

real \$25,000,000 Gatineau Power Company First Mortgage Gold Bonds to yield 5.40 per cent. A circular announcing the issue contains the following paragraph: "The thirty-year contract with the Ontario Hydro-Electric Power Commission will alone produce annual net earnings for interest and reserves over 1.8 times such interest charges."

"In other words, the Hydro-Electric Power Commission pays 1.8 times the entire annual cost of Gatineau development, no doubt, including the \$4,000,000 paid to the C.P.R.

"Under these circumstances, one is not surprised to find that on July 20, 1926, Gatineau Power Company obtained supplementary letters patent

increasing the capital stock of the company by the creation of 6 per cent. accumulative preferred stock to a total of \$25,000,000. This made issued securities of the company as follows: Bonds yielding 5.40 per cent., \$25,000,000; preferred stock yielding 6 per cent., \$23,000,000. Total, \$50,000,000.

"These are in addition to totals of 500,000 common shares of a par value of \$5 each, or \$2,500,000.

"It is upon these \$52,500,000 issued shares and bonds of the Gatineau Company that the power users of Ontario were expected to pay dividends **Not Enforceable.**

"With such a nest-egg in his pocket one can imagine the sinking feeling with which Mr. Graustein received the advice of Glen Osler that the agreement was unenforceable as against the Commission on the then-existing arrangement for delivery at a point not within the Province of Ontario," the Attorney-General said. Mr. Roebuck explained that Graustein was to participate in the public offer of the Gatineau company bonds.

On June 16, 1926, the Chairman reported to the Commission Mr. Osler's legal doubts. Mr. Lucas, the Commission's general solicitor, was despatched post-haste to confer with Mr. Osler, and the result of their conference was a fifth supplementary agreement.

The main clause of the fifth and final "secret agreement" was read as follows: "The place of the delivery should be a point in the Province of Ontario ten feet distant from the boundary between the Provinces of Ontario and Quebec at or near Chats Falls."

Also: "The change in the place of delivery should not subject the company to the burden of taxes, fees or other charges imposed under the authority of the Province of Ontario or any taxing authority thereof."

Third Order-in-Council.

Continuing, Mr. Roebuck said:

"On July 9, 1926, a third Order-in-Council was passed approving and validating the fifth agreement. On July 27, 1926, the Commission authorized the Chairman and Secretary to execute the fifth supplementary agreement under their signatures and the seal of the Commission. On the same day, the Secretary of the Commission forwarded to Mr. Graustein a duly executed copy of the agreement, thus relieving the anxiety of mind of the President of the International Paper Company, with the devout hope that every legal shackle on the power users of Ontario had been duly forged and tempered.

"But even so, the doubts of the Gatineau Power Company and the International Paper Company and its President, Mr. Graustein, did not seem to have been entirely allayed.

"In June, 1926, an application was made to the Senate of Canada for the incorporation of a company known as the Gatineau Transmission Company, with wide powers for the transmitting and distributing of electric power. After some vicissitudes and a good deal of delay a bill was finally passed in 1927 and now appears as Chapter 108, 17 George V. of the Statutes of Canada.

"It is not known whether an agreement exists between the Gatineau Power Company, the Provincial corporation of the Province of Quebec, and the Gatineau Transmission Company, a Dominion incorporation, relative to the transmission of power into and within the Province of Ontario. If such an agreement actually exists, it has not been followed up by any agreement between the Commission and the Gatineau Transmission Company. The Commission cheques for payment of power are still made to the Gatineau Power Company (Quebec), and there is no privity of contract between the Commission and the Gatineau Transmission Company.

"You will hear more from me on that," the Attorney-General promised on taking his seat after speaking continuously for over three hours."

Roebuck Breaks Speaking Record

Hydro Address Likely to Occupy at Least Ten Hours

Attorney-General Arthur W. Roebuck is well on the way toward breaking all speaking records in the Ontario Legislature. When he resumes his address on affairs of the Ontario Hydro Commission today he will commence his seventh and a half hour of speaking on the same topic. If the address is concluded today he will have had the floor for ten hours.

The comprehensive survey of Hydro's affairs commenced at 5.30 Tuesday afternoon. He moved adjournment of the debate a half-hour later. Wednesday he spoke for three hours, and yesterday continued on the same subject for over three hours.

Gaby Is Target For Roebuck's Fire

He Brought Disaster to Hydro, Declares Attorney-General

Frederick A. Gaby—victim of many an Ontario Legislature debate—was named again yesterday in the Provincial House.

Hon. Arthur W. Roebuck was in the course of his Gatineau charges.

"As a member behind me says," he stated, "now we know why Gaby went to the C.P.R. on leaving the Hydro Commission."

Hon. W. H. Price rose in defense of the one-time Chief Engineer, and declared that the reference was "unfair."

"Mr. Gaby was dismissed. Where else would he go?" Colonel Price queried.

Mr. Roebuck declared that he had no wish to be unfair. "I hope," he said, "that he will be truer to the people he now serves than he was to the people of Ontario. But I cannot obscure, nor am I called upon to obscure, the action of Mr. Gaby—a highly paid official of Hydro—in bringing this disaster on the Hydro users of Ontario."