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ONTARIO REPUDIATES QUEBEC CONTRACTS

Major Crisis Imminent Because Ontario Government
Bases Conclusions on Wrong Premises

By OSBORNE MITCHELL, Editor, Electrical News and Engineering

(From an Address before the Rotary Club of Hamilton, April 4, 1935)

HOLD no brief for Hydro, nor for the Quebec power companies, and I do not represent any political party. Furthermore, I do not own any public utilities' stocks or bonds. My job as editor of Electrical News and Engineering is to stimulate the sound, economic growth of cheap electric power whether it is steam, hydro or oil generated. Naturally, therefore, I am greatly concerned with this whole Hydro question and while I hold my own personal views about repudiation of these Quebec power contracts, my attitude is to try and discuss whether their repudiation will mean cheaper and more power for the province of Ontario, or whether their repudiation will stifle the growth of electric power in this province and increase its cost.

Some years ago, as you know, the province of Ontario foresaw that if it was to continue as the leading industrial province of the Dominion it would have to ensure that it had available, adequate sources of continuous power. Arrangements were made, therefore, with the neighbouring province of Quebec (which, incidentally, has twice the power resources of Ontario) for an adequate supply of power into Ontario. These arrangements were made and large power plants were specially constructed in Quebec to supply this power. It is interesting to note that Quebec at that time placed large contracts with Ontario manufacturers to build special electrical equipment for these plants, because, as you know, the Niagara system uses 25 cycle power.

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What does "repudiation" mean? It means that Quebec will have on its hands large power plants containing electrical equipment capable only of generating and transmitting 25 cycle power which cannot be sold in Quebec or in the United States. Remember, that one of these Quebec companies at least supplied power to Ontario during a crisis in 1928, 1929 and 1930 when Ontario was short of power. There is irrefutable evidence to show if Ontario had not had Gatineau power at that time, Ontario would not have been able to meet its power demands. Even toda, with the Hydro Commission's new Chats Falls plant operating, Ontario could not meet its power demands without Quebec power.

That is not the whole story. The power corporations of Quebec are composed to a large extent of the small bondholders in Ontario. We are told how much Ontario is alleged to have lost over the past three years because of these contracts. We are not told how many millions of dollars came into Ontario to build this electrical equipment. We also know that the Ontario bondholders already have lost a great deal more than the Ontario Hydro is alleged to have lost over the last three years.

Power Shortage Imminent

But the most serious situation of all is that Ontario's power load is growing at a very rapid rate today. It might surprise you to know that the growth

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