

The Power Situation in Ontario

To the President of the O.M.E.A.:

Upon your request and in accordance with the resolution of the Executive of the Ontario Municipal Electric Association, representing Hydro Municipalities, I am making the following statement with regard to the negotiations

(X) and of their telegram of April 5th, which is as follows:-

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"At a meeting of the Executive of the O.M.E.A. held yesterday at Toronto I was instructed to communicate with yourself, Mr Magrath and Mr Maguire to suggest that in our opinion it might be advisable for each of you to reply publicly to statements which have been made regarding your administration of Hydro with particular reference to contracts entered into since nineteen twenty-eight. I understand that arrangements have been made for a broadcast for you tomorrow evening."

more to deal only with a few of the general questions, avoiding, so far as is possible, complicated detail.

The first point to which I want to address myself is the question as to what was the general policy of Sir Adam Beck in relation to purchase, generation and distribution of power in this Province: second, what were the available sources of supply in 1924, 1925 and 1926, during which time the prospective power shortage was becoming apparent. I should also consider under this head, the demands of the power consumers and the estimates of future demands, and some of the assumptions which have been made, based upon depressed conditions which in my opinion, are not justified. Third: the views of Sir Adam Beck with regard to steam plants as an alternative to the purchase of power in Quebec. Fourth: the alleged losses, the purposes of the different reserve funds of the Commission, the stabilization of power costs and the prospects of paying for all of the power purchased in Quebec, and the restoration by the year 1942 of the contingency reserves, with some references to the power contracts in a general way.

First: First, then, as to policy. The basic principle followed by Sir Adam as one of the prime responsibilities of the Commission, is that it must assure ample supplies of electrical energy at all times at cost, to meet the needs of the citizens of the co-operating municipalities, and of industry in general. Moreover, it was the basis of this principle that cost must be the lowest possible cost at which power can be supplied, consistent with sound economic procedure. The Commission's position in this matter was set forth in a statement issued to the press on May 6, 1931, as follows:

"It should be appreciated that throughout its history the Commission has recognized that in any comprehensive scheme for the supply of electrical energy to a large territory, the first essential is the ownership of the transmission lines and of the franchise rights for distribution. Ownership of the power plants—when

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possible without sacrifice of the interests of municipalities and consumers—has also been recognized as a desirable, although less essential feature, and the Commission has consistently sought to own the developments for the sources of its power supply . . . Broadly the Commission is charged with the responsibility of providing in the best possible way for the expanding power needs of the citizens of the Province. Whether the agency for power production is to be water, coal, oil or gas, or whether power is to be purchased, is a matter which is left to the discretion of the Commission. At no time has the Commission regarded the purchase of power as being contrary or inimical to the principles upon which the Commission's program was originally based."

In making its provisions for supplies, the Commission has maintained a continuous study of available sources of power, and in accordance with what was determined to be at any time the most advantageous and economical course for the Municipalities concerned, has pursued several different methods of providing power.

It has also been the policy of the Commission throughout its history to assure for the Municipalities ownership in the power developments, whenever such ownership could in view of existing circumstances be effected to their advantage.

The Hydro undertaking was launched by the purchase of power from privately-owned plants in Ontario and Quebec. The Thunder Bay System, which includes the City of Port Arthur, purchased power in 1907 from the Kaministiquia Power Company. Ottawa in the same year purchased power from a Quebec company and the great Niagara System was based upon the purchase of power from the Ontario Power Company at Niagara Falls, a company having its head office in the United States. In fact, all of the systems in their initial stages of operation were supplied by purchased power, except such as was supplied by developments at Wasdell's and Eugenia, now forming part of the Georgian Bay System.

Although in the beginning the Niagara System received its power supply from the Ontario Power Company, the plants of the Ontario Power Company and the Toronto Power Company were subsequently purchased by the Commission, and these capacities were in addition augmented by the great Queenston-Chippewa Development constructed by the Commission itself.

The course pursued by the Commission in more recent years has been a continuance of this broad basic policy, which had contributed so much to its success.

Although Quebec power is available at slight expense for the Eastern Ontario Systems, we should at this point consider the power situation in the Niagara System, because it was for that System that the power from Quebec, which is so much to the fore at present, was originally purchased. When power was first supplied in 1910, there was a demand of less than 10,000 h.p., in 1914, it had increased to 77,000 H.P. and by 1915, the demand had reached the limit of 100,000 H.P. available under the contract with the Ontario Power Company. An additional block of power was then purchased from the Canadian Niagara Power Company to the extent of 50,000 H.P. at a price of \$15.00 per horsepower, at the generating terminals. In passing I should point out that \$15.00 per horsepower at the generating terminals is a higher price than is being paid under the Quebec contracts, because the voltage must be stepped up from the generators to avoid undue losses in transmission. By way of contrast, Gatineau power

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