

# CHEAP POWER POLICY NOW, SAYS HOUCK

But Back to Niagara When  
We Can, He Tells  
Legislature

## OUTLINES NEW PACTS

The power policy of Hydro and the Hepburn Government was still "back-to-Niagara"—"and we'll go back to Niagara, if and when we can," Acting Chairman W. L. Houck of the Provincial Power Commission told the Legislature yesterday, in moving second reading of the Government bill validating the new Quebec power contracts.

"At the moment," said he, "our policy is 'back to cheap power,' and I note the chagrin with which the Opposition greets the very effective way in which that policy is being fulfilled."

A number of objectionable features embodied in the original Quebec agreements and in the temporary settlement which followed cancellation had been eliminated in the present readjustment, Mr. Houck stated. "Under the original agreements," said he, "provision was made that the companies should be indemnified for any increase in their cost of generation due to increases in either Dominion or Provincial taxes.

### Objectionable Feature Removed.

"This feature—a highly objectionable one—actually placed the power-users of the Niagara System within the taxing jurisdiction of both the Dominion Government and the Quebec Government. Under both the early revision and this later readjustment this stipulation has been entirely removed. Now the Commission assumes responsibility for increases in cost due only to increases in taxes levelled by the Government of Ontario."

Under the revised contracts, said he, the aggregate delivery in the Niagara and Eastern Ontario systems is reduced from 791,000 to 766,000 horsepower. Not only so, but there were grounds for satisfaction in the reduced price of \$12.50 per horsepower under the revised contracts, compared with a charge of \$15 per horsepower under the original contracts.

"Calculations show," said he, "that the total commitments under the three original contracts for the Niagara system made previous to 1934 would have cost the people of the system \$326,167,237. Under the re-

vised contracts, payment during the same period, including amounts paid prior to cancellation, will total \$246,028,093. The revised agreements with these three companies accordingly represent a saving to the people in the Niagara system of \$80,141,142. If the saving under the 1937 arrangement with the Ottawa Valley Company and the new contract with Gatineau in Eastern Ontario is included, the total saving achieved in the southern section of the Province under Liberal management, due to the Liberal Government's Hydro policy, is \$92,658,084.

"While this saving is a large one and in itself a matter of great satisfaction to the Commission and Government, it is an aggregate figure and not at all indicative of the more immediate advantages of the readjustment. More important than the reduction of the quantities to be taken is that deliveries of the various blocks of power in both systems are projected further into the future. Under the original contracts the Commission would now be accepting 791,000 horsepower. Actually the greatest amount we will accept this year will be only 566,000 horsepower. Under the new contracts the full delivery of 766,000 horsepower will not obtain until 1944, by which time demands of the systems will absorb the entire amount, provided expansion continues.

"In the course of the winter season 1938-39 we will have an excess of dependable capacity over and above the probable best provision of some 144,000 horsepower. In 1939 this excess will reduce to 120,000 horsepower, in 1940 to 50,000 horsepower, and in 1941 the excess will amount only to 3,000 horsepower. By 1942, providing demand continues to advance at the rate estimated, the system will actually be 75,000 horsepower short of a probable best provision in that year.

"Lest our friends across the way demonstrate a critical attitude toward this slight and unavoidable over-purchase, let me point out that during the same period under the original contracts on a similar basis of calculation, the over-purchase would be as follows:

1938 .....	361,000 h.p.
1939 .....	285,000 "
1940 .....	195,000 "
1941 .....	98,000 "

"It has been calculated that the Niagara System will actually pay during the years from 1938 to 1945 some \$17,000,000 less under the new contracts for reserve power than would have been paid under the original contracts instituted by a previous Conservative Administration."