

# Editorial

## NIAGARA EXPORT POWER SITUATION.

Statements recently made to the daily newspapers by Sir Adam Beck, have brought home to the public in a forcible and dramatic manner, a realization not only of the marvellous growth of "the Hydro," but of the very real dependence of Ontario's industry upon the policy pursued by the Federal authorities in regard to the export power at Niagara Falls.

In September, 1910, the Hydro-Electric Power Commission's Niagara system began operations with a load of 600 h.p. That system is now carrying a load of 110,000 h.p. When the commission executed a contract with the Ontario Power Co. for the supply of 100,000 h.p., it was confidently expected that this amount of power would meet all the requirements of the Niagara system for at least 30 years. The commission has actually more than exhausted this contract in less than 6 years' operation, hence the urgent necessity of negotiating the 50,000 h.p. contract with the Canadian Niagara Power Co., concerning which much discussion has recently appeared in the daily newspapers.

Even upon the basis of the past rate of increase and demand, the commission will certainly require 200,000 h.p. or more to supply Niagara system alone in 1918. If this estimate is correct, the extra 50,000 h.p. will be absorbed within a year, and at least two years more will probably elapse before the commission's Queenston plant will be in shape to deliver power. If, as would seem to be the case, the existing plants at Niagara Falls have not sufficient ultimate capacity, in view of their other contract obligations, to meet the increasing demand of this two-year interim, what is to happen?

It would inevitably result that the present power shortage, serious as it is, would increase during the next three years in spite of any preventative means which could reasonably be taken. This shortage would be especially serious, in that it would probably obtain during the critical period of reconstruction following the declaration of peace, when every available natural resource of this country must of necessity be used to the limit of its economic value. This view leads naturally to a query as to whether the "contract obligations" of the power companies are really of such a nature as to make it impossible for them to meet the increasing demand for power in Ontario during the next three or four years.

Under the Federal law, Canadian power companies are permitted to export certain quantities of power to United States through the granting by the Dominion government of licenses, renewable annually and revocable at will. Information is not available as to the precise amount of power permitted to be exported under licenses, the issue of which is now understood to be pending, but licenses in force as recently as 1915 permitted the power companies at Niagara Falls to export an aggregate of about 210,000 h.p. to the United States.

In issuing these licenses it is understood that the Dominion government specifically cautioned the Niagara power companies against making binding contracts for the permanent supply of exported power to their American customers, in view of the revocable nature of their licenses and the possibility of the power being later required in Canada. Furthermore, the purchasers of this exported

power were officially warned through the State Department at Washington that the Dominion authorities reserved the right to exercise to the fullest extent the provisions of the federal statute governing the export, and of the terms of the licenses therefor. In view of the clear-cut stand it has taken, it would seem that from an international standpoint, the Dominion government could not be justifiably accused of committing an unfriendly act if it should see fit to exercise its well-defined rights in the matter of reclaiming the power now being exported.

In this latter expedient appears to lie the answer to the query propounded above, as to how the power shortage can be met. It appears to be the only possible means of supplying the ever-increasing demand in Ontario pending the delivery of power from the commission's projected plant.

The carrying out of such a policy as this might fairly be discussed from a standpoint of possible injury to the present users of this imported power in New York State, and also with a view of proposing a remedy for the injury, if such there be.

While the position of the Dominion government is undeniably strong from a legal standpoint, there is nevertheless the fact to be faced that notwithstanding the clearly defined limitation as to export, a large vested interest has been created in New York State, apparently based upon the assumption that the imported power would be permanently available. The attitude taken by those interests is clearly set forth by the New York State Public Service Commission, which states in a recent decision:—

"Without going into details, it seems sufficient to say that the prohibition of exportation from Canada of this present electric power which now comes into this country would paralyze business and industry of many kinds, and would deprive numerous localities of electricity for light. American-produced Niagara power is so far from supplying the vital needs of the sections of the state above described, that the immediate results of such prohibition would plainly amount to a great public calamity.

"We have nothing before us but the suggestion that the Dominion of Canada may at some future time forbid this exportation. This commission must assume that international relations affecting so important a subject as the means of continuing great industries which have grown up in reliance upon the use of this important power, and as well the interests of the Canadian producing companies themselves, HAVE BECOME FIXED, and subject only to such changes as will fully protect the great commercial and industrial interests and rights now served by this power brought from Canada.\* The time has long since passed when governments proceed ruthlessly from pure national rashness or anger, to destroy the settled accepted commercial relations and formal vested rights of persons and corporations.

"There is a large shortage of electric power in Western New York, with a strong demand for greater supply which is not being met by existing companies. We are using all the power made on the New York side, and all that has been brought from Canada, and the demand for more power in Western New York is insistent, and being urged with great force."

\*The Dominion Government replied to this statement. Through the proper channel, Washington was informed that Albany's interpretation of Canadian laws was incorrect. A member of the Albany committee later made partial retraction, "in view of the war"—or words to that effect.