

April 1

# McCrea Intervenes In Gas-Price War; Dispute Not Halted

## Will Introduce Legislation Giving Official Referee Power to Adjust Rates and to Stop Purchases at Too Low Rates

### NATURAL GAS ACT TO BE AMENDED

## Dominion Company Claims Companies Using Natural Gas Are Affected More Than Those Using Artificial Gas

With both feet, the Henry Government has stepped into the Southwestern Ontario gas war now threatening between the Dominion Natural Gas Company and the United Fuel Investments, Ltd.

Legislation, which vests in Hon. Charles McCrea, Minister of Mines, and in the Drainage Referee of the Province, sufficient authority to control any situation that may develop from the present war or any other competitive gas rate battle that may arise, is now in course of preparation at Queen's Park and will be enacted this session as amendments to the Natural Gas Conservation Act. They will make their bow to the House today as sections of the Statute Laws Amendment Act.

Mr. McCrea declined, last night, to comment at any length on the impending legislation, other than to state "We have taken this gas situation right by the neck."

#### Avoiding "Ruinous War."

Official explanation of the new amendments, as furnished to The Globe, says, in part, that "it is very desirable that there be sufficient power vested in the Minister and the Referee to avoid any disaster resulting from a ruinous gas war which of necessity would react very strongly against the conservation of natural gas, and would ultimately entail great loss, not only to the gas producer and distributor, but also to the general public as gas consumers."

While the legislation is applicable to any situation or controversy, it aims directly, it is understood, at the present ruction between the Dominion and the United concerns, and is very far-reaching in its effect, making new provision for construction of works to supply gas; empowering the Minister, by regulation, to prohibit or prevent competitive methods of a character detrimental to gas conservation; authorizing the Gas Referee to disallow rates that in his opinion may be "unjust or unreasonable" and forbidding operation of new rates or alteration of old without the Referee's consent.

#### The Amendments.

The amendments as they will come down to the House will read as follows: "Section 3 of the Natural Gas Con-

servation Act is amended by adding thereto the following subsection: No person shall hereafter, without the approval of the Lieutenant-Governor-in-Council, given upon the recommendation of the Minister, construct any works to supply—

"(a) Natural gas in any municipality in which such person is not at the date of the passing of this act supplying artificial or natural gas; or

"(b) Artificial gas or natural gas in any municipality in which such person is not at the date of the passing of this act supplying gas, and in which natural gas or artificial gas is being supplied.

#### Rein on Competition.

"Section 4 of the Natural Gas Conservation Act is amended by adding thereto the following clause:

"(a) The prevention and prohibition of any competitive methods, conduct or policy, by any persons, which, in the opinion of the Minister, may be unreasonable or improvident or inconsistent with the due conservation of the supply of natural gas in Ontario.

"Subsection 1 of Section 7 of the Natural Gas Conservation Act is amended by adding thereto the following clause:

"(c) The disallowance of any rate charged for natural gas which he considers to be unjust or unreasonable, or not conducive to the due conservation of the supply of natural gas in Ontario.

"Subsection 2 of said Section 7 is repealed, and the following substituted therefor:

"No new rates and no alteration in existing rates for natural gas shall be put into effect unless and until they have been approved by the Referee.

#### No Allowance.

"The said section 7 is further amended by adding thereto the following subsections:

"In fixing or approving rates for natural gas the Referee shall make no allowance for expenditures or losses caused by or resulting from the adoption of competitive methods which in the opinion of the Referee were unreasonable or improvident or were inconsistent with the due conservation of the supply of natural gas in Ontario.

"The Referee may make any order under this section upon his own initiative or on a reference for such purpose by the Minister, without it being necessary that an application therefor be made by any person, or that any person be heard.

"The Natural Gas Conservation Act is amended by adding thereto the following sections:

"(a) Nothing in Sections 9 or 10 shall in any way prevent, affect or limit the Minister making any order or regulation or giving any direction under Clause (aa) of Section 4, or the Referee from making any order under Clause (c) of Subsection 1 of Section 7.

"18A. Any order or regulation made or direction given by the Minister and any order made by the Referee under this act may be made a judgment or order of the Supreme Court enforceable in the same manner as a judgment or order of such court to the like effect."

Authority to fix rates, as vested in Gas Referee, applies only to natural gas.

#### Serious, Is Claim.

Doubt that the Ontario Govern-

ment realizes the seriousness of its new gas legislation; misgivings over its effect on the company's Canadian customers and shareholders; the observation that natural gas companies were affected more than artificial gas companies; these were the Dominion Gas Company's reactions to the new bill, as stated last night at a Toronto hotel by T. H. Simpson, K.C., of Hamilton, solicitor for the company.

Mr. Simpson stated that there would be no change in the Dominion Company's plans with regard to applications for franchises at London and Windsor, and the promise of a 25-cent rate to East Hamilton consumers. He added that just before the bill was announced, franchises had been offered to Sarnia, Blenheim and Ridgeway at rates below the present level.

"We appreciate the fact that the Government is attempting to meet an awkward situation," said Mr. Simpson; "but we doubt that the Government realizes what will be the ultimate effect. Meanwhile we are still in hopes that the Administration will see the seriousness of the situation and decide that the Hamilton bill should be referred back to the citizens for their opinion." His reference was to the private bill now before the Legislature, by which the United Gas and Fuel Company would be given an exclusive franchise in Hamilton at a rate of 75 cents per thousand cubic feet, with the privilege, subject to Railway Board consent, of raising this rate to 90 cents should the company be unable to pay an 8 per cent. dividend.

#### 40,000 Affected.

Discussing the new bill, Mr. Simpson said: "Forty thousand people in Hamilton, as well as thousands more in Windsor, London and other parts of Western Ontario, are affected by this legislation. The bill will affect these centres already served by our company and other centres where we

hope to branch out. This company investments in Ontario may be sacrificed; while under the proposed Hamilton legislation the rival companies get rights which are denied to us.

"The Dominion Natural Gas Company, owned by Cities Service, has more than 12,000 shareholders in Canada, holding over \$50,000,000 in securities, and this legislation does not affect its rival company to any extent. The bill appears to be aimed at our company, as our rivals are allowed to lower their rates to any figure, but we are not.

#### Views at Hamilton.

Hamilton, March 31.—Officials of the United Gas and Fuel Company stated tonight that they did not believe the gas bill introduced in the Legislature today was aimed at their company, but rather at the Dominion Natural Gas Company, which had declared its intention to launch a gas war by slashing the rates for natural gas to unheard-of levels.

The purpose of the bill, officials of the United Company said, was to conserve Ontario's supply of natural gas. The United Company, it was stated, had engaged in no price-slashing campaign, and officials again denied that free gas and a rate of 65 cents per thousand had been offered by the United Company to consumers in the outlying districts of Hamilton now served by the Dominion Natural Gas Company. It is in these districts that the Dominion Company has announced it will cut the rate from 75 to 25 cents per thousand until further notice. Today's gas bill, officials of the United Company stated, was aimed, they believed, at preventing such tactics.

No fear was felt that the agreement just entered into by the United Gas and Fuel Company and the city would be affected by today's gas bill, as this measure had the unanimous support of the City Council, officials of the company said. This agreement provides for the United Company reducing the present rate of \$1 net to 75 cents net, and officials expressed their confidence that the gas referee would not interfere with this agreement. Members of the City Council when spoken to tonight also ventured the opinion that this agreement would not be affected by action taken today in the Legislature.