

"In an interview given to the press at the same time, the statement was released, Mr. Ferguson said, as reported in *The Globe* of April 15, 1926:

"1. That the agreement represents not only the most important achievement effected to date by the Hydro Commission during the regime of Chairman G. A. Magrath, but one of the most striking advances in the whole history of power development.

"2. Construction of the transmission lines would be commenced im-

mediately, a \$500,000 appropriation for primary work in connection with the same having been voted at the recent session of the Legislature.

"3. This "splendid achievement" of the Commission represented the culmination of years of investigation of the water powers of the Ottawa and St. Lawrence Rivers.

"4. The terms of the agreement were "very satisfactory."

"The statement that the cost of the Gatineau power delivered to the Niagara System at Toronto "will be from \$7 to \$8 per horsepower less than the cost of producing a similar quantity of power at the maximum load factor provided for from steam plants at present prices for coal and equipment" may have been literally correct, but that was not the real issue as between the two policies, and Premier Ferguson did not give the information which would enable the two policies to be compared.

"The Premier's statement was more remarkable for what it left out than for what it stated, as will shortly appear. Notwithstanding Mr. Gaby's previous memoranda in favor of steam and the letter on the 12th of October, 1925, the Chief Engineer of the system now swallows himself and prepares to justify the transaction. On the 27th of April, 1926, Mr. Gaby forwarded a memorandum to the Commission in justification of the contract. In this memorandum Mr. Gaby gives the estimated peak loads for subsequent years as follows: Year—1924, h.p., 597,000; 1925, 664,000; 1926, 731,000; 1927, 805,000; 1928, 884,000; 1929, 972,000; 1930, 1,069,600; 1931, 1,176,600; 1932, 1,294,300.

"It is perhaps no condemnation of the honesty of Mr. Gaby that the actual peak load of 1934 was actually less than his estimated peak load of 1928. He may have been just a very bad prophet, but it is a matter of censure that his very estimates, wild as they are, were no justification for his abandoning the Beck policy of steam plants for the carrying of the actual peak. He concluded his memorandum with the statement: "After full consideration of the agreement and an analysis of its terms, I am prepared to recommend the acceptance of the contract for the delivery of power from the Gatineau Power Company's properties on the Gatineau River."

"The Commission and the Government accordingly proceeded to close the deal.

**Appearance in Minutes.**

"The first mention of the matter in the minutes of the Commission appears in the record of the meeting dated May 3, 1926, at which were present Chairman Magrath, and Messrs. Cooke and Maguire. In these minutes the following paragraph appears:

"After several months' negotiations with several interests in the Province of Quebec, the proposal of the Gatineau Power Company for the delivery of from 230,000 to 260,000 h.p. which was made to the Commission on April 1, 1926, was finally brought before the Commission. A great deal of care had been exercised in seeing that the interests of the Commission were properly protected under this contract, and in addition to the counsel, chief engineer and other technical officers of the Commission Messrs. Clarkson and Kilmer were engaged in the negotiations which were carried on for several days, on three occasions. It was decided to embody some provisions in supplementary agreements for reasons that are obvious, and these were presented to the Commission."

"As a matter of fact, there were four supplementary agreements and the reason for their being supplementary to the main agreement which could not itself be kept secret is as obvious today as it was then, on May 4, 1926, to the members of the Hydro Commission and the Prime Minister and his Cabinet Council.

"On May 4, 1926, Chairman Magrath wrote to Premier Ferguson, forwarding executed copies of the main agreement and the four supplementary agreements, and recommending that the main agreement be approved by one Order-in-Council and the supplementary agreements by another Order-in-Council. The reason for passing two Orders-in-Council for the approving of one matter is also obvious. It was to facilitate the deception of the Hydro municipalities and the people of Ontario, which the Commission and the Government already had in contemplation.

"On May 14, 1926, the Ferguson Government approved the agreement in separate Orders-in-Council as had been suggested by the Commission, one of which was to validate and be attached to the main agreement, which might be made public, and the other was to validate and be attached to the four supplementary agreements, which were to be, and have been, kept secret.

"So far as I know, no public reference has ever been made, until the present moment, to the terms of these secret agreements, in the words of the Chairman, 'for reasons that are obvious.'"

**Main Agreement.**

"The main Gatineau agreement," Mr. Roebuck declared, "is remarkable for what it contains, and equally remarkable for what it omitted. If it could be justified at all, it would be

on the ground that it secured to the Province of Ontario certain power resources of the Province of Quebec. It was entered into on the expectation that the power requirements of the Province would increase until the demand at some time equalled the supply. Thus the losses of the early years might be overcome by the advantage secured for future years. But if binding at all during its term, it is terminable at the end of thirty years without any agreement as to renewal. If at the end of the thirty years the Commission is dependent upon this power to satisfy a Provincial demand, it would have to treat with the company under most disadvantageous circumstances. The failure to obtain an option of renewal is a complete capitulation by the Commission to the owners of this source of power. Not only so, but:

"(a) The agreement was accepted by Chairman Magrath before the matter was submitted to a meeting of the Commission.

"(b) Before an application had been made to the Government for an Order-in-Council, as required by the act.

"(c) Without any consultation whatsoever with the municipalities whose interests were so seriously affected.

"(d) Without recommendation from the Hydro Commission's Engineering Committee.

"(e) Without any analytical comparison of the Gatineau proposal with the steam proposal, or Mr. Hogg's forebay plan.

"(f) Without explanations from Messrs. Gaby and Clarkson of their existing memoranda in favor of the Beck policies."

**Secret Agreements.**

The Attorney-General then laid bare the facts concerning the "secret agreements," never before, he said, made public.

"Let us turn now to these mysterious documents," he commenced, "and observe if you will the most outright betrayal of the power-users of this Province."

The wording of the first supplementary agreement follows: "The company shall not be liable for any partial or total failure to deliver electrical power or energy under the principal agreement, which is due to the act of the Province of Quebec."

"In other words," the Attorney-General declared, "the Commission had undertaken an agreement requiring the construction of transmission lines, transformers, switching stations, and condensers at a cost of at least \$14,000,000 for power which might be terminated at any moment, with or without the connivance of the Gatineau Power Company, by simple act of the Legislature or the Cabinet of Quebec. That is to say, the Province of Ontario is bound for forty years, and the Gatineau delivers at will. If at any time in the unknown future a power shortage should raise the price above \$15 per horsepower, Quebec is in a position to cancel without liability on the part of the Gatineau Company, with the express consent of the Government of Ontario, and the industries of Ontario can go hang. Is it any wonder that on this point alone such a term was expressed in a separate Order-in-Council and separate agreement in order to facilitate secrecy as against the people of Ontario?"

"Shame," a member shouted.

"Why, it's terrible," Mr. Roebuck put in, and added: "A more abject surrender has never been placed on the records of any Government."

"Perhaps," he said, "the best excuse for the keeping secret of the supplementary terms was the shock to the discerning public which might be expected to follow the publication of the terms of the main agreement."

**Second Agreements.**

The second supplementary secret agreement, the Attorney-General explained, stipulated in brief that any new or increased tax which the Legislature of Quebec or the Dominion Parliament may impose "or any increase in water rentals which the Legislature of Quebec shall see fit to levy, shall be added to the \$15 per horsepower and shall be paid by the people of Ontario.

"That is to say," he continued, "that the Ontario Hydro-Electric Power Commission, with the approval of the Ontario Government at that time, bound the power-users of this Province in the chains of an agreement which was thought to be binding and inviolable, and delivered them into bondage to the Province of Quebec. It may be some shock to the business interests of this Province to learn the solvency of its chief business enterprise is directly dependent upon the sweet pleasure of the Legislature of Quebec, and to realize that every ability to obtain power at rates which will enable them to compete with the industries of Quebec is dependent on the forbearance of the Legislature of Quebec.

**Third Agreement.**

The third supplementary agreement, Mr. Roebuck declared, was not so open to criticism, and might have been included in the principal agreement. It concerned the nonobligation of the Gatineau Company to install apparatus of capacity. The Attorney-General passed this agreement over with the following explanation: "It may not have been unreasonable for the Gatineau Power Company to limit itself to apparatus recommended by the manufacturers, but such document, duly signed and executed, left the Commission at the mercy of the manufacturers, with or without the connivance of the Gatineau Power Company."

**Fourth Agreement.**

The "nigger-in-the-woodpile" of the fourth "secret" agreement, the Attorney-General stated, was not easily discernible until one knew if the use intended to be made of it.

"In other words, if the company should fail to conclude its purchase of the Pagan water-power, it should be at liberty to cancel the agreement, unless the Commission consented to a reduction in the amount of power to be supplied presumably to within the capacity of the company's Farmers and Chelsea plants.

"On the first of June, 1926, said the Attorney-General in explaining the fifth agreement, "Harris, Forbes & Company, Limited, offered for public subscription in New York and Mont-