower and less shall be rated on a basis of 1 horsepower = 1000 watts.

f. Electric welding transformers and X-ray machines shall be rated at 50% of their nameplate capacity.

17. **Installations up to 3,000 watts connected load.** Where the connected load as determined above (See 16) is not over 3,000 watts, connected load shall be used as the basis for billing.

18. **Installations over 3,000 watts connected load.** Where the connected load as determined (See 16) is over 3,000 watts, maximum demand in kilowatts shall be used as the basis for billing.

19. **Maximum Demand.** Maximum demand shall be determined by the installation of a suitable demand indicator which will record the maximum fifteen minute demand during the billing period.

20. **Power Factor.** When charges are based on maximum demand, they may, at the Company's option, be adjusted for power factor in the following manner:

The demand shall be measured in kilovolt amperes by means of an indicating K.V.A. meter. The demand recorded by this meter shall be multiplied by 85% and the result shall be treated as the kilowatt demand for billing purposes.

21. **Reduced Minimum Charge For Off-peak Demand.** A reduced rate for the minimum charge shall be available to customers having a connected load of 50 kilowatts or more whose maximum demand occurs outside of certain designated peak hours (See Clause 22) and is more than twice as great as any demand occurring within those hours.

22. **Peak Hours.** The hours referred to in Clause 21 as "Designated Peak" Hours shall be as follows:

From 4 P.M. to 8 P.M. during the months of November to February inclusive,

subject to modification from time to time as load conditions may require, and as the Public Utilities Commission approves.

23. **Fluorescent and Other Lighting having Similar Characteristics; Power Factor Correction.** The Company shall have the right to refuse electric service for the operation of fluorescent or other types of lighting equipment having similar characteristics, which is not equipped with power factor correction devices, so that the power factor of such lighting equipment when in operation is not less than 90% lagging.

24. **Water Heating Service** provided for in these rates for domestic and farm water heating may be controlled by the Company to limit or discontinue service over peak hours, but shall be available for not less than 18 hours daily.

25. **Disputes.** If any dispute shall arise between the Company and a customer, either party may refer the matter to the Public Utilities Commission for decision, and the Commission, on any such reference, may, notwithstanding anything contained in these regulations, make such order as it may deem just.

REASONS FOR DECISION

It was part of the original plan that upon the determination of the Earnings Base for the Maritime Electric Company Limited an inquiry should be entered upon to ascertain the fair earnings requirements of the Company and to set up a rate structure which would spread the cost of supplying service to the customers of the Company as equitably as possible among the recipients of service. And after the Commission had fixed the Company's Earnings Base by its order of 28 February, 1951, the Company formally requested the Commission to set up such rate structure.

The setting up of a rate structure is not a simple matter for it involves a very careful and thorough study of the various factors which enter into the cost of producing and distributing electric energy. Production and distribution costs in general include: (1) all salaries and wages, including fees for technical advice; (2) the cost of all materials, including fuel but excluding the cost of all capital materials which form part of the Earnings Base; (3) all taxes and assessments payable by the Company before dividends are declared and (4) the fixed return on Earnings Base. Obviously therefore, such a task could only be performed satisfactorily by persons with special training and skill. And once again the Commission turned to Mr. John R. Kaye and his associates in Engineering Service Company of Halifax, who as part of their general duties have been engaged in the like work for many years.

Mr. Kaye and his associate, Mr. Percy Lovatt, in the light of their experience examined the records of Maritime Electric Company and compiled the following proposed schedule of rates and filed the same with the Commission:

NOTE: The following are net rates when payment is made within fifteen days from the date of the bill.

Bills as rendered will be computed at rates ten per cent higher than those herein. A corresponding discount will be deducted if the bill is paid within the fifteen day period.

Charlottetown Area

Domestice Service

Minimum Charge : $2.00 per month, including the first 20 kilowatt hours.

Energy Charge: 3.0 cents pere kilowatt hours for the next 180 kilowatt hours per month; 1.5 cents per kilowatt hour for all consumption over 200 kilowatt hours per month.

Domestic Water Heating Service

Minimum Charge: When Electric Water Heating Equipment is connected in the same service and supplied through the same meter as the domestic lighting service and when the simultaneous demand of the elements of the electric water heater does not exceed 1500 watts, the minimum for domestic service shall apply. When the simultaneous demand exceeds 1500 watts the minimum charge for domestic service shall be increased by $3.00 per month for each 1,000 watt increase in the simultaneous demand and shall include 20 kilowatt hours for each 1000 watt increase.

General Service

A. Light, Heat and Power up to 3 Kilowatts Connected Load:

Minimum Charge: $2.50 per month per kilowatt of connected load including the first 20 kilowatt hours per kilowatt of connected load.

Energy Charge: 2.0 cents per kilowatt hour for the next 180 kilowatt hours per month per kilowatt of connected load; 1.5 cents per kilowatt hour for all consumption over 200 kilowatt hours per month per kilowatt of connected load.

B. Light, Heat and Power over 3 Kilowatts Connected Load:

Minimum Charge: $3.00 per month per kilowatt of maximum demand including the first 20 kilowatt hours per kilowatt of maximum demand; or, when the connected load is 50 kilowatts or over and the off peak demand is more than twice the demand during peak hours, $1.75 per month per kilowatt of maximum demand including the first 20 kilowatt hours per kilowatt of maximum demand.

Energy Charge: 2.0 cents per kilowatt hour for the next 180 kilowatt hours per month per kilowatt of maximum demand; 1.5 cents per kilowatt hour for all consumption over 200 kilowatt hours per month per kilowatt of maximum demand.

Street Lighting

Series or Multiple Lighting
4000 Hours Burning

100 candle power:—
23.00 per lamp per year
250 candle power:—
33.00 per lamp per year
400 candle power: —
45.00 per lamp per year
600 candle power:—
60.00 per lamp per year
100 watts— 26.00 per lamp per year
200 watts— 39.00 per lamp per year
300 watts— 50.00 per lamp per year
500 watts— 72.00 per lamp per year

Rural Area

Domestic And Farm Service

Minimum Charge: $4.00 per month including the first 20 kilowatt hours.

Energy Charge: 3.0 cents per kilowatt hour for the next 180 kilowatt hours per month; 2.0 cents per kilowatt hour for all consumption over 200 kilowatt hours per month.

Domestic Water Heating Service

Minimum Charge: When Electric Water Heating Equipment is supplied through the same meter connected in the same service and as the domestic lighting service and when the simultaneous demand of the elements of the electric water heater does not exceed 1500 watts, the minimum for domestic service shall apply. When the simultaneous demand exceeds 1500 watts the minimum charge for domestic service shall be increased by $4.50 per month for each 1000 watt increase in the simultaneous demand and shall include 20 kilowatt hours for each 1000 watt increase.

General Service

A. Light, Heat, and Power up to 3 Kilowatts Connected Load:

Minimum Charge: $4.00 per month per kilowatt of connected load including the first 20 kilowatt hours per kilowatt of connected load.

Energy Charge: 3.0 cents per kilowatt hour for the next 180 kilowatt hours per month per kilowatt of connected load; 2.0 cents per kilowatt hour for all consumption over 200 kilowatt hours per month per kilowatt. of connected load.

B. Light, Heat and Power over 3 Kilowatts Connected Load:

Minimum Charge: $4.50 per month per kilowatt of maximum demand including the first 20 kilowatt hours per kilowatt of maximum demand; or, when the connected load is 50 kilowatts or over and the off peak demand is more than twice the demand during peak hours, $2.50 per month per kilowatt of maximum demand including the first 20 kilowatt hours per kilowatt of maximum demand.

Energy Charge: 3.0 cents per kilowatt hour for the next 180 kilowatt hours per month per kilowatt of maximum demand; 2.0 cents per kilowatt hour for all consumption over 200 kilowatt hours per month per kilowatt of maximum demand.

Street Lighting

Multiple Lighting
4000 Hours Burning

100 watts— 23.00 per lamp per year
200 watts— 42.00 per lamp per year
300 watts— 60.00 per lamp per year
500 watts— 95.00 per lamp per year

These proposed rates were made the subject matter of a Public Hearing held in Charlottetown on Thursday and Friday, the 17th and 18th days of May, A.D., 1951, of which due notice was given by advertisements in the public press. At this hearing counsel appeared for the Province of Prince Edward Island, the citizens of Charlottetown, for the Towns of Georgetown, Montague and Souris, as well as for the Innkeepers Association of Prince Edward Island. Mr. Kaye, in support of his proposals, presented a very exhaustive compiliation of figures setting forth the Company's operational expenditures and revenue requirements. He was very thoroughly and capably cross-examined by counsel representing the various interests as well as by Mr. R. W. Manning, the Commission's consultant.

It will be noted that the proposed schedule divides the area, to which the same is intended to apply, into two zones, one designated as the Urban Area which comprises the Charlottetown area as hereinafter described, and the other to include all remaining territory. As this latter area was intended to include the Incorporated Towns of Georgetown, Montague, Souris and Borden, Mr. Gaudet for the Towns of Georgetown and Montague, and Mr. McQuaid for the Town of Souris very strenuously and very ably contended that as the proposed rates contained a very substantial increase over the existing rural rates and were designed to allow for no intermediate rate for the Town Areas, their residents were being subjected to a double rate increase. They contended that, because of the greatly increased numbers of customers per unit of line in the towns, the cost of distribution would be greatly reduced in comparison with the less thickly populated rural districts and that special consideration should be given to the Town Areas for that reason.

Variable Distribution Costs

Now it must be admitted that when all the factors of distributing are considered, the distribution cost per k.w.h of energy varies with each customer; as an example, the more remote the customer is from the point of generation, the greater must be the cost of line to carry the energy. But Mr. Kaye in his evidence ably contends that an arbitrary line must be drawn at some place and that, on the whole, the making of the proposed rates applicable to both Town and Rural Areas could not be treated as entirely inequitable so as to require special rate structure for such areas. And were it not for the evidence on plant loading given by Mr. Stairs hereafter discussed, no variation could be considered.

It is further contended that the lines had already been built to the Town areas at the prevailing construction costs and that rates were set up to provide a fair return on the basis of such costs, but because of rural electrification much new line was being constructed at higher costs and that the residents of the Town Areas were being compelled to pay higher rates to defray the cost of rural electrification. With that contention we do not agree. At no time in the past has any rate structure for areas other than Charlottetown been set up or varied on the advice of independent rate analysis and Mr. Kaye now says the areas have not been bearing their full share of distrbution costs. As to the contention that the new lines are more costly, there can be no question. The cost of line construction has risen in the past few years 250% to 300% per mile. The contention could best be raised in favour of the Montague Area, but it must not be forgotten that the line from Charlottetown to Montague has only recently been rebuilt and at the greatly increased construction costs. So that it cannot be said that it is proposed to increase the rates in the area for service over old and cheaply constructed lines.

Mr. Stairs' Contention

On behalf of the Maritime Electric Company, Mr. Denis Stairs, its vice-president, was the principal witness, and without offering an alternative schedule of rates, he contended that the proposed schedule would not yield an adequate annual return on investment to the Company. He further contended that the proposed rates of 1.5 cents per k.w.h. for the last block of energy sold in the Charlottetown Area and 2.0 cents per k.w.h. for the last block of energy in the other areas were too low and would result in energy being sold at a loss to the Company and that such a low rate would serve as an incentive for customers to use more energy with the result that the demand for energy would soon over-reach the Company's existing capacity to generate electrical energy. This, he contended, would require additional capital investment for which no additional service charge would be made and for which the proposed rates would make no extra contribution.

Insofar as such argument relates to consumption in rural areas we do not think it need be seriously considered at the present time for very few rural customers are likely to reach a large consumption of electric energy, at least for some time, but such is not the case insofar as the Charlottetown area is concerned. Many customers are now using energy in quantity sufficient to receive the benefit of the lowest rate and the use of energy is continuing to rise in the City Area, and any incentive to greater use of energy would serve to over-reach the Company's generating capacity at an early date. Therefore, since it is not the wish of the Commission to compel the Company to embark on an early expansion of its generating capacity in these times of uncertainty in the money market, we feel impelled to yield to Mr. Stairs' contention insofar as it concerns the rates for the last block of energy sold to domestic consumers in the Charlottetown area.

Temporary Experiment

Such a variation in the proposed rates would service to add to the annual revenue of the Company and since we accept the opinion of Mr. Kaye that his proposed schedule would yield a fair return, it becomes necessary to make some other variation in the schedule to absorb that increase. In searching for a variation which might be made to absorb the increase without unduly upsetting the whole structure, it appears that a reduction of one dollar per month to the domestic consumers in the incorporated towns would meet the requirements and would be: perhaps, the most equitable of all variations which could be made, since it must be admitted that distribution costs are somewhat less in the more thickly populated areas than elsewhere. It has, therefore, been decided as a temporary experiment that such reduction be made and that a third area be set up which will remove the customers within the corporate limits of the towns from the schedule applicable to the Rural Areas.

Counsel on behalf of the Innkeepers Association urged that special consideration should be given to rates affecting Tourist Accommodation. But while the Commission appreciates the importance of the tourist industry to our economy it does not feel justified in granting any special rates to any person or class of persons which cannot be supported as reasonably equitable.

Fuel Clause

Mr. Stairs urged in his evidence that any rate structure set up should contain a "Fuel Clause", that is, a provision which would provide for an upward or downward revision in case of variation in fuel costs. He pointed out that by far the greatest single item of production cost was that of fuel which has been constantly changing and is subject to change at any time. As there seems to be no escape from this truth we agree that a Fuel Clause should be inserted providing for a variation in rates following a variation in fuel prices. But while it is undesirable that a full scale public inquiry should be made for each variation, it is also undesirable that any change should be made without a study by the Commission. We, therefore, propose to insert a "Fuel Clause" in the rate structure by which the Commission may vary rates upon satisfactory proof by the Company that the cost of fuel has varied to such a degree as to appreciably affect the cost of producing electric energy.

Delinquent Payments

Heretofore, this Company, in rendering its bills, was permitted to make a reduction of twenty-five cents if the customer paid the bill within fifteen days from the date of rendering. We do not approve of the giving of discounts. A discount in rates is an admission that the rate is higher than necessary and since a rate structure is based on the earnings requirements of the Company, a reduction or discount does not seem to be warranted. However, it must be admitted that unless some inducement towards prompt payment is provided, customers will allow their accounts to remain unpaid, thus saddling the Company with the added expense in carrying charges for services already supplied by it. We think the only satisfactory means of encouraging early payment, in the circumstances, is to impose a penalty on delinquent customers and we feel that a penalty of five per cent of the amount of the bill would be a fair penalty and would give the required result, but that any penalty less than twenty-five cents would offer no inducement towards early payment. It has been decided, therefore, to discontinue the practice of discounting bills and to impose a five per cent penalty, with a minimum of twenty-five cents, on any bill not paid within fifteen days after the date on which the bill is rendered. In so doing no preference is given but the added expense to the Company of carrying delinquent customers will be borne by those at fault.

We had hoped to be able to set up a schedule of rates which might have some relative degree of permanence and to have each customer's bill reflect all the information necessary to check the computation of his bill. However, we now find this to be impracticable because recent developments in world conditions make further increases in fuel costs imminent.

No useful purpose will be served by any lengthy analysis of the figures upon which Mr. Kaye calculated his rate schedules. Suffce to say that the Commission feels that Mr. Kaye is a recognized expert in his line of work and since no serious attack has been made as to his correctness we feel obliged to accept his recommendations with minor changes including those above mentioned.

The Commission had reached its decision some time ago on this question but withheld the same pending the reaching of an understanding with the Company on certain matters pertaining to expansion. Understanding has now been reached on those matters.

The order will go for the setting up of the rate schedules annexed thereto effective on the first day of August, A.D., 1951, as to the energy sold by the Company according to its first regular meter readings made on and after the first day of September, A.D., 1951.

Dated this thirtieth day of July, A.D., 1951.

Text of Order

The order issued by the Commission in the above case, omitting the preamble, reads as follows:

"This matter having come on for hearing on the seventeenth and eighteenth days of May, A.D., 1951, after due notice thereof having been given in the public press, and upon hearing the evidence adduced thereat as well as what was alleged by counsel, and the matter having been adjourned for consideration, it is now ordered that on and after the first day of August, A.D., 1951, the several schedules of rates and charges effective in relation to the production and distribution of electric energy produced by Maritime Electric Company, Limited, within Prince Edward Island and all regulations governing the same shall be repealed, and that the rates, charges and regulations contained in the Schedules hereunto annexed shall be effective in lieu thereof;

"And it is further ordered that the rates and charges hereby fixed shall apply to the sale of all electric energy as disclosed by the said Company's meter readings regularly made on and after the first day of September, A.D., 1951;

"Provided that the rates now effective for all customers served under the General Service Rate for Summer Accommodations shall continue in effect until the thirty-first day of December, A.D., 1951

"Dated this thirtieth day of July, A.D. 1951."

NARROW ESCAPE

WINDSOR, Ont.—(CP)—Ten-year-old Ross Cummings who was almost killed by a slow-moving freight train said he had been pushed in front of the train by a playmate. He was treated for a badly-cut left foot.

DOUBLE FEATURE

LACHUTE, Que.—(CP)—A Holstein cow on a nearby farm was found in the pasture with a newborn calf. The cow disappeared again that night and was found again next morning, with a second calf at her side. All three are doing well.

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