

cause they thought the rates were too high, but they were about the same now, and could not be lowered because the revenue was required to maintain the service. He was before the Private Bills Committee when the Act was obtained to permit the town to expropriate. Senator Gibson appeared for the Keewatin Company. He said this development had cost \$500,000, and they were prepared to fully develop power and sell the town water power developed for \$7.50 per horse-power, per year.

Flour mills would not be interested in Kenora for years to come, and the town had not increased in the last three years.

They got 24-hour electric power at the Welland Canal at \$8 per horse-power per year. Freight rates were such that they could not afford to ship wheat to the Lake of the Woods and grind it and then ship the flour back.

Henry N. Ruttan, Winnipeg: He knew the east channel in the natural state when there was at least 5,000 horse-power available. For valuation purposes he divided it into three parts, the first part to be used for civic purposes, such as lighting, pumping water and general motor service, say 1,000 horse-power. Second, he assumed a contract for 1,000 horse-power for flour mills, and third, unappropriated, 3,000 horse-power. The first item was worth as to water power the difference between water power and steam power. The power for milling he estimated at \$25, and the balance of unused power at \$400. This made:—

1,000 H.P. at \$45.70 =	\$45,700.
1,000 H.P. at \$25. =	25,000.
3,000 H.P. at \$4 =	12,000.
Total .....	<u>\$82,700</u>

And this, capitalized at 5 per cent., amounted to \$1,654,000. Power for flour mills in Winnipeg was at the rate of \$35 and at Fort William it was \$25.

He estimated the cost of development at \$300,000, operating charges 11 per cent., or \$33,000, and attendance at \$9,000, making \$42,000 of an annual cost, or \$8.40 per horse-power. Steam power he valued at \$60. This, less \$8.40, equals \$51.60 per horse-power of a saving over steam power, which, on 5,000 horse-power, equals \$258,000, and capitalized at 5 per cent. equals \$5,160,000. But power would not be worth that amount. The value, of course, depended upon the use being found for the power. He expected in a few years all power would be taken up and used by the electric railways and the establishment of additional flour mills. Land and water rights went together. The actual value of power to the town in 1907 was \$1,654,000, being a rental value of \$82,700, had it been obliged to have the power and use steam. This was what they could afford to pay the owner for it. Rental to the owner for unused power should be \$4 undeveloped, and on this basis the capital would be \$400,000. His reason for basing the value of \$4 on undeveloped power. "If I owned the power, I would not let it go at any less than that. I would hold it." It is almost impossible to tell precisely what the real value of that water power is. Power saleable is so large and prices so great that \$4 rental is a very small part. Value is a question of market, present and prospective. Producer gas power would cost two-thirds of steam power.

Hedley Shaw, of the Hedley Shaw Flour Milling Co.: The capacity of the flour mill building at Kenora is 5,000 barrels a day, with machinery installed for 2,500 barrels.

They have a contract with the town to deliver power at the mill for \$10 per horse-power per year. The mill was a mile from the power house. They had an option on 1,000 horse-power, in addition to the 1,000 horse-power they were at present using. They did not want the additional power, and so did not use the option, because they could manufacture in other localities to better advantage than in Kenora with power at \$10, at points on the Welland Canal, for instance, on account of transportation. Power on the Welland Canal was as cheap as at Kenora, and materials in raw state were cheaper than taking it at Kenora, manufacturing there, and then shipping East, and all their product manufactured at Kenora must go East, so that cost of manufacturing there was increased over other localities. They milled in transit at Kenora; grain was stopped off there, and the charge was one cent per hundred for stop-off. That would not apply at Fort William, as it was a point for terminal freight rates.

With them, this amounted to 2,500 barrels per day, and, in three hundred working days, 600,000 barrels of flour per year, or, say, three million bushels of wheat. At one cent per hundred that would be \$18,000 for stop-off charges, which was a handicap over Fort William. The handicap was worse as you went east, because the freight on wheat was lower than on flour; they could take it from Fort William to Port Colborne elevator for 1½ cents per bushel. The Fort William to Toronto rate on flour was 15 cents per hundred, and to Montreal, for export, 14½ cents, lake and rail. By getting wheat at 1½ cents to Port Colborne they got competition between rail and water to Montreal or New York and thus secured a lower through rate. They paid 20 per cent. more in wages at Kenora than on the Welland Canal, on account of the higher cost of living at Kenora. Winnipeg had an advantage over Kenora because one could distribute west from Winnipeg and could not do so from Kenora. They also had a local trade. Compared with Montreal, Kenora was the better site for domestic milling, but for export it was not better situated. Montreal was not as well situated as Port Colborne for export. It was better for them to have to increase their output by establishing mills in the east, rather than to expand at Kenora, and that was what they were doing. In respect to other manufacturers, Kenora was in the same position. Freight was a greater consideration than power in dealing with heavy freight. Labor conditions also applied. The cost of making barrels was less in Ontario east of Fort William than at Kenora. The cost per barrel was five cents more at Kenora than on the Welland Canal. They got power at \$8.00 at Port Colborne. Power at Kenora cost about 1½ cents per barrel of flour; if at \$25,000, it would cost 3¾ cents per barrel, or 2¼ cents per barrel more, that would be at \$25,000 for power. The stop-off cost \$18,000. They paid \$10,000 for power, so that if they paid \$25 per horse-power, and had no stop-off, they would save \$3,000 a year. Freight rates were against Kenora, both east and west. As for Eastern trade, Kenora had an advantage over Winnipeg of 2½ cents a barrel, with power at Kenora at \$10 and \$35 at Winnipeg.

For export business, Port Colborne was the best place, and with power at \$10 Kenora was better than Winnipeg, and equal to Port Arthur. Labor was easier in a large place, and Winnipeg offered a market for mill refuse. He would prefer to pay \$20 for power at Fort William than \$10 at Kenora.

Alex. Pringle, Consulting Engineer, Montreal: The cost of the work was increased by reason of the stoppage of the work in the summer for some time, thus forcing the work into the winter. The present work cost \$358,000, and \$100,000 would be required to complete it. A little less than 5,000