

percentage return on the whole of the capital in operation has increased from 4.99 to 5.62. The total capital invested, the annual revenue, and the percentage earned over a period of years are shown on the three accompanying graphs.

LAKE COLERIDGE.

The year just past has again been fairly successful. The results can be summarized as follows :—

				£
Capital investment	..	..	..	1,581,262
Revenue	..	..	..	186,963
Operating-expenses	..	..	..	30,130
Balance	..	..	..	<u>£156,833</u>

The balance has been used in paying interest charges and a 2-per-cent. depreciation charge, leaving a profit on the year's working of £50,374. This has been paid into the sinking fund. The scheme now has a depreciation reserve of £192,359, and a sinking fund of £112,334. The water-level in the lake has been well maintained during the year, and there has only been one interruption to supply of a serious nature. This was of one hour fifteen minutes' duration to the Christchurch supply, and was caused by flashovers on insulators during misty rain following a dry dusty spell. Inconvenience was minimized to some extent by the fact that the interruption was at half past five in the morning. It is pleasing to record that supply to the South Canterbury area has been much improved.

The main items of construction have been in the direction of providing a further 7,500 kw. unit, which will bring the capacity of the station up to 34,500 kw. This will be ready for operation at an early date. During the year the electrification of the Lyttelton-Christchurch Railway was completed in conjunction with the Railway Department, and electrical operation of traffic was commenced in February last.

HORAHORA.

This plant has not been so successful during the year. The financial position is summarized as follows :—

				£
Capital investment	..	..	..	1,142,346
Revenue	..	..	..	135,511
Operating-expenses	..	..	..	76,231
Balance	..	..	..	<u>£59,280</u>

The balance has been used in paying interest and 2 per cent. depreciation, and the net result has been a loss on the year's operations of £15,291. The scheme now has a depreciation reserve of £103,187, a sinking fund of £52,164, and a reserve fund of £32,415, the last mentioned having been depleted by the necessity for making good the loss mentioned above and the replacement of assets destroyed by fire.

The capital shown above and on which capital charges have to be paid includes £524,621 which has been spent on lines and substations which ultimately will be supplied by the Arapuni scheme, but which at present are supplied from Horahora and the other operating-stations connected to the system.

The year has been a very difficult one from an operating point of view, as the plant has had to be kept running under heavy overload conditions. There has been heavy wear on the machines consequent on the large amount of silt travelling in the river, following the Arapuni diversion. A serious fire at the Horahora transformer and switch-house on the 1st September put the plant practically out of commission for some hours, but very strenuous efforts on repairs by the staff, together with