

## FINANCIAL

## SERVICE

MONTREAL — LIMITED — TORONTO

## OFFICES

MONTREAL—114 ST. FRANCOIS XAVIER ST.  
TORONTO—ROOM 112 - 272 BAY STREET (DISTRICT 2)

## TELEPHONES

MONTREAL—MAIN 3031-3014  
TORONTO—ELGIN 4860

Bulletin No.8.

Saturday, Feb.19th/1927.

CITY'S RIGHT TO EXPROPRIATE WATER & POWER PLANT

Yesterday, Financial Service drew attention to a reported Press interview with Mr. Brodeur, in which he was quoted as saying in part;—  
"We know only this that the price \$14,000,000 was the lowest at which Montreal could obtain it and that this was the final offer. Had we not accepted it we would have had to abandon the deal altogether."

Extracts were then given from records on file in archives of Financial Service to show that far from the situation being as Mr. Brodeur was quoted as having intimated, it appears that the city have the right to expropriate the Montreal Water & Power Co. at any time.

That the Executive Council cannot claim ignorance of this fact will be shown in a long report which Le Devoir will publish today.

This is a report made to the Executive Council, on their request, by Charles Laurendeau, K.C., on March 30th, 1925, and covers the whole subject of expropriations.

A translation of this report gives, in part, the following points and opinions;—

"The City has obtained from the Legislature the power to expropriate in all or in part the system of the Company. The first of these laws is contained in the charter of the company, 55-56 Victoria, chapter 75, section 2. (1892)

"On July 16, 1913, the City notified the Company, according to statute 55-56 Victoria, chapter 75, of its intention to acquire the aqueduct system of the company in St. Henri quarter. Nothing has been done since.

"In trying to expropriate the aqueduct system in the City of St. Henri, the city wanted to have decided what interpretation it was necessary to give to the statute heretofore cited.

"Since even before 1910, the advocates of the city interpreted this statute as saying that the city can acquire only the properties situated in the annexed municipality and which the company uses to furnish water to this municipality. The advocates of the company interpret the statute differently and contend that the city must acquire not only the properties of the company in the annexed municipality, but that she must at the same time either acquire the properties situated outside but which serve to furnish water to this municipality, or else pay the damages which are caused to the rest of the system as a result of this appropriation. Otherwise, they say, if all or a certain number of municipalities furnished water are annexed to Montreal, the company will remain with the properties of a considerable value--such as its pumps, its principal conduits, etc.--which will be to her a total loss or almost total loss.

"This statute is not clear, but I believe that the interpretation given by the advocates of the city is the correct one."

Various laws are then quoted which bear on the subject in one way or another.

"By section 9 of the same law (4 Georges V, Chapter 109) the city could, at all times, on report of the executive committee, approved by the majority of the complete council, proceed to the expropriation of the system of the company 'as a going concern', that that is to say as expropriation in order to exploit.

"This expropriation has to be done by three arbitrators, of which one is chosen by the city, another nominated by the company. These two arbitrators so nominated shall name the third and if they fail to agree, he shall be nominated by a judge of the Superior Court

"The decision of the majority of the arbitrators shall be final. The expenses of arbitration shall be born in equal proportion by the parties."

-----  
In the face of such a report how can the Executive Council or the City Council excuse or explain away their action in rushing through the deal in the way it was.

The question Montrealers are asking everywhere is -- WHY?