

April 6.

Commission shall take up the matter of adjustment of these claims at once. Manifestly it could not do so before becoming the owner of the property.

**Contract Requirements.**

"When the Government was advised that Abitibi Power and Paper Company, Limited, was not able to furnish Ontario Power Service Corporation, Limited, with the money necessary to complete the development the Government had to consider the possibility of the bondholders themselves advancing the necessary money under some plan of reorganization. Had the bondholders completed the plant and called upon the Hydro-Electric Power Commission to take power under its power contract with the Ontario Power Service Corporation, the Commission would have had to pay in the first year \$1,144,000 for 88,000 h.p. Against this, the Commission would receive from International Nickel Company \$208,000 for the sale of 16,000 h.p. at \$13 per h.p. (delivered at Hunta), the net result being a loss of \$936,000 for the first year, the Abitibi Power and Paper Company, Limited, and the Abitibi Electric Development Company, Limited, being not at present able to take the power that they contracted for. It must also be borne in mind that the Commission was obligated with Ontario Power Service Corporation, Limited, to purchase additional power up to 100,000 h.p. The immediate advantage to the Province owing to the purchase of the Ontario Power Service bonds will appear from the following figures:

Estimated annual cost to the Province had the bondholders completed and retained the Ontario Power Service plant, and sold power to the Commis-

sion, as above mentioned, for the present year, \$936,000.

The estimated annual cost to the Province, as owner for the first five years following Oct. 1, 1932, is as follows:

3½ p.c. interest on \$18,000,000	
Hydro debentures .. .. .	\$630,000
Interest on estimated costs to complete plant, say, \$2,500,000, at 4½ per cent. ....	112,500
Operating and mainten'ce costs of line Canyon to Hunta ....	10,000
Operating costs Canyon plant..	100,000
Water rentals .. .. .	78,000
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	\$930,500
Less rev. from International Nickel Co. ....	208,000
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	\$722,500

resulting in a yearly loss of \$722,500, instead of \$936,000, being a saving of \$213,500; besides which the Province will own the whole of the development, estimated to produce at least 240,000 h.p., instead of only having control of 100,000 h.p."

Mr. Henry added, in connection with the foregoing table of figures: "I would also like to point out that the revenues that would have been received from the Ontario power service 'water rentals' for that period might reasonably have brought the deficit down to \$650,000."