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ADJOURNED MEETING

A F T E R N O O N S E S S I O N

5.10 o'clock,
Council Chamber,
City Hall,
December 22nd, 1931.

An adjourned meeting of the City Council was held this afternoon. At the above named hour there were present, His Worship the Mayor, Aldermen Mitchell, Minshull, McInnes, Redmond, Daley, Conn, Logan, Golden, Shields, O'Toole, Thompson, O'Malley, Probert and Adams.

The meeting was called pursuant to adjournment to proceed with business standing over and the transaction of other business.

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REFUND, EX POLICE OFFICER CLARENCE JOHNSTON

Read report of the Finance Committee recommending that ex. Police Officer Clarence Johnston be refunded the sum of \$465.51; this being amount he is entitled to receive from the Police Superannuation fund, his services having been dispensed with by the Department.

December 12th, 1931.

The Chairman,
Finance Committee,
CITY HALL.

Dear Sir:-

We beg to advise that the above party who has been dismissed from the service had contributed (\$931.03) Nine hundred and Thirty-one and 03/100 Dollars, to the Police Superannuation Fund and, under Section 275 of the City Charter, is entitled to a return of 50% thereof, viz; (\$465.51) Four hundred and Sixty Five and 51/100 Dollars.

Yours faithfully,

R. V. Dimock,
CITY TREASURER

December 22nd, 1931.

Committee Room,
City Hall,
December 21st, 1931.

To His Worship the Mayor,
and Members of City Council.

Gentlemen:-

At a meeting of the Finance Committee held this day the application of Clarence Johnston for a refund of the amount he is entitled to receive from the Police Superannuation fund, his services in the Department having been dispensed with, was under consideration.

The City Treasurer reported that Mr. Johnston had contributed during his term of service \$931.03 to the fund, and that he is entitled to receive a refund of 50% thereof, namely \$465.51.

Your Committee recommend that the trustees of the fund be authorized to pay to Mr. Johnston the sum of \$465.51 less any amount due by him to the City.

Respectfully submitted,

Russell McInnes,
Acting CHAIRMAN.

Aldermen Stech and Donovan arrive and take their seats.

Moved by Alderman McInnes, seconded by Alderman Daley that the report be adopted. Motion passed. ✓

NATIONAL EMERGENCY FUND

Read report of the Finance Committee on the application of the Canadian Red Cross society on behalf of the National Emergency Appeal.

Committee Room,
City Hall,
December 21st, 1931.

To His Worship the Mayor,
and Members of City Council.

Gentlemen:-

December 22nd, 1931.

At a meeting of the Finance Committee held this day, the application of the Canadian Red Cross society for a contribution from the City of Halifax to the National Emergency Fund was under consideration.

Your Committee recommend that the City contribute the sum of \$1,000.00 to the fund. This contribution to be made only on the understanding that the acting Premier will use the good offices of his Government in securing legislation at the next session of the legislature authorizing this expenditure. Aldermen Mitchell and Probert dissenting.

Respectfully submitted,

Russell McInnes,
Acting CHAIRMAN.

Moved by Alderman McInnes, seconded by Alderman Daley that the report be adopted.

On a vote taken there appeared, For the motion.

Aldermen Minshull
Stech
Donovan
Daley
McInnes
Conn
Golden
Adams
-8-

Against it

Aldermen Mitchell
Redmond
Logan
Shields
O'Toole
O'Malley
Thompson
Probert
-8-

Treasurer
Tie vote. His Worship the Mayor gives his casting against the motion, and declares it lost.

N.S. PROVINCIAL EXHIBITION LOAN \$50,000.00

Read report of the Finance Committee re changing the term of the N. S. Provincial Exhibition loan of \$50,000.00 from ten to thirty years.

October 14th, 1931.

Dear Sir:-

I am enclosing Certified Copy of a resolution made the 10th day of June, asking authority to change Bond issue of \$50,000.00 already authorized by the City to a period of thirty years instead of ten years. This was found necessary due to that fact that the Commission were unable to secure a grant from the Federal Government

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of \$50,000.00 for ten years, part payment of damages incurred at the time of the explosion. At the time the first resolution was prepared the Commission had every right to believe that we were going to be successful in securing this \$50,000.00 which would have enabled the Commission to have taken care of the Bond issue.

I remain,

Yours very truly,

H. D. Biden,
SECRETARY.

The City Clerk,
City of Halifax,
Halifax, N. S.

Committee Room,
City Hall,
December 21st, 1931.

To His Worship the Mayor,
and Members of City Council

Gentlemen:-

At a meeting of the Finance Committee held this day, the application of the N. S. Provincial Exhibition Commission for authority to change the bond issue of \$50,000.00 to a 30 year period instead of the 10 year period as already authorized by the City.

This change would lighten the burden of the Commission and spread the payment of interest and sinking fund over a longer period.

Your Committee recommend that the application be approved subject to the condition that the legislation to be passed in connection with this issue require the agreement of the City, the Province, and the Commission as to the exact terms and conditions of the loan.

Your Committee further recommend that the resolutions submitted for approval by the Commission be amended accordingly.

Respectfully submitted,

H. J. Stech,
CHAIRMAN.

Moved by Alderman Stech, seconded by Alderman

McInnes that the report be adopted. Motion passed.

RATE STRUCTURE N. S. LIGHT AND POWER CO., LTD.

Read report of the Public Utilities Committee re

December 22nd, 1931.

merger of the N. S. Light and Power Co., Ltd., and several other outside companies, and on the rate structure of the N. S. Light and Power Co., Ltd.

December 18th, 1931.

Dear Sir: Re: Public Utilities Enquiry

The adjourned hearing in connection with applications for merger commenced on December 3rd, 1931. At that time I requested a ruling from the Board with reference to the Street Railway Department, the Gas Department and the Electric Light & Power Department of Nova Scotia Light & Power Company, Limited, each being regarded as a separate utility. The Board ruled that they are to be regarded as separate utilities and that the Board intended to go on that basis.

This ruling followed previous decisions of the Board namely:

In re Cape Breton Electric Co., Ltd., and in re Sydney & Glace Bay Railway Co., Ltd -
1919 Public Utility Reports P.28 et seq.
In re Nova Scotia Tramways & Power Co., Ltd.
1923 Public Utility Reports P.113
In re Nova Scotia Tramways & Power Co., Ltd.
1924 Public Utility Reports P.40.

The hearing continued on various dates up to and including December 8th, 1931, at which time the case for the City of Halifax was completed. Mr. Stewart, K.C. representing the applicants then announced that there was no further evidence that he wished to call in rebuttal. Certain statements were then made by Mr. Stewart which he agreed to put in the form of a letter to myself. The record of proceedings Page 258 contains the following:

"Mr. Lovett - I will take the matter up just as soon as I get the letter from Mr. Stewart, with the Public Utility Committee of the Council. One of the difficulties I foresee is the attitude that the City takes about separate departments.

"Mr. Roper - As far as the Board is concerned that department rule is still in effect."

The hearing was then adjourned to December 18th, 1931.

December 22nd, 1931.

On December 8th, 1931, Mr. Stewart sent me the letter copy of which is enclosed herewith. Between December 8th, 1931 and December 12th, 1931, Mr. Macnab and myself studied and had discussions with Mr. Stewart and Mr. Hayes without prejudice the situation of the best of our ability/ and on December 15th, 1931, Mr. Stewart sent me a letter copy of which is enclosed herewith. After further study of the situation, Mr. Macnab and myself on December 17th, 1931, had a further discussion without prejudice with Mr. Stewart and Mr. Hayes which occupied all the morning and Mr. Macnab spent most of the afternoon in further discussion with Mr. Hayes. It was found impossible to have our reports ready for the Council for its meeting on the evening of December 17th, and we requested the Public Utility Committee of the Council to arrange for an adjourned meeting of Council for December 22nd, 1931, or some other date next week.

The discussion between Mr. Stewart, Mr. Hayes, Mr. Macnab and myself were carried on upon the distinct understanding that they were without prejudice and that any documents prepared or discussed were only to be regarded as attempts to arrive at the exact meaning of the Company's proposals. Finally Mr. Stewart sent me about 5.30 P.M. on December 17th, 1931, the draft of legislation and draft of agreement, copies of each of which are enclosed herewith.

In considering these documents it is necessary to always keep in mind the fact that if the three departments of Nova Scotia Light & Power Company, Limited are separate utilities certain results will follow while if they are not separate utilities entirely different results will follow.

No study or consideration of the matter from the point of view of these departments not being separate utilities has been or in our opinion could usefully be made. The whole situation has been considered on the basis of the Board's decision that the departments are separate utilities.

Unless the Company is prepared to definitely agree to legislation on that basis no proposals with respect to merger should in my opinion be considered.

Should the Company agree to such legislation the costs incurred by the City should in my opinion be borne by the Company and distributed in such manner as the Board may order.

I enclose herewith copy of letter from Mr.

December 22nd, 1931.

Macnab addressed to myself.

Yours truly,

L. A. Lovett,

Mr. Russell McInnes,
Chairman of the Public Utilities Committee,
of the City Council,
Halifax, N. S.

December 18th, 1931.

L. A. Lovett, K.C., Esq.,
Halifax, N. S.

Dear Sir:-

At your request I have made a study of the comparative situation of the electrical customers of the Nova Scotia Light and Power Co., Ltd., under existing conditions with their condition under the proposed merger of The Avon River Power Co., Ltd., and other subsidiary companies with Nova Scotia Light and Power Company, Ltd.

Following the decision of Board of Commissioners of Public Utilities that the gas, tramways, and electrical departments of the Nova Scotia Light and Power Co., Limited are three separate utilities I have made study, solely on the basis that the electrical customers are customers of a separate utility, and that the rates will be so calculated as to provide the statutory return on the rate base of that department after all operating and other charges are provided for.

In my opinion the first matter to be decided in making this comparison is the determination of the cost of power and energy to be charged to the regions or zones which the company proposes that the Board establish under the merger.

After a careful study of all the conditions under which the distribution of power and energy must be made with an interconnected system, I have come to the conclusion that the only practical method of dealing with this question is as follows: All the generating and steam stand by stations and the transmission lines and substations of 11,000 volts and over interconnecting these stations should be dealt with as one system. The output from this system together with power and energy purchased from the development of the Nova Scotia Power Commission at St. Margaret's Bay will then constitute the power and energy available for delivery to the zones established by the Board.

The cost of the output from the system will include the following, annual charges on interconnected generating stations, transmission lines and substations, namely:-operation and maintenance, taxes, depreciation,

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and an 8% return on the fair value of the property, assets and undertaking of the system as found by the Board used and useful in furnishing such power and energy.

To this must be added the cost of power and energy purchased from the Nova Scotia Power Commission or any other power purchased.

In determining the annual K. W. Hour output from the system in my opinion any energy sold as dump power should be deducted from the annual output in K. W. Hour and any revenue obtained from the sale of such dump power should be treated as a credit to operating expenses.

With reference to the generating station of Chester Light and Power Company at East River, the Board has already decided that the full value of this plant cannot be allowed in the valuation of the Chester property as it would be unfair to call on the communities served by this plant to provide rates for the fixed charges on such an investment (P.U.R.1930 Page 239). Therefore in my opinion the Chester plant should not be included in the system.

There are two methods of determining the cost of power from the system to the zones. One charging each zone on the basis of demand and energy which is undoubtedly technically correct. The other that each zone be charged a K.W. hour rate which rate will be the K.W.Hour cost of the output from the system. A study of the load conditions throughout the total area served by the system and considering that the demand will be paid for by the rates in various zones had led me to the conclusion that either method will be fair.

It will be much easier from an accounting and operating standpoint to deal on a straight K.W. Hour basis, and I therefore recommend that this be the basis followed.

Under the above outlined scheme, I cannot see that the electrical customers in Halifax will suffer any disadvantage under the merger as against their present position.

In fact my estimates show that by 1932 or 1933 they will be in a slightly improved position.

From discussions with representatives of the Company I feel reasonably sure that an agreement could be arrived at and a form of legislation adopted which would be satisfactory to all parties concerned if the Nova Scotia Light & Power Company, Limited would deal with the matter on the basis of the Electric Light and Power department of the company's business being a distinct

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and separate utility as decided by the Board and as previously set forth in this letter.

Yours truly,

Ira. P. Macnab,
Registered Professional Engineer.

December 15th, 1931.

L. A. Lovett, Esq., K.C.,
35 Bedford Row,
Halifax, N. S.

Dear Sir:-

During the cross-examination of J. B. Hayes, Manager of the Nova Scotia Light & Power Company, Limited, he intimated that it had never been the intention of the Company to ask for rates in any region to be served by the Company based on anything other than cost of service in such region.

You intimated at the time that Mr. Hayes' statement might form the basis of an agreement which would give to your clients the protection they desired and to secure which they were investigating the proposed sales by subsidiary companies. It was agreed that the matter should be given further consideration by the Nova Scotia Light & Power Company, Limited, with a view to expressing the Manager's suggestion in precise language. This has now been done and the following is submitted for your consideration:-

The Company is willing that the Statement of Policy indicated by Mr. Hayes on the stand should be made

- (a) A condition of the granting of the orders in the present applications.
- (b) The subject of an undertaking under seal from the Company in favour of the City of Halifax.
- (c) If thought fit by the City the subject of legislation at the forthcoming session of the Nova Scotia Legislature.

The Policy may be stated as follows:-

1. That the territory to be served by the Company be divided into regions of which the City of Halifax shall be one.

2. That the rates for service in each region be based on the cost of giving service in such region and the return to the Company from each such region to be based on the fair value of the property and assets used

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and useful in furnishing service to such region.

3. For the purpose of determining costs and return in each region where there is inter-connection with any other region the following provisions shall have effect:-

- (a) The total cost of generating and transmitting electricity in the inter-connected regions is to be divided among the inter-connected regions in proportion to their use of electricity.
- (b) The expression "total cost of the generating and transmitting system" shall include the following:
 - (1) Cost of labor and material used in operation and maintenance of all inter-connected generating stations, transmission lines and sub-stations.
 - (2) A return of 8% on the valuation of the property used and useful for generation, transmission and transformation of electricity supplied to the inter-connected regions.
 - (3) A proper allowance for retirement reserve. This allowance to be at an annual rate not less than 2%, and not more than 3% but subject to the proviso that the amount in retirement reserve fund shall not exceed 15% of the plant value in the generating and transmitting system of such other limit as the Board of Commissioners of Public Utilities may establish in view of special circumstances that may arise.
 - (4) Taxes that are assessed on the property and operations of the inter-connected generating and transmitting system.
 - (5) The cost of purchased power supplied to the inter-connected regions.
- (c) In arriving at the cost of generation and transmission the net earnings received from the steam heat in Halifax shall be treated as a credit to such cost.
- (d) All electric lines for a nominal voltage of 11,000 or over shall be considered transmission lines. The cables that connect Halifax with Dartmouth shall be considered transmission lines and all other lines that inter-connect generating stations shall be considered transmission lines.
- (e) The generating plant at present owned and operated by the Chester Light & Power Company, Limited shall not be considered a part of the inter-connected generating and transmitting system except during such period as it may actually be in operation.

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(f) The allocation of costs to regions for rate studies shall be made as and when necessary and in any event once a year after the close of the calendar year.

(g) The cost of generation and transmission as above defined is to be borne by each region in proportion to the number of kilowatt hours delivered to each such region.

(h) The revenue from each region is to be segregated as well as the cost of giving service in each region. Taxes except as above provided are to be charged to the proper regions. The records of plant value are to be kept separate for each region.

(i) So long as the Minas Basin Pulp & Paper Company, Limited shall remain a dump power customer the plant and equipment used exclusively in furnishing service to the said Company shall be considered part of the inter-connected generating and transmitting system and the revenue from the said Company shall be a credit to the cost of said system. The amount of energy delivered to the said Company shall be disregarded in the calculation of the amount and cost of energy delivered to the inter-connected regions.

(j) It is understood and agreed that the purpose of the foregoing provisions is that no region shall be called upon to assume the burden or costs of any other region or to make up any deficit either in cost or return to the Company that may occur in any other region, and that all sources of available power may be used to supply in the most economical way all regions in the inter-connected system.

If there is any part of this letter that is not clear we would be glad to discuss it with you or your Engineer Expert in order that you may be in a position to submit it to your clients.

Yours very truly,

(Sgd) J. McG. Stewart,

City Hall,
Halifax, N. S.
December 21st, 1931.

To His Worship the Mayor
and Members of City Council.

Gentlemen:-

At a meeting of the Public Utilities Committee held this day the attached report of Mr. L. A. Lovett, K.C. was read and considered.

December 22nd, 1931.

It is apparent from this report and the other documents attached hereto that the only material point upon which an agreement cannot be reached is whether the various branches of the business carried on by the Nova Scotia Light & Power Company, Limited is one utility or separate utilities.

Your Committee is of the opinion that this point should be definitely and finally settled by the Court or the Legislature before further negotiations are undertaken, and recommends the adoption of the attached resolution.

Respectfully submitted,

Russell McInnes,
CHAIRMAN.

After discussing the proposals of the N. S. Light and Power Co., Ltd., and the opinion and recommendations of Ira P. Macnab, the expert employed by the City, contained in his letter to Mr. L. A. Lovett, dated December 18th, 1931, and the letter of Mr. L. A. Lovett of the same date, the following resolution was submitted.

RESOLVED that this Council will not consider any merger proposals by Nova Scotia Light and Power Company, Limited or its subsidiaries which do not contain a definite recognition of the ruling of the Board of Commissioners of Public Utilities that the Electric Light and Power department of Nova Scotia Light and Power Company, Limited is a separate and distinct Public Utility and that the rates for electrical customers will be so calculated as to provide the statutory return on the rate base of that department after all operating and other charges in that department are provided for.

*L. A. Lovett H.C.
and McInnes*

Moved by Alderman McInnes, seconded by
Alderman Shields and passed unanimously.

December 22nd, 1931.

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UNEMPLOYMENT RELIEF

Alderman Probert asked His Worship the Mayor if it would be possible for the Committee on Works to take on one hundred additional men on relief work the first of next week as the need for relief was very urgent. His Worship promised to do the best he could and use whatever funds are available for this purpose.
5.40 o'clock P.M.

Mayor

Moved by Alderman Mitchell, seconded by Alderman Donovan that this meeting do now adjourn.
Motion passed. Meeting adjourned.

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H. S. Rhind
H. S. Rhind,
CITY CLERK.

G. E. Ritchie
G. E. Ritchie,
MAYOR