

Hydro Private Power

Contracts Sequel

Unmasked by Roebuck

Stupendous Deficits From Quebec Tie-Ups Heralded to House

Former Hydro Management Charged With "Stupidity or Worse"

THE record of Hydro's contracts and deficits and resulting crisis was laid on the table of the Ontario Legislature yesterday by Hon. Arthur Roebuck, Attorney-General and Hydro Commissioner.

The costs of the contracts made with Quebec companies were tallied by the Legislative spokesman for the Hydro Commission. Current and future deficits, running into millions of dollars annually, were portrayed as a direct result. Bygone management of Hydro affairs was charged with "stupidity or worse."

It was highly in the public interest, Mr. Roebuck said at the outset, that a clear picture be presented of the extensive enterprise owned by the people of Ontario and known as the Hydro-Electric System. He would attack the subject first, as regards that part of the system vested in the Hydro-Electric Power Commission of Ontario, and under its direct control, and second, that part of the system owned and operated by the municipalities.

"The Hydro-Electric Power Commission," said the Attorney-General, "is the third largest public utility in Canada. One need not expatiate on the importance of a system of such magnitude in the commercial life of this province. Success in such an institution means abundant power at low cost for lighting and other uses in the homes of thousands of our citizens, and a cheap and abundant supply of power for the operation of our manufacturing institutions, and consequently lower production costs for these industries."

"Under most normal conditions the affairs of such an institution warrant the fullest discussion, regardless of time and effort, but when I tell you that Hydro affairs are in a condition that is far from normal, that it has been grossly mismanaged, that stupidity, or worse, has characterized the conduct of its affairs, that the public advantages of cheap power have in this way been outrageously sacrificed, and that Hydro today in its largest and most important division is faced with a crisis in which both courage and wisdom will be required to save it from disaster, I submit I have justified in advance the most painstaking and extended study and consideration of its affairs."

Paid Propaganda.

"How fortunate it is that a new party is in power at this crisis in its affairs will become manifest as I proceed. Paid-for propaganda has well-nigh obscured the fact that the Liberal Party originated the Hydro and has always supported it, as have all citizens of wisdom and good-will. It was brought into being by a Liberal Government under the Premiership of the Hon. G. W. Ross."

Here Mr. Roebuck launched into an exhaustive review of the early history and expansion of Hydro in Ontario, adding:

"I have thought it worth while to recall the inception of this enterprise, and it is well for the people of this Province to remember that Hydro is a child of the Liberal Party. It is well also to remember that during all its years of growth, Hydro has been constantly defended, supported and comforted by its Liberal relations."

"How fortunate it is that Hydro is again in the hands of its natural protectors, and how grave is the condition in which it was left by the gentlemen opposite may be gleaned from figures which it is my not-too-pleasant duty to present to this House."

Heavy Deficit.

"As a result of a series of power purchases from the power barons of the Province of Quebec, the Niagara System last year in operating expenses, fixed charges and purchased power cost the Commission \$2,869,828.36 in excess of the revenue derived. Let that sink in. The total revenue for the year ending Oct. 31, 1934, was \$21,418,014.80. The total operating expenses for the same period were \$24,287,843.16—a deficit, let me repeat, of \$2,869,828.36."

"Notwithstanding the present Commission's continued efforts to reduce expenses and to promote the sale of power by every possible device, the deficits of the system amounted to more than three and one half million dollars in a single year."

"In the matter of expenses, the Commission since July 10 last, has reduced its executive salaries by \$98,242.12. The list of high executives who have been dispensed with and none of whose places have been filled with new appointees, except by promotion of junior members of the staff without increases in pay, includes F. A. Gaby, Chief Engineer; J. W. Gilmore, Treasurer; E. A. Hugill, John Littlejohn, I. B. Lucas and A. V. White. As against this, the only new appointees are Mr. Murray McCrimmon, Comptroller, at a salary of \$6,000 a year, and Mr. M. M. Inglis, at a salary of \$5,000, leaving a saving of \$98,242.12."

Reports Economies.

Continuing a recital of the economies effected by the Commission, Mr. Roebuck mentioned a saving of \$190,000 effected through the recent re-issue of bonds for \$10,000,000 at 3.06 per cent., the present bonds yielding 5 per cent. Further, during 1935, \$9,500,000 capital, bearing interest at 6 per cent., would be refinanced at approximately 3.5 per cent., which would mean a saving of about \$237,000, bringing the total saving on these two items to \$1,063,828.

"For many years," proceeded the Attorney-General, "it has been the practice of the Commission to set up reserves for obsolescence and contingencies. The heavy losses I have mentioned have been charged into this fund, and the reserves depleted accordingly. In 1931 this fund stood at \$14,631,725.88; by the close of 1934 it stood at \$6,526,237.54."

"Nor do these figures, disastrous and alarming though they are, tell the whole tale."

"The average cost of power supplied to the municipalities, rural power districts, companies and local distributing systems in the Niagara system has increased to a point where it is now considerably above the cost at which power can be generated by steam plants."

Submits Figures.

"Without charge for obsolescence and contingencies, and without withdrawal from that fund, the Commission's average cost of power supplied to the Niagara System during 1934 was \$30 per h.p. per year. This power rate has increased by more than \$10 per h.p. per annum in the past five years. The figures are as follows:

1929	.....	\$20.03
1930	.....	20.84
1931	.....	23.31
1932	.....	27.49
1933	.....	31.20
1934	.....	30.06

"The Commission has not charged the municipalities what the power has cost. For this there were two reasons. In the first place, a general election was in the offing, and in the second place the cost of power is now so high that steam plants are very real potential competitors. We have been drawing on our reserves. The figures are as follows:

	Average Cost per h.p.	Contingencies Reserves Charged	
1929	20.03	3.67	23.70
1930	20.84	3.24	24.08
1931	23.31	.61	23.92
1932	27.48	2.97	24.52
1933	31.20	5.43	25.77
1934	30.06	4.28	25.78

Rates in Toronto.

Illustrating how these figures worked out for municipalities, Mr. Roebuck showed that Toronto, in 1932, had paid 25.85 per h.p. for power which cost \$30.12; in 1933 had paid \$26.59 for power which cost \$33.95, and in 1934 had paid an estimated \$26.55 for power costing \$32.31.

Similarly, Hamilton's figures for the same three years had been: 1932 charge, \$24.99, cost, \$29.26; 1933 charge, \$25.84, cost, \$33.20; 1934, estimated charge, \$25.80, cost, \$31.56. He added similar statistics for other centres.

"I have it on the authority of Mr. E. M. Ashworth, the manager of the Toronto System," said Mr. Roebuck, "that power can be generated in Toronto by steam produced by imported coal at \$24 per annum, 24-hour firm power. It is costing \$32.31. Further