

The plant cost \$400,000, and the new one would cost about \$300,000. The rates to be charged were calculated on a basis of the retirement of the entire capital investment within a period of ten years from completion.

In the English River district mining development had been such as to require additional generating capacity. Contracts were now being negotiated with several mining companies which would, when completed, result in the installation of a second unit of 5,000 horsepower at a cost of approximately \$500,000.

"The revenue from these proposed contracts will be sufficient at the rates to be charged, to retire the entire capital investment in this plant within a period of fifteen years from the date of completion," he said.

In conclusion, Mr. Roebuck dealt with the Abitibi district.

Deficit Reported.

"The growth of demand for power in the Abitibi district during the past year has been satisfactory, though the Commission is still obliged to report a deficit, which is, fortunately, considerably reduced from that of last year.

"During the past year the Commission has installed all units of the Abitibi Canyon plant—five in all, with a capacity of 66,000 horsepower each, making a total installed generating capacity of 330,000 horsepower.

"Two of these units had been installed when the present Commission took office, and the other three were in storage and were depreciating, and the manufacturing companies were demanding payment of their accounts.

"For these reasons, and because of the past and prospective growth in demand for power, the Commission determined to complete the Abitibi Canyon plant.

"Settlement was effected of all outstanding claims by the various contractors and supply houses on a basis of 70 per cent. of their finally adjusted accounts. The total amount involved in this settlement was the considerable sum of \$4,835,610.88, and the final cost of the Abitibi develop-

ment, with its generating plant and transmission system complete, is \$25,022,972.19," he said.

Surplus Wiped Out.

The surplus recorded in the properties other than Abitibi had been completely wiped out by the losses in the Abitibi system.

"In 1934, the revenue of the Abitibi property amounted to \$562,549.31, and its expenses, including renewals, but without contingencies or obsolescence, amounted to \$1,041,109.52. That is to say, the revenue received was little more than 50 per cent. of the expenditure, without provision for obsolescence and contingencies. The actual deficit was \$478,560.21. Thus a profit of \$140,806.14 in the districts other than Abitibi was totally absorbed, and the Northern Properties as a whole showed a deficit of \$337,754.07.

"In 1935 this deficit has been more than cut in two. The revenue of the Abitibi property amounted this year to \$943,997.53, and the expenses, without contingencies or obsolescence, amounted to \$1,215,502.95, leaving a deficit of \$271,505.44. This deficit absorbed the surplus of \$127,041.67 in the other districts, and left a loss over the entire Northern properties of \$144,463.77.

No Sinking Fund.

"One must emphasize that in neither 1934 nor 1935 has the very necessary item of sinking fund been included in these figures.

"Lower rates for power in Northern Ontario has resulted in increased demand. In 1934 the Abitibi property supplied firm primary power to its customers to the amount of 31,501 h.p. In 1935 this demand was increased to 43,731 h.p.—an increase in a single year of 12,230 h.p. This increase is continuing, and the Commission looks forward to a balanced budget in the Abitibi district, probably during the year of 1937.

"And here perhaps may I be pardoned if I pause with some pride on the 'piece de resistance' of this Northern story. In December of this year, in the combined Northern districts, the Commission had a total revenue in excess over all expenses other than sinking fund for the first time since the Canyon purchase was completed. The Northern properties are this year out of the red.

Facing Facts.

"Perhaps at this moment when every one is happy with so satisfactory an announcement, I might take occasion to remark on the ruin which the Leader of the Opposition has discovered in the financial credit of the Hydro System. In this connection may I recall that on Thursday, Feb. 20, 1936, the Commission accepted a tender for the sale of \$15,000,000 of bonds of the Hydro-Electric Power Commission, guaranteed by the Ontario Government, at an interest cost of 2.58 per cent., the lowest rate achieved by any Hydro Commission at any time. They are payable in five years' time. The next last transaction of a similar character was in December, 1934, when the Commission disposed of \$10,000,000, eight-year Hydro bonds with a Government guarantee at an interest cost of 3.6 per cent.

"Good management on sound business principles—the courage to face facts and to correct absurdities, and the determination to resist unprincipled robbery does not destroy credit—it improves it. Business men will entrust their funds to those who have the ability and determination to be truly honest, while they shun alike the knave and the weakling. The first essential to improved Hydro credit was the shaking free of the 'Old Man of the Sea' who was fastened on its back.

"Speaking in the House during this session, the Leader of the Opposition declared that the day would come when the Liberal Administration would

hang its head in shame in the face of a demand for all the power once purchased from Quebec. The honorable gentleman credits us with the ability to blush—a power which apparently he does not himself possess.

"In reply, I say that there will be in all probability a considerable expansion in the demand for power, but that demand will result not from the policies which he would pursue, of loading the power-users with the cost of vast quantities of energy which cannot be used, but rather from the decreased prices which this Government promises to the people of Ontario, by reason of its refusal to buy power which it does not want. Reduction in rates will undoubtedly bring about increased use of power, and increased use will result in industrial activity and increased employment. As the demand grows, as we hope it will, the Commission will meet the requirements whatever they may be, instead of hanging its head in shame as the gentlemen opposite are pleased to imagine.

"This Government will look the workers and industrialists of the Province in the eye, conscious of a Hydro enterprise whose finances are truly like the Rock of Gibraltar, and whose service to the public has rendered an inestimable benefit to mankind."

WOULD CLEAR SEAWAY TANGLE

But Roebuck Thinks Power Too Costly

Clearing up of the international complications regarding the development of the St. Lawrence waterway was suggested in the Legislature yesterday by Attorney-General Roebuck, but he made it clear that Ontario did not need such power at the present time.

"There are other developments on the St. Lawrence not nearly so costly, but as soon as power is needed we will change our views. The Prime Minister has said on previous occasions that with a glut of power the Government would not spend \$62,000,000 to develop another million horsepower which we could not use. As soon as there is a need we will consider the project. That is the sane and reasonable viewpoint," Mr. Roebuck told the House.

He thought, he said, that the Government should start to remove the international complications on the project so that at any time Ontario needed power the way would be paved.

Later Premier Hepburn declared that he did not believe the St. Lawrence project could be justified on economic grounds. He favored the clearing away of international difficulties, which would cost Ontario nothing, and which would be handled by the Federal Government.