

The only power plant now operating in the Northwest Territories is the privately owned one operated by the Con mine?

Mr. MacKINNON: That is correct.

Mr. MacNICOL: That would be the only one which could be purchased by the commission?

Mr. MacKINNON: At the present time that is the only one which would be subject to expropriation.

Mr. MacNICOL: From what I saw I believe that particular power plant could be increased in size. I do not think it would be out of place for the commission to buy that plant and couple it up with the wires they are going to run from the Snare river down to Yellowknife.

Section agreed to.

On section 9—Snare river project transferred to commission.

Mr. CASE: To what extent has the crown or the commission or any other authority developed power resources in this territory up to the present time?

Mr. MacKINNON: Any development that has proceeded has been under the Department of Mines and Resources annual votes.

Section agreed to.

Sections 10 and 11 agreed to.

On section 12—Power rates.

Mr. JACKMAN: On the title I asked the minister some questions which related to power rates, and I wonder if he can give an answer now.

Mr. MacKINNON: The initial rates that will be charged for power are based on the sale of 4,000 horsepower, but it is well known by all who know the district that the 4,000 horsepower will be used quickly and that additional power will be required. As additional power is furnished, the rates will be reviewed and obviously the commission will be able to sell power more cheaply than at the initial stage.

The total charges, including maintenance of the generating or power plant and the main transmission line, which must be covered by the rates charged the consumers in the Yellowknife district and which provide for a minimum fifteen-year amortization charge, will be \$451,449. On the basis of a 4,000 horsepower load, this works out to a cost of approximately \$112.86 per horsepower, or 1.73 cents per kilowatt hour.

To gain a true picture of the benefits of hydroelectric power for the Yellowknife

district, even at this apparently high rate, a comparison must be made with other sources of power. There is only one alternative to hydroelectric power and that is the generating of power by the use of fuel oil. Our consulting engineers estimate, and this is borne out by prices in the Yellowknife area, that the price of fuel oil alone would be three cents per kilowatt hour, and overhead and amortization charges on a fuel oil plant would create a total cost of power of five cents per kilowatt hour. This would be over two and a half times the rate that will be possible from the Snare river plant. It would appear that at the present time hydroelectric power is the only practical solution for the furnishing of power in the district. I do not think there are any extensive coal deposits sufficiently close to this district to provide for development.

Mr. JACKMAN: If on the basis of 4,000 horsepower you can amortize the costs of the initial development by charging \$112.86 per horsepower, if you produced and sold 8,000 horsepower your costs would go down substantially; that must follow?

Mr. MacKINNON: That is right.

Mr. JACKMAN: Have you obligations for more power than the 4,000 horsepower contract?

Mr. MacKINNON: They are not concluded, but we believe that there will be further commitments for power.

Mr. JACKMAN: The whole 28,000 horsepower potential development is from the one site on the Snare river?

Mr. MacKINNON: The one unit now being constructed will provide 8,000 horsepower. There are on the same river other sites which can be developed to yield an estimated production of from 28,000 to 35,000 horsepower.

Mr. JACKMAN: But 8,000 is the total development of this one unit?

Mr. MacKINNON: Yes.

Mr. CASE: Section 12(c) provides for:

(c) the establishment and maintenance of a contingency reserve fund in the amount considered necessary by the commission to meet unforeseen or emergency expenditures.

I happen to know that the Ontario Hydro Electric Commission have found it necessary to set up substantial reserve funds; in fact I sometimes think they have too many. Nevertheless I doubt whether one contingency reserve fund will be sufficient for your purpose here.