

measures, must be taken in order to protect the Province against a serious stoppage in industrial activity."

The rate of growth had been in fact such that one of the most serious difficulties constantly confronting those responsible for the administration of the undertaking was the failure on the part of all but those intimately concerned, to appreciate the magnitude of the provisions necessary to keep abreast of the demands.

For some time the purchase of power from Quebec interests had been under consideration by the Commission, and as a result the Commission, under Sir Adam Beck, on December 10, 1924, authorized a letter to Mr. G. Gordon Gale of the Hull Power Company, stating that, provided the Commission could obtain a sufficient supply of power in the Ottawa District to warrant the construction of a high tension transmission line to Toronto, it would be prepared to offer \$15.00 per horsepower per year for power supplied under the terms as set out in the standard contract for the purchase of power; power to be delivered at 110,000 volts or such other voltage as the Commission might desire at the Quebec-Ontario boundary.

It will be noted that this power was not alone for the Eastern System, but was to apply only if sufficient power were available to warrant the construction of a high tension transmission line to Toronto.

Although from 1923 negotiations had been under way for the purchase of Quebec power, no definite or decided action was taken until subsequent to Mr. Magrath's letter to Mr. Gale of December 15, 1925, which said:

"I have been very much opposed to the introduction of steam plants at this period of power development in Ontario. I have practically concluded, however, to recede from that position because under the circumstances, I could not take the responsibility of approving of a price so much in excess of that which will at least give us relief for four years, or probably longer.

"I feel that there is no use in our attempting any further negotiations, and in case you are awaiting some word from me, I feel it only fair to let you know at once my position in the matter."

It will be seen, therefore, that as in the case of Sir Adam Beck, Mr. Magrath turned to steam only because this desirable Quebec power was available at too high a price.

A serious shortage of power was threatening, and the Commission's investigations showed clearly that Quebec power sites afforded the best available source from which ample supplies, at a reasonably early date, could be furnished. Price alone stood in the way.

Negotiations therefore proceeded during 1926, and a contract was finally concluded with the Gatineau Power Company for 200,000 h.p. at the price which Sir Adam Beck himself fixed, namely, \$15.00 per h.p. The estimates of the engineers in 1924 were more than experienced, and were, in fact, exceeded before the year 1930. The load for the two years 1928 and 1929 exceeded by 200,000 h.p. the load for 1927.

May I refer you to what happened in the year 1929? The Gatineau Power Company had just the previous year begun delivery of its first block of power. In 1929, the situation was that the Commission did not have enough capacity to supply the demand. It had the capacity to supply the peak demand, but not the steady

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consumption that was experienced. May I quote from the annual report of the Commission covering the fiscal year ending October 31, 1929, at page 7:

"The growth of load on the Niagara System was sufficiently large to require an arrangement with the Gatineau Power Company whereby 50,000 h.p. of the allotment due for delivery October 1st, 1929, became available September 3rd, and a further 20,000 h.p. of the amount due for delivery October 1st, 1930, became available October 16th, 1929."

So that in 1929 we were calling for power from the Gatineau which, under the terms of the contract, was not to be delivered until late in the year 1930. The rate of increase was such that the load reached 970,000 h.p., and the Commission had only 110,000 h.p. of spare capacity. New estimates were accordingly prepared by the engineers for the period up to 1937. They were checked by the municipalities, which invariably reported higher requirements than the engineers. The Commission consulted reports of the United States Electrical Utilities and engineers, and exhausted every avenue of inquiry available to it. Nevertheless, it determined to buy less than the estimates provided for, and it did buy less.

So, in 1929, when the total peak load on the Niagara System exceeded 900,000 h.p., negotiations were undertaken which resulted in the subsequent contracts with the Beauharnois, MacLaren and Ottawa Valley Power Companies.

May I point out therefore that it can be seen from the above history that the following may be said to be a statement of the policy of the Commission under the regime of Sir Adam Beck.

The principle was applied that if the Commission was to perform its function properly, it must at all times be prepared to supply power to the Municipalities, so that the normal growth and increased demand which they produced could be taken care of. It was to make a thorough study of the available sources and to acquire its supplies from whichever of them seemed to be in the interests of the public and of the Commission. To say that the policy of Sir Adam Beck and of the Commission was to generate at Niagara to the exclusion of any other method, is not an accurate statement of the policy of this great man. To show how unfounded are some of the statements made about this policy, let me say that when the Commission first proposed to the Government that it should operate its own generating plants, it was said then that this was a departure from the established policy, and there were a great many who demurred when the proposal was first put forward. Now that generation by the Commission itself has become an established fact, there are those who say that the policy is not to purchase power but rather to generate it.

I hope, therefore, that I have made myself clear when I say the policy was to get power from the cheapest and most advantageous source in which it was available, at the time it was required.

These other points are gleaned from the past history:

1. That the purchase price of \$15.00 had at least three precedents in earlier years, except that the precedents mentioned were really higher than the Quebec purchase price, owing to the increased cost of transforming the current from generator voltage to transmission voltage.

2. Power was purchased from Quebec Companies on two previous occasions.

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