

upon careful examination of his claims and statements it can be proved that he not only suppressed vital information but made many mis-statements.

"How much Quebec power do we need today? Since 1929 the Commission has built its Chats Falls station, where it has 96,000 horsepower available. In addition to this 96,000 horsepower it needs several hundreds of thousands of horsepower from Quebec, for safe operation—and it is taking that power.

"The Attorney-General tells us the Commission had to buy 202,000 horsepower from Gatineau Power Company (in addition to the Commission's 96,000 horsepower from Chats Falls). Add on to this 202,000 horsepower about 60,000 horsepower from the Gatineau and 20,000 horsepower from the Ottawa & Hull Power Co., and we have a total of nearly 300,000 horsepower of so-called unwanted power being used today; and, remember, the Hydro could never have got that extra 96,000 horsepower from Chats Falls if it had not entered into an agreement with the Ottawa Valley Power Company.

"Why did the Attorney-Engineer and the Minister of Public Works prepare new contracts with the Gatineau Power Company, and the MacLaren-Quebec for a total of 360,000 horsepower? Add to this the Ottawa-Hull contract and we have a total of 380,000 horsepower acknowledged by the Attorney-General as the additional power required to prevent a power shortage. And in addition to this the Commission wants to buy the Ottawa Valley Power Company's plant for 96,000 horsepower.

"Did the Attorney-General speak honestly in the Legislature, and over the air when he spoke of unwanted power?

Exchange Said Factor.

"The next statement I wish to draw to your attention is this: 'In the short time in which the present Commission has held office, from July 10, 1934, to the close of the fiscal year on Oct. 31 last, the Commission has reduced its executive salaries by \$98,000 per year, and has cut down its general expenses by approximately \$1,000,000 per year.'

"I ask, Would it not have been more honest to reveal that, because of the improvement in United States exchange, and because the Commission, due to its former efficient management, has been able to refund certain of its obligations at a cheaper rate, it has been able to reduce operating expenses by \$1,000,000? Why did the Attorney-Engineer suppress the fact that part of the Commission's difficulties were due to the fact that it had to pay up to 25 per cent. premium on United States funds?

"Listen to the next piece of honest, exhaustive and faithful information submitted by the Attorney-General: 'The deficit in the Niagara System for the year ending Oct. 31, 1934, was \$2,870,000. In 1933 the deficit was \$4,237,000, and for the previous year of 1932 the deficit was \$2,545,000.'

"Examine the Commission's annual reports for three years and we will find the following facts for the Niagara System:

	1933.	1934.
Provision for re-novels	\$1,628,176	\$1,627,164
Provision for ob-sole-scence (rural districts)	125,698	129,514
Provision for sinking fund..	1,838,199	1,987,207
	\$3,637,073	\$3,783,885

"When an electric system can, during these lean years, put away about \$3,750,000 every year for renewals, obsolescence and sinking fund, it is surely very far from bankrupt.

"Remember, these reserves grew during the depression. Can you say that for many industrial companies? Was that stupid management? How about the Toronto Hydro-Electric System and the Toronto Transportation Commission? They both had deficits during the depression. Were they stupidly managed? The Hydro Commission's Niagara System added \$6,500,000 to its reserves during 1932, 1933 and 1934—and it is classified as stupidly managed."

"Million-Dollar Poker Game."

Colonel Price then detailed at length what he described as "the million-dollar poker game"—a transaction whereby Hydro purchased a frequency-changing machine which the MacLaren Company had ordered from the Westinghouse Company, later cancelling the order. The purchase was hurriedly made, he said, in order to avert a serious power shortage in Eastern Ontario.

"This was all a poker game, of course, to fool the public into believing that Ontario did not need any Quebec power. When the chips cost \$1,000,000 each and they are not redeemable, it is a very expensive game," said Colonel Price. "The joke of the whole scheme is that the Commission does not intend using this \$1,000,000 new machine; in fact, it cannot, for it has no facilities for doing so. There is only one high-

tension transmission line going east from Chats Falls and that line is for carrying 25-cycle power from the MacLaren-Quebec plant, via Chats Falls to Toronto. The Commission has already made a contract to continue to take 40,000 horsepower of 25-cycle power from the MacLaren plant and therefore will continue to use this transmission line as before. As you cannot carry the 60-cycle power from this new machine to Chats Falls, the \$1,000,000 frequency changer will be useless.

"What did Ontario gain from this million-dollar poker game? Ten-year contracts instead of thirty to forty-year contracts—and the saving of a little money in the interim. What then? Where will Ontario get the necessary hundreds of thousands of horsepower at the end of ten years to replace the cheap Quebec power? Perhaps the Attorney-Engineer will lead us back to Niagara Falls, where we are already extracting every available horsepower possible (under the treaty). Perhaps he will devise some scheme for making the water run up hill again so that we can build another Chippawa.

Questions Chats Falls Report.

"One of the best examples of the Attorney-Engineer's honest, exhaustive and faithful statements was given in the operating cost figures for Chats Falls. Here is apparently a deliberate perversion of facts. Listen to this statement taken word for word from the Hydro Bulletin:

"The Chats Falls plant has been in operation for approximately two years. It furnishes a striking comparison as between the costs of public generation and of purchased power. Each side of the plant has a capacity of a full 96,000 h.p. at peak, and, on the basis of this output, with the regular reserves and interest on investment included, the cost of generation in the Commission's own plant is \$6.86 per h.p. For purchased power, delivered at the very same point, we are paying the private company \$15 per h.p. per annum."

"Canadian engineers knew that the Chats Falls plant was a remarkably cheap development, but when they heard a figure of \$6.86 per h.p. inclusive cost, they laughed. What are the true facts?

"In giving the fictitious figure of \$6.86 per horsepower for Chats Falls power, the Attorney-Engineer tried to create the erroneous impression that the Ottawa Valley Power Company was pocketing the difference between \$6.86 and \$15, or making a profit of \$8.14. Let us try and see how much profit this company does make. For simplification let us forget about the high charges that mounted up during the construction period.

Tax, Water Charges.

"We know the Commission's costs are \$11.50 per horsepower. Therefore, the private company's cost should be exactly the same, unless it has any added expenses. To begin with it is capitalized at present at \$10,500,000, against \$8,567,286 for the Commission's completed plant. Why? For the simple reason that it did not sell its securities at par, and it had to buy its water rights, whereas the Commission places no value on its water rights as it will never sell them.

"The Ottawa Valley had outstand-

ing \$1,500,000 debentures paying 6 per cent. interest, and \$9,000,000 in bonds paying 5½ per cent. interest. These securities together demand interest of \$685,000 per annum. On the other hand, the Commission's estimates (as per memo quoted above) are at an interest rate of 5 per cent., which for \$8,567,286 amounts to \$428,364. The difference between \$685,000 and \$428,364 is \$156,634, which means an extra \$1.95 per horsepower for the Ottawa Valley Power Company.

"In addition to this, we know that the private company pays 50 cents per horsepower for the water it uses, and also certain local taxes in Quebec which the Commission does not, which, added to the \$1.95, would bring its charges to at least \$2.50 per horsepower more than the Commission's, or to \$14 per horsepower. Furthermore, the Ottawa Valley Power Company's contract was for 96,000 horsepower at \$15 per horsepower for 70 per cent. load factor. If for any reason, such as low water on the Ottawa, it cannot supply this power, it rebates to the Commission the difference. During 1933-34 it was paid \$15 per horsepower on 80,500 horsepower, so it had a very small spread to come and go on.

"Now, was the Attorney-Engineer honest, exhaustive, or faithful in stating that the Commission's costs at Chats Falls are \$6.86, and intimating that the Ottawa Valley Power Company was making a profit of \$8.14 per horsepower — when it is doubtful if the company was making \$1 per horsepower profit?

Says System Crippled.

"The Commission, in making these Quebec power contracts, played safe. Instead of buying power to supply a potential increase of 1.4 per cent. for forty years, it bought power to supply an increase of 7.7 per cent. for eight years. If the load increased at a greater rate than 7.7 per cent., or continued to increase after eight years, the Commission would at least have time to devise new ways of meeting the demand.

"As we all know, the depression came along, and, instead of the load increasing in the Niagara System, it decreased slightly for five years. Today, however, in spite of a mild fall, it is as large if not larger than ever it was in the peak year of 1929. And yet the Niagara System is greatly influenced by the operation of a few large industrial plants which are still taking only a fraction of the power they did in 1929. When these plants come back into operation, they will automatically add 10 per cent. to the Niagara load. On top of this, there is the normal increase in domestic and industrial load, amounting to 10 per cent. every year, which automatically increases the load.

"Where do we stand today? Our

Hydro System is badly crippled. Its long-term power contracts guaranteeing cheaper power for forty years are repudiated. The Quebec companies have been forced to offer slightly cheaper rates for ten years. What then? The amount of power the Government intends buying will be insufficient to meet the 1937 demand. It has antagonized Quebec and thus has probably prevented for all time any further joint developments on the Ottawa River. An agreement on the St. Lawrence River waterways systems to be further away than ever, and whenever it is signed it will take five years to build a plant.

"Today Ontario faces the greatest power shortage in its history. Heretofore it always had several possibilities by which it could meet the increasing demand. Today what is its future? It has not even sufficient off-peak power to attempt constructing the proposed Queenston Forebay System for generating peak-load power—and it may never have the chance again. It can, perhaps, obtain a certain amount of peak-load power at the Decew Falls development—but it has no high-load factor power within sight. Does this mean that before long we must turn to steam power with its increasing costs?"

At this point Colonel Price made the admission, in answer to a question from a Government member, that, in his opinion, "in the light of five years of depression, the (Conser-