

## New Contracts Promise Saving of \$30,000,000 During Next Four Years at \$12.50 Per H.P. Basic Price

### SIGNED FOR 10 YEARS

New contracts between the Ontario Hydro Commission and the Gatineau and Maclaren Power Companies of Quebec were released in the Ontario Legislature last night by Attorney-General Roebuck.

A saving to Hydro of roughly a half million dollars per month is effective immediately, and during the next four years this will amount to nearly \$30,000,000.

The new basic price is \$12.50 per horsepower, with variations for reserves. The old price was \$15.

The savings, together with savings in Hydro administration amounting to nearly \$1,000,000 a year, are to be passed on to the municipalities in the form of "substantial reductions in power charges."

"In this connection," Mr. Roebuck said, "may I give the positive assurance that it is the policy of this Government to hand on to the power-users of our system such benefits as good management may warrant, and its courageous battle against the excessive and unjustified exactions from the system may have secured."

The Commission signed two contracts with the Gatineau Company, and one with the Maclaren Company. All contracts are for ten years.

The Ottawa Valley Power Company and Beauharnois Power Company, whose contracts with the Commission were cancelled by the Power Commission Act of 1935, have been left entirely out of the new agreements. The Attorney-General reminded the House that these two companies had started suit against Hydro and against the Government, and said: "No further comment is necessary."

Substantial reductions in Hydro charges to the consumers will be announced shortly.

Details of the new agreements with the Gatineau Company follow:

For the Niagara System, 260,000 horsepower (25 cycle) is to be held available for a period of ten years from Nov. 1, 1935, and terminable then or thereafter on two years' notice.

Of this 260,000 horsepower held available, 201,000 is to be taken to the end of April this year, and after that date a minimum of 100,000 horsepower only, unless otherwise ordered, together with 33,000 horsepower of immediate standby.

The balance is to be held for delivery on one week's notice and is known as general reserve.

The power actually taken by the Commission, with a minimum of 100,000 horsepower, is to be paid for at \$12.50 per horsepower, and the price of the 33,000 horsepower of immediate standby is \$10 per horsepower, with \$1.75 per horsepower for general reserve.

#### Payments Here.

Under the old contracts, when the export of gold from Canada was under embargo, as has been the case for some years, payments were to be made in New York funds. Under the new agreement payments are to be made in lawful money of Canada.

and are to be made in Toronto. (This is to apply in all the new contracts.) In the past five years this American-fund clause in the old contracts cost Hydro \$945,838.82. That expense will now be eliminated.

Interest on arrears in payments was 7 per cent. under the former contracts. It is now 5 per cent.

"Objectionable" features of the old contracts, respecting taxation, have been removed. Previously any new taxation which was levied on the power company, whether by Quebec or the Dominion, was passed along to Hydro consumers in Ontario. Any new taxation now must be absorbed by the company.

To overcome the legal difficulties encountered in the old contracts, caused by the fact that the company guaranteed to deliver ten feet within the Province of Ontario—thereby undertaking to construct works to connect one Province with another—the new contract calls for delivery from the Gatineau Power Company to the Gatineau Transmission Company, a Dominion incorporation, which in turn will deliver power to Hydro. The B.N.A. Act provides that only a Dominion incorporation is permitted to construct an interprovincial work.

#### Legal and Valid.

"In other words, this is a legal, valid and binding contract . . . while the old contract was illegal, void and unenforceable," said Mr. Roebuck.

The new contract with the Maclaren-Quebec Power Company calls for the delivery of 40,000 horsepower at a price of \$12.50 per horsepower.

Deliveries commenced under this contract on Feb. 1, 1936, so that the Commission has now available to carry it through next winter's peak, 140,000 horsepower in addition to the generating capacity of its own plants, and a small block of 20,000 horsepower from the Canadian Niagara Power Company at Niagara Falls.

It has, besides the 160,000 horsepower made up of general reserve and immediate standby from the Gatineau Company.

The old contract with the Maclaren Company called for acceptance by the Commission of 125,000 horsepower at \$15. The contract was dated for a period of forty years, compared with ten years for the new contract.

For the Eastern System the Commission has also contracted with the Gatineau Company for such power (60 cycle) as it may require, with a minimum of 42,000 horsepower, and a reserve up to 60,000 horsepower.

The price per horsepower in the former contract was approximately \$14.50 per horsepower. The price under the new agreement is \$12.50 per horsepower for such power, as is delivered and used, and \$10 per horsepower for 9,000 horsepower which is reserved as an immediate standby in the event of an accident to the Commission's equipment and \$1.75 per horsepower for the remaining 9,000 horsepower of general reserve, it being provided that additional requirements of the Commission shall be taken first from the general reserve, and then from the standby, and when both of these are exhausted so that the full 60,000 horsepower is used, the price is the flat amount of \$12.50 per horsepower.