

(11) On the 27th April, 1928, Mr. Swezey and his associates obtained the passing of an Order in Council by the Executive Council of Quebec authorizing the granting to the Beauharnois Light, Heat and Power Company of an emphyteutic lease, which lease was subsequently executed on the 23rd June, 1928, and which grants to the Beauharnois Light, Heat and Power Company the rights of the Province of Quebec to such part of the hydraulic power of the St. Lawrence River as can be developed between Lake St. Francis and Lake St. Louis through a derivation (six diversion) Canal on the right (southern) shore of a maximum flowing capacity of forty thousand cubic feet per second (40,000 c.f.s.), (the Province reserving the ownership and the free disposition of the surplus) for a period of 75 years from the 23rd June, 1928, at an annual rental of \$20,000 for the first five years and \$50,000 for each of the subsequent years and an additional payment of \$1 for each horse power year revisable after each period of ten years from the date the plant will have been put in operation. The Company agrees that at the expiration of the first five years it will have installed 100,000 h.p.; at the expiration of the sixth year, 200,000 h.p.; at the expiration of the seventh year, 300,000 h.p.; and at the expiration of the tenth year, 500,000 h.p. The lease is granted without prejudice to Federal and Provincial laws concerning navigation, mines, fisheries and the driving of logs and also *upon the understanding that the lessee* "who is presently negotiating with the Federal Government shall obtain from the latter in so far as its rights are concerned, the authorization to divert a flow of forty thousand cubic feet per second (40,000 c.f.s.);" and in the event of the approval of the Federal Government not being obtained within twelve months, the lease may be cancelled by the Lieutenant Governor in Council.

(12) Having obtained the amendment to its Charter and the lease from the Province of Quebec, the Company pressed its application to the Governor General in Council and on the 15th January, 1929, a hearing was held by the then Minister of Public Works and two other members of the Dominion Government, at which were considered protests from shipping companies and power interests.

(13) The application originally contemplated the diversion of the whole flow of the St. Lawrence River. To meet the opposition to the application at this hearing, Mr. Aimé Geoffrion, K.C., who appeared for the applicant, amended the application to read as follows:

The application of the Beauharnois Light, Heat and Power Company now pending before the Governor in Council is purely and simply for the approval of plans for hydraulic development which will be subject to a condition that not more than 40,000 cubic feet per second shall be diverted from the river—from Lake St. Francis, to be returned to Lake St. Louis, and used for power purposes by the Company between these two points; and any condition that the Government may exact, in any wording satisfactory to the Government involving that limitation, is accepted in advance by the applicant. If the engineers think that the plans should be altered to meet this declaration the Company will submit to any such alteration.

(14) It should be noted that notwithstanding the limitation to the 40,000 c.f.s. the plans of the Company and the works so far as constructed clearly show and the officers of the Company and of the Department of Public Works admit that at all times there has been in contemplation the diversion of the whole flow of the River by this Company.