

thus on hand for the peak of this year 237,000 in excess of the maximum demand of last year. Included in last year's peak was 105,630 horsepower of interruptible primary power, which for various reasons was not cut off at the moment of maximum demand. Now the very purpose of the cheaper rate which we quote on interruptible power is that it may be interrupted in event of shortage, so that actually we had as against this winter's peak a reserve of 342,600 horsepower in excess of the actual requirements of the previous year.

"Now, Dr. Hogg has told us that the peak of this year in Niagara System was 1,135,000 horsepower. Last year the peak was 1,013,000, a growth of 122,000 horsepower, approximately the amount which during the year we purchased from Ottawa Valley.

"There was thus clearly no need for any immediate increase in our power supply.

"It is indeed interesting to note that on the 31st of October, 1937, we were actually using 276,000 horsepower of Quebec-purchased power out of the 731,000 provided by the original contracts. Eleven years after the original Gattineau deal we were using slightly more than one-third of the contract amount.

#### **Finds Policy Reversed.**

"Notwithstanding the ample supply of power to satisfy the demands of the immediate future, the utter failure of engineer's estimates in the past with disastrous results, and the Prime Minister's gloomy outlook to a pending depression comparable to that through which we have just passed, the Government has reversed the policy of the former Hydro Commission and of this House with regard to public ownership and has entered into contracts with the power companies not differing materially in amount from those of 1929.

"It is announced that there has been purchased for delivery in 1937 a block of 150,000 horsepower in addition to what we already possessed and for delivery in 1938 a further block of 80,000 horsepower. This is 230,000 horsepower for delivery before the end of the current year, which, at the rate of \$12.50 per horsepower, is the tidy sum of \$2,875,000. In other words, the Government has more than doubled the cost of purchased Quebec power as we knew it in 1936.

"The cost of this purchased power in 1937 was \$3,592,000. The additional purchase of \$2,875,000 means that we will be paying before the end of the current year at the rate of \$6,467,000 per year. The added cost is at the rate of \$7,000 per day, and in my judgment is a pure gift to the power companies.

#### **Claims Excess Admitted.**

"Nor can there be any denial of what I say that the Government has purchased great quantities of power more than the Hydro can use. The application to Ottawa for permission to export 110,000 horsepower to the United States is an admission of that fact. The Government has constituted the Province of Ontario sales agent for the power producers of Quebec, and it pleads a financial disaster to Hydro which it has voluntarily accepted as a reason for changing the national power policy of Canada. Aside from the saving to Hydro, the export of Canadian power to the United States is not in furtherance of this country's industrial development. It is quite obvious that once the privilege of marketing power abroad is conceded it will never again be sold here for less than it will command there, and the advantage which industry is now supposed to enjoy in cheap and abundant power will have been sacrificed for the enrichment of a few wealthy promoters and owners. Whether the financial condition of Ontario's Hydro, as a result of these new purchase agreements, is sufficiently desperate to warrant the sacrifice of national interests is for the Ottawa Government to decide, in the face of political pressure from Ontario and a private lobby from Quebec.

"Some attempt has been made to justify the purchase of power that we do not need and cannot use on the ground that a portion of the excess may be sold across the international boundary in the United States, at what has been described as a profit. It is to be bought at \$12.50 per horsepower and sold at \$14.50 per horsepower, a spread of \$2 per horsepower. If you carry the power from Beauharnois to Chats Falls and from there over the new central lines to Cornwall, your line

losses will be between 10 and 15 per cent. Ten per cent of \$12.50 is \$1.25, which leaves you 75 cents per horsepower for all other carrying charges. You may gather how great these are when I tell you that you are charging the City of Brockville \$30 per horsepower. On the basis of your charge as against Brockville, you are selling your power at \$15.50 below cost. We charge the Howard Smith Paper Company at Cornwall \$18 per horsepower for firm power. What do you think of charging a Canadian paper company on the Canadian side of the international line right at Cornwall \$18 per horsepower and charging an American concern on the United States side of the line at the same place \$14.50 per horsepower? Is that conducive to the industrial development of Canada?

"A persistent effort has been made by the pro-power company press to justify these new power purchases by this year's ice jam in the Niagara River. Had Dr. Hogg demonstrated his foresight by placing shutters on the windows of the generating plant below the Cataract, he might now perhaps be more highly regarded as a prophet.

"The loose ice which flowed into the building has reduced the capacity of the Commission-owned plants temporarily by 175,000 horsepower. The reduction in effective production may not be as great, however, as this figure appears, for the Toronto plant above the falls has been idling much of the time and the Queenston plant, which has an installed capacity of 630,000 horsepower and a normal operating capacity now rated at 500,000, produced on the peak of 1936 only 408,847 horsepower. How much of the loss could have been made good by the remaining plants, I am unable to say, and as the winter's peak had already passed, the daily demand had fallen considerably below the all-year high to which Dr. Hogg refers. The 33,000 horsepower immediate standby which the Gattineau stood ready to deliver at a moment's notice and on a day-to-day cost basis would likely have made good the deficiency, and, if not, the balance of the Gattineau's reserve of 120,000 horsepower would certainly have done so, nor should it be overlooked that we carried 105,630 horsepower of interruptible power on the 1936 peak, the very purpose of which is to constitute an additional reserve. The former Commission, I am convinced, would have met the emergency without the least embarrassment.

#### **Denies Such Advice.**

"The Prime Minister told us on Monday that the real reason for the reversal of policy was the change of Attorneys-General. He was in favor of public ownership and ready to battle the power interests before the election, because I had assured him that there was no possibility of our losing at the Privy Council, while he hurried to swallow the private ownership bait and to buy peace at any cost after the election because he was assured by the present Attorney-General that there was no chance whatever of the Privy Council reversing the Ontario Court of Appeal. I wonder if there is any one in Ontario simple enough to swallow that explanation. It is a modern version of an age-old story:

'The Attorney-General gave me and I did eat.' If I told the Prime Minister that there was no possibility of our losing at the Privy Council and he believed me to the point of acting on my advice, why did he consent to the legislation of 1937, the very purpose of which was to protect the Hydro against seizure in the event of an adverse decision. I gave him no such advice. I told him that in my judgment we ought to win, for I am of opinion that by our constitution the Provinces in property and civil rights and the administration of justice are masters in their own house. The assurance that the Province had no possibility of losing or no hope whatever of winning is not such advice as one would expect from a careful solicitor and sounds no more like the member for Oshawa than it does like the member for Bellwoods.

"As a matter of fact the issue does not turn on the adequacy of Dr. Hogg as a prophet. No one can foretell the future. Where I take issue is the voluntary abandonment of the Government's former policy of purchasing only such power as the system requires. It has bought power which it does not know that it needs, or, rather, that it knows that it does not need. It has surrendered to the rapacity of the Quebec companies, and it has admittedly made them gifts of money in many millions on the flimsy excuse that it lacks the courage to maintain that it is master in its own house.

"Much more, however, do I take issue with the Government's abandonment of the principle of public ownership in the generation of power in favor of the principle of private supply. We settled with the Ottawa Valley Company on a long-term basis for the simple reason that the public and private plants are in fact one and can never be dissociated, but our contracts with Gattineau and Maclaren were different. They were for ten-year terms, and we were actually engaged in the meantime in supplying our needs by the development of our own resources."