SASKATCHEWAN
BUILDS
AN ELECTRICAL SYSTEM

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SASKATCHEWAN

BUILDS

AN ELECTRICAL SYSTEM

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by

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SYNOPSIS

During the 1890's, within a decade of the establishment of the world's first central generating stations, similar installations appeared in what later became Saskatchewan. Following the granting of provincial status, power plants serving single communities sprang up at scattered locations. Meanwhile, technological advances in the field of electrical transmission made it possible to generate power where energy sources existed (at hydroelectric sites, coal fields, gas wells) and transmit it to a number of communities or industries where it was in demand. Integrated electrical systems comprising many miles of high-voltage line and more than one generating station thus took shape. The first proposal for the creation of such a system in Saskatchewan came in 1912. Others were put forward during the 'twenties and 'thirties but not until the 'fifties did construction finally get under way. Then within a decade, not only were hundreds of miles of heavy transmission line and a number of modern generating stations erected, but a multitude of small urban communities were electrified and a massive program of farm electrification was completed.

Why did Saskatchewan wait so long before establishing a modern power system? The standard explanation is that it could not be done any sooner because of such impediments as the depression and World War II. This is far from the truth. Politics was an important cause. Though it was impracticable to effect the scheme outlined in 1912, such was not true of
later ones. During the early 'twenties the Province asked an expert if it was economically advisable to begin construction of an integrated system. The answer was yes. As a result, the Government appointed a royal commission to study the whole field of electrification and make recommendations. The commissioners reached the same conclusions as the expert, advising the Government, verbally at least, to commence building an integrated system at once, plainly intending to recommend such action in their report. However, political considerations entered the picture, and they were prevailed upon to change their recommendations. Consequently, at the behest of the Government the commission urged it to take steps which can be interpreted only as leading to economic waste and which would retard rather than expedite development of the province's resources.

In 1928 the Government began instituting some of the commission's recommendations. Additional political decisions soon assured that the system it built would be little more than a showpiece to which politicians could point as evidence that they were following their declared policy of public ownership. While the commission was conducting its inquiry, a number of private utility companies purchased the electrical systems serving dozens of communities. Soon thereafter a publicly owned utility, established in 1929, did likewise. Meanwhile some municipalities retained their utilities. As a result, the utility field was divided among various owners whose operations were governed by little in the way of overall logic. Hence, it was impossible to establish any large power system without a good deal of cooperation or a major rearrangement in the ownership of property. As if that was not bad enough, planning for such a system was virtually ruled out when the Government secretly assigned zones to the public and private utilities.
Not long afterwards, when a private company made proposals somewhat similar to the original recommendations of the royal commission, which if instituted would have represented a major step forward technically and economically, they were rejected because certain individuals failed to examine their merits.

Even when integration was finally carried out, it could have been accomplished more economically and on a more equitable basis had it not been for political considerations.
ACKNOWLEDGEMENTS

I am deeply indebted to Professor W. R. Graham for his guidance, supervision and encouragement during the preparation of this thesis. I also acknowledge with gratitude the assistance of individuals too numerous to mention by name: the management, staff and retired employees of the Saskatchewan Power Corporation; the Ministers of the Crown past and present; the Saskatchewan Archives Board and staff; the Local Government Board; the Departments of the Provincial Secretary and Municipal Affairs; the Murray Memorial Library, University of Saskatchewan; the Walter Library, University of Minnesota; the Leader-Post; the officials of the Moose Jaw Board of Trade and the Regina Chamber of Commerce, and municipal officials of numerous Saskatchewan cities, towns and villages.

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GLOSSARY

Capacity: A term commonly used to denote the output of a piece of electrical apparatus; i.e. a generator may be said to have a capacity of 25,000 kilowatts.

Base load: That part of the total load on an electrical power system which is supplied, as far as possible, by the most efficient generating units or stations, the remaining load being supplied intermittently by the more expensively operated equipment or stations.

Peak load: The maximum load on a generating station or power distribution system. It is often expressed in conjunction with an interval of time, i.e. daily peak, annual peak.

Load factor: The ratio of the average load to the maximum load on an electrical circuit or piece of equipment during a given period of time.

Tap-off: A line extending from a main rural power line to a farmyard.
CHAPTER ONE

"NOW YOU SEE IT AND NOW YOU DON'T."

"'It is not much of a place,' said a Philadelphia millionaire to a New York Capitalist ... as they looked around at the dozen or so of houses that dot the otherwise bare hillside that is called Menlo Park. But few thought about such things, though the view across the pleasant, undulating country, now wrapped in a light garment of snow, with the brown skeletons of woods breaking the skyline, is soothing and charming. All came with one passion - the electric light and its maker."

Thomas Alva Edison had invited a number of personal friends to his laboratory to witness a demonstration of the incandescent lamp which he had developed. Three nights later, on New Year's Eve, 1879, the doors were thrown open to the public. A reporter for The New York Herald described the occasion. "Extra trains were run from east and west, and, notwithstanding the stormy weather, hundreds of persons availed themselves of the privilege. The laboratory was brilliantly illuminated with twenty-five electric lamps, the office and counting house with eight, and twenty others were distributed in the street leading to the depot and in some of the adjoining houses. The entire system was explained in detail by Edison and his assistants, and the light was subjected to a variety of tests."

1. The laboratory in which Thomas Edison developed the incandescent lamp was located in Menlo Park, a small community in the State of New Jersey situated a few miles south and west of New York City.
3. Ibid., 1 January, 1880.
Reactions to the unveiling by Edison of his discovery were decidedly mixed. Some expressed the opinion "that Edison had in reality, produced the light of the future." Others were less certain or somewhat pessimistic. "Among the 45 lamps now placed on exhibition at Menlo Park several are already burning a little dull. What does that mean?" queried The Semi-Weekly Tribune. A number of people refused to believe that Edison had succeeded where others had failed. And a few suspected fraud in which unscrupulous financial speculators were using Edison’s reputation for selfish purposes. The New York Times alleged that "shares of a nominal value of $100 have been sold for $3,500 to $4,000 each. This is suggestive of manipulation and a skillful use of the promises and unfinished experiments of Menlo Park by men who are quite as willing to make money out of failure as out of success." In addition, there were a great many who really did not know what it was all about. Said one well-dressed lady, after the system had been explained in detail "and much pains /sic/ had been taken" to make her understand, "Oh, yes, how wonderful! I understand it all now. You bottle up the light in those little globes and then sell it for so much a bottle."

A few days later, minus fourteen light bulbs "abstracted by unconscionable people," Edison closed his laboratory except to visitors admitted by special permission. Work had been brought almost to a standstill. Satisfied with the results obtained, the inventor wished to develop

4. Ibid., 31 December, 1879.
5. The New York Semi-Weekly Tribune, 2 January, 1880. This paper was made available to the author by Walter Library, University of Minnesota.
his lighting system further in order to render it suitable for commercial purposes.

A number of people had foreseen that the problems relating to interior lighting on a house-to-house basis with incandescent lights would be solved. In 1878 Edison and St. George Lane-Fox of England proposed the use of central generating stations to supply a number of customers with electricity. The Menlo Park experiments demonstrated the practical nature of the scheme; 1882 saw its application. On January 22 of that year the first such station went into operation at 57 Holborn Viaduct in London, and eight months later on September 4, Edison opened his Pearl Street station in New York City.

Neither operation was large. Edison's, for example, had only fifty-nine customers, though included among them were the great banking houses of Drexel and Morgan and the metropolitan dailies, The New York Times and The New York Herald. Nevertheless, incandescent lighting was under way, and its possibilities were brought home to the public by demonstrations such as that held in the Crystal Palace near London in 1882.

Within a year of the establishment of the first central generating stations, the development found application in Canada. In February, 1883 Edison installed a generator in the Canada Cotton Company plant at Cornwall, Ontario. Its purpose was to illuminate the firm's weaving shed. Shortly thereafter an associate of Edison strung several power lines through the town to serve residents. This led to the formation of the Stormont Electric Light and Power Company a few years later. Meanwhile, Edison also erected a plant in the Mail Building in Toronto for exhibition purposes.

Simultaneously or shortly thereafter, other plants appeared in various cities in Ontario and Quebec. And before the decade was over similar developments had taken place in the West. Generating stations appeared in Manitoba, and in British Columbia the foundations for what was to become B. C. Electric were laid.

The first proposal to bring electricity to the Northwest Territories came from a group calling itself The Calgary Electric Light Company. On June 6, 1887 application was made to the Lieutenant-Governor of the Territories for incorporation of a joint stock company. The promoters proposed to issue 250 shares at $100 each, acquire the necessary franchises, and supply the town of Calgary with power. On September 2, Letters Patent were issued authorizing the firm to proceed.

Slightly over two years later The Calgary Water Power Company also sought incorporation. With an initial capitalization of $100,000, backers of the concern envisaged developing the Bow River and its tributaries for, among other things, the production of power. Their application, however, raised a few ripples in the assembly as it requested authority to institute expropriation proceedings in order to obtain land which might be required. A petition bearing one signature, that of T. A. McLean, agent for the Calgary and Medicine Hat Land Company, opposed such a concession. McLean must not have been lacking in influence for his petition was received by the House in spite of the rule which required such documents to bear at least three signatures. The debate on the second reading of the bill

11. Ibid.
13. Ibid., Vol. VI, No. 15, pp. 136-137.
15. Saskatchewan Scrapbook Hansard, 29 October, 1889. Hereinafter cited as S.S.H.
provided a brief preview of events in Saskatchewan in the late nineteen
twenties. It was stated: "Several very wealthy gentlemen, principally
Americans, seek to have full power to improve the Bow River and its
tributaries by dams, booms, wharfs, etc., and to collect tolls from all
persons who may afterwards receive benefit from the improvements." Being
opposed to the expropriation clauses, Premier Haultain favored striking
them out of the bill; but a compromise was reached, and the measure passed
when its supporters agreed to restrict expropriation to the Calgary
district. The collection of tolls was authorized; apparently the House
was of the opinion that the improvements would warrant it.

Within six months of the first application to establish a supply of
electricity for Calgary, The Regina Leader brought the matter to the
attention of its readers. The editor stated: "Regina which has made so
much progress in four short years; which has its telephones and telegraphs
and railways, is yet wanting in one great modern improvement - electric
light. The expense would not be great and the speculation would pay itself.
Ten thousand dollars would do the whole business - why should not the
Council take this up? The Council might borrow $10,000 on the bonds of
the town and make Regina like the glow worm - its own illuminator. By an
obvious financial arrangement ... it would get its money back in the course
of a few years." If the subject was discussed by the Town Council it
must have received little consideration, for the minutes do not mention the
subject; and when the suggestion was seriously taken up almost three years
later it was by private individuals. In October, 1890, notice appeared in
The Territories Gazette that the Regina Electric Light and Power Company

16. Ibid., 1 November, 1889.
17. Ibid., 12 November, 1889.
18. The Regina Leader, 6 December, 1887.
would shortly seek authority to furnish electricity to the Territorial capital and its vicinity.

Although the Regina venture was not brought to the attention of the Territorial Government until October, negotiations had been going on between its promoters and municipal authorities as early as the first week in August. Before the end of the month Council unanimously passed a motion granting the firm exclusive rights to supply the town with electricity for a period of three years. Three conditions were annexed to the concession: the company was to be locally owned and controlled, rates were not to exceed one and one-quarter cents per hour for each sixteen candlepower light, and the Town itself was to pay twenty-five per cent less than its citizens. The fact that a flat rate per light was to apply indicates that, at the beginning at least, electric meters were not to be employed. Presumably customers were charged for every hour the plant was operating regardless of whether their lights were turned on.

The names and addresses of the promoters attest to the local nature of the company. All except one, an electrical engineer, were Regina residents. Peter Lamont, a book store proprietor and member of the group, acted as its chief negotiator in reaching agreement with the Council and in securing contracts from prospective customers. The inclination to promote seems to have been one of his characteristics. About three years earlier he had accepted the position of agent for Bell Telephones when that company began operating in Regina. Lamont, more than anyone else, appears to deserve credit for bringing electricity to the capital of the

20. The Regina Journal, 21 August 1890.
22. The Regina Leader, 26 August, 1890; Regina Town Council Minutes, 16 April, 1888.
Territories and establishing the first central generating station in what became Saskatchewan; yet when the permanent officers of the company were elected in December he was not among them. David L. Scott, a local barrister, was named president; Henry Le Jeune, a banker, became treasurer; and John S. MacDonald, a clerk, was appointed secretary and managing director.

Up to a point, events paralleling those in Regina were taking place in Moose Jaw and Prince Albert. Residents of Moose Jaw were given a considerable amount of information on the advantages of electric lights in June, 1890 when a promoter sought to establish a plant there. They were informed that there would be no gases, little danger of explosions, no unpleasant odors, no leakage on carpets or clothing, no broken lamp chimneys, and no cleaning of lamps. Power had simply to be turned on and off at home at one's convenience. The scheme called for a low tension plant, the current of which would not be a fire hazard or capable of producing serious shock. It was optimistically stated that service, commencing at sunset and continuing as long as the demand warranted, would be provided at lower rates than those enjoyed by most eastern cities except where waterpower was in use. Being of the opinion that Moose Jaw was too small to produce a profit on the investment, the editor of The Times urged everyone to support the project. At the time the town boasted a population of about one thousand.

The course of events, however, did not proceed as smoothly as in Regina. A second company soon entered the field, and before a final agreement was signed charges and counter-charges of corruption resulted in the

23. The Moose Jaw Times, 26 December, 1890; The Regina Journal, 11 December, 1890.
Council reversing its position and threatened to affect the outcome of the municipal elections. By the middle of November both the Western Electric Light Company of Winnipeg and the Moose Jaw Electric Light Company had applied for a franchise. In return for a five-year monopoly, the Winnipeg firm offered to supply current at a maximum price of one and one-quarter cents per light per hour, to supply the town with four street lights free of charge, to commence operations within four months, and to forfeit two hundred dollars in the event of breach of contract. The local company, represented by J. A. Kammerer, on the other hand, merely asked permission to furnish power at one and one-eighth cents per light per hour without a monopoly.

After some debate the Town Council voted in favor of the proposal of the Winnipeg concern. Almost immediately The Times accused municipal officials of playing one firm against the other and allowing personal feelings to influence their choice. Certain members of Council, the paper alleged, had based their decision on a desire to settle past scores with some of the local promoters and wished to dictate where equipment should be secured in the event that the Moose Jaw firm took over the franchise later. Kammerer was said to have been offered a hundred dollars to withdraw his company’s application. The Council retorted that the Moose Jaw Electric was not sufficiently responsible to be granted the franchise, but the editor would not accept such an explanation. On the contrary, he maintained that the firm was made up of representative businessmen. The persons listed on the application for incorporation included a postmaster, a physician, a cafe operator, a contractor and four railroaders.

25. The Moose Jaw Times, 14 November, 1890.
The Times expressed the opinion that many ratepayers supported the plan for a plant because it was to be locally owned instead of the property of an outside monopoly.

A short time later the Winnipeg firm, probably discouraged by the opposition it had aroused and possibly believing it had made too many promises, withdrew its proposal. Council rescinded the franchise; whereupon the local group, now represented by C. A. Gass, again sought permission to install a plant. Rather than grant the request, however, Council, on a motion by W. W. Neeland, turned the whole matter over to the Fire, Light and Water Committee, of which Neeland himself was the chairman. The following day Council again met to discuss the situation and Neeland brought in a report. Pointing out that Kammerer and Gass were members of the same group, he recommended that the franchise be awarded provided that the promises made by Kammerer in the heat of bidding against the Winnipeg firm were placed in a written agreement. Kammerer had evidently offered to grant any concession which his opponents were willing to make. However, his firm now took the position that the offer was good only for the night it was made.

Public opinion, it would seem, was opposed to Council, eventually causing it to modify its position. Early in December differences were settled with the Moose Jaw Electric Company and the firm was authorized to proceed, although the agreement was not completed until the end of the month. The major concession won by the Town was two free street lights.

Temper, nevertheless, continued to flare. The municipal election campaign

29. Moose Jaw Town Council Minutes, 24 November, 1890.
30. Ibid., 25 November, 8 December, 1890.
31. Ibid., 8 December, 1890; The Moose Jaw Times, 12 December, 1890, 2 January, 1891.
was now in full swing and reports were circulated by supporters of Neeland, a candidate for mayor, that Neeland’s opponent, John Rutherford, and certain other candidates intended to bonus the electric company to the extent of five or six hundred dollars. Needless to say, Rutherford, together with the other candidates supporting the company, denied the charges. Apparently, the accusations were given little credence for Rutherford triumphed over Neeland.

Like his counterpart at The Regina Leader, the editor of The Prince Albert Times urged his readers to consider lighting the town. He pointed out that it was almost impossible to navigate some of the streets south of River Street during dark autumn nights. Council was solicited to install temporary lights on street corners until such time as a gas or electric system was established. Thus when a local resident, one S. McLeod, put forward a scheme to erect a power plant, the editor expressed his satisfaction:

We are glad to learn that energetic citizens are taking steps to secure the advantages which electric light privileges will certainly give those fortunate enough to secure the first rights. Personally we would prefer seeing a thorough light and water works system established by the municipality, believing such would be more efficient and less expensive to the consumer. However, in the absence of any such prospect, private individuals who are willing to risk their capital in either, should be encouraged. We are unacquainted with all the steps thus far taken, so are unable to speak clearly on the situation; we have faith in our Council and expect that the interests of our citizens will be carefully guarded in any agreements they may be empowered to enter into. The baneful effects of monopolies are sufficiently well known to justify the public in believing that the Town Council will not assist in foisting another on the people.34

A municipal bylaw regulating rates and granting a ten-year franchise

32. The Moose Jaw Times, 2 January, 1891.
33. The Prince Albert Times, 18 October, 1889.
34. Ibid., 12 September, 1890.
was quickly passed by the Town Council. Service was to begin by January, 1891 but McLeod was slow in producing results. Possibly his interest in the electrical field was simply that of a speculator hoping to dispose of the franchise at a profit. In any event, regardless of his intentions, the citizens were not in the mood to accept delay. Thus at a public meeting in November it was decided to petition the Council to undertake the project itself. Rather than do so, however, following the lapse of McLeod's franchise due to nonfulfillment, the local government chose to approve another franchise. Its recipient, Robert N. Biggar, who appears to have been associated with McLeod in the venture, quickly set about securing materials and constructing the system.

Thus, less than ten years after the world's first central generating stations went into operation in London and New York, three such plants were destined to begin serving residents of the future Province of Saskatchewan. Shortly before midnight on Saturday, November 15, 1890, the gloom which nightly settled over Pile O'Bones, the old buffalo hunters' camp on Wascana Creek, was pierced by the gleam of electric lights for the first time. Regular operations were scheduled to begin on the following Friday, but part of the system was energized ahead of time in order that the YMCA rooms in the Eddy Block might be illuminated to mark their opening. It was the only place in the town so lighted on the first evening of operations.

Service did not commence in Moose Jaw and Prince Albert until the following year. Construction in Moose Jaw, originally delayed by disputes over awarding the franchise, was held up further when a carload of poles was held up further when a carload of poles

35. Ibid., 12, 26 September, 1890.
36. Ibid., 24 June, 1891; The Regina Journal, 18 December, 1890.
37. The Regina Leader, 18 November, 1890; The Regina Journal, 27 November, 1890.
enroute from Prince Albert was wrecked in transit. As a result, operations began on March 30 instead of January 1 as originally proposed. Prince Albert had established the same deadline as Moose Jaw but, because of time lost through the McLeod franchise, did not have power until mid-October.

Few details concerning the original systems have survived. The Regina plant was situated on the northwest corner of the intersection of Dewdney Avenue and Smith Street. Its backers were authorized to raise $30,000 in shares having a value of fifty dollars each and were reported at the time to be spending $20,000, but it seems highly improbable that a cent over $14,000 was actually invested. A seventy-five horsepower engine supplied the power for the plant, and two men, W. D. Hoffman and William Tuck, wired both the powerhouse and the town. By Christmas, 1890, 450 lights were in use, though almost twice that number were contracted for and remained to be installed. The Moose Jaw station was also small compared to later plants. The boiler, which burned coal, was rated at thirty-five horsepower, while the alternating current generator, manufactured by Royal Electric of Montreal, had a capacity of 350 lights, quite sufficient to handle the 200 in use when service began. The total cost of the system was $5,200. At the outset the engine at Sanderson's Mill in Prince Albert did double duty, powering both the milling equipment and the power plant generator, until the electric company completed its facilities. Less than two months after the plant opened, The Times

38. The Moose Jaw Times, 16 January, 3 April, 1891.
40. The Moose Jaw Times, 29 August, 26 December, 1890;
The Regina Leader, 8 June, 1893; The Regina Journal, 2 October, 1890.
41. The Moose Jaw Times, 3 April, 1891; Moose Jaw Town Council Minutes, 22 June, 1892.
boasted that many residences and all businesses including those on River Street, the heart of the town's commercial activities, had incandescent lights. In considering the achievement, however, the fact that the town's population numbered only about 1,200 should not be overlooked. It is very doubtful if the original plant's capacity exceeded 500 lights.

Getting a plant in operation was one thing; keeping it going was another. Within a year Moose Jaw had experienced two major power failures, one caused by the dynamo shaft breaking and the other by a lack of coal, a rather lame excuse, according to The Moose Jaw Times,

in view of the fact that Moose Jaw was a CPR divisional point.

Prince Albert and Regina residents, too, were forced to revert to coal oil on occasions. On January 26, 1892 The Leader announced that "the electric light made its appearance again late on Saturday night, the new engine having been placed in position. It is hoped that there will be in the future a more regular service." Less than a month later The Prince Albert Times reported not only a breakdown but a change of management:

"The electric light was turned on Saturday evening for the first time by the new company. It has lost none of its brilliance by its long rest and gives a steadier light than under the old regime."

The fact that complaints were heard when service was interrupted is an indication that people were beginning to rely upon it and appreciated its convenience when everything was running smoothly. In any event, the industry was still in its infancy. The Saskatchewan Times advised

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42. The Prince Albert Times, 16 September, 14 October, 2, 9 December, 1891; The Prince Albert Advocate, 11 August, 1902.
43. The Moose Jaw Times, 27 November, 1891; The Regina Leader, 6 October, 1891.
44. The Regina Leader, 26 January, 1892.
45. The Prince Albert Times, 24 February, 1892.
Prince Albert citizens to exercise restraint when breakdowns occurred, alleging that other places in the Territories, while paying higher rates, received inferior service. The editor also pointed out a problem faced by electric companies. Stating that the company relied completely on the public for its revenue, he urged the Town Council to contract for some street lights. Perhaps, he said, better support would bring better service and lower prices. The boilers in a powerhouse had to be kept under steam if its generators were to operate. Unlike their more modern counterparts early plants frequently had only one boiler which had to be kept in operation regardless of the size of load. The difference in the cost of carrying a full load and only a partial one was small. The rate structure then in use offset this somewhat as consumers were charged for the number of lights they had and the number of hours the plant was in operation rather than on the basis of the amount of current used. Nevertheless, it was a problem whenever plants did only part of the work for which they were designed. The efficiency of a plant decreases as the ratio of load to plant capacity falls.

Early utilities were concerned solely with the production of electricity for light. Rate schedules consisted of simple tables stating the charge for various sizes of bulbs for so many hours or a fixed amount per month depending on the number and size of lights. As a rule, these were based on the sixteen candlepower lamp, the one most commonly used at the time. An ordinary, well trimmed kerosene lamp gives about eight candlepower so the innovation marked quite an improvement. In perhaps

46. The Saskatchewan Times, (Prince Albert), 8 December, 1893.
47. The Moose Jaw Times, 20 June, 1890.
more familiar terms, such a bulb would be roughly equivalent to a modern one of twenty watts in terms of light supplied, although it drew about three times as much current. Hugh A. Sweet, an early Regina resident and a past Chief Engineer in the city's electrical utility, stated: "They didn't give much light and when they got older they gave a darn sight less, and they used more current too." In view of the purpose for which the plants were established, it is not surprising that they only operated in the evening. The hours of service established at Moose Jaw in 1891, for example, were 6:30 p.m. until midnight.

Events such as the Territorial Exhibition, held in Regina in 1895, no doubt impressed upon visitors the advantages held out by electricity. Buildings were lit up by a dynamo placed in Exhibition Park for that purpose. In addition, according to The Leader, "the grand stand, platform for performers, and the grounds were most brilliantly illuminated by a number of arc lights of 1,200 candlepower each," probably the largest lights used until then in what is now Saskatchewan. The companies themselves also tried to interest the public in more light fixtures, but advertising did not always lead to a sale. In the fall of 1893, The Leader disclosed that The Regina Electric Light Company had an imposing display of shades and colored globes in its window on South Railway Street. Among those impressed by the demonstration was an old Indian chief who took a fancy to

48. Interview with Mr. Hugh Athol Sweet, 15 August, 1963. Mr. Sweet, who came to the Territories with his parents before the Riel Rebellion, was employed in Regina's first powerhouse during the 1890's. Following a few years on the railroad, he returned to this line of work when the city took over the electrical utility. Within a few years Mr. Sweet was placed in charge of the Broad Street plant in which position he served until retiring about the end of the Second World War. At the time of the interview, he was the oldest living employee of the City of Regina.

49. The Moose Jaw Times, 10 April, 1891.

50. The Regina Leader, 25 July, 1895.
a purple colored burner and wanted to buy it for his teepee but left sorrowfully when he found it would require connecting wires.

The consumption of electricity gradually increased, the towns themselves becoming major customers. When the Prince Albert plant was opened, the company does not appear to have sold any current to the municipality. A solitary street light cast its circle of illumination in front of Donaldson's Livery Stable, installed by the proprietor who was a shareholder in the electric company. After some time the Town placed a few lights along River Street and The Prince Albert House installed one above its main entrance. Undoubtedly, such improvements met with general approval. A letter to the editor of The Saskatchewan Times in 1894 criticized the municipality for the shortage of lights, pointing out that such fixtures were necessary as the poor condition of sidewalks might lead to lawsuits.

Of the three towns, Moose Jaw was the first to begin street lighting. Two thirty-two candlepower lights were hung up when the plant opened, and roughly a year and a half later a large number were placed on Main Street. To a certain extent Moose Jaw's example influenced Regina. Peter Lamont had contacted civic officials at an early date, offering to supply a minimum of six 1,200 candlepower arc lights at the rate of seventy-five cents per lamp per night for 240 nights per year, but no action was taken at the time. The decision is not surprising as the service would have cost at least $1,080 annually while the total expenditures by the Town of Regina in 1890 were only $11,211.91. A more realistic

51. Ibid., 5 October, 1893.
52. The Prince Albert Times, 21, 28 October, 1891; The Saskatchewan Times, (Prince Albert), 22 January, 1895.
53. The Saskatchewan Times, (Prince Albert), 18 September, 1894.
54. The Moose Jaw Times, 18 November, 1892.
55. The Regina Leader, 2 December, 1890, 6 January, 1891.
offer was made the following summer when the electric company proposed to install ten thirty-two candlepower lamps for $200 and furnish current at the rate of $3 per lamp per month. Disregarding installation costs, the annual expenditure could run as low as $360. Council was much more receptive. Mentioning the Moose Jaw "system", Councillor Le Jeune -- apparently quite economy-minded -- stated that the thirty-two candlepower lamp in use at the Lansdowne Hotel was strong enough, and added that while the sixty-four candlepower one at his own building lit up the whole street it cost twice as much to operate. Good arguments, however, had to give way to better ones. Councillor Johnstone declared, "Well, this is the Capital, we ought to have them larger." In a momentary eruption of extravagance sparked by local pride, the Council instructed "the Fire and Water Committee ... to make arrangements for the lighting of the streets of Regina by incandescent lights not exceeding ten in number and not more than fifty candlepower each." Such instances of openhandedness, however, were not characteristic of early councils. Before long, the electric company was instructed to refrain from turning on the street lights on moonlit nights. Council might have been anticipating the new rate schedule taking effect November 1, 1892 but more probably was simply adopting what was and remained the practice in many towns for years. It took the Territorial Exhibition to cause Council to relax its grip on the purse strings briefly for a second time. The lights along South Railway Street then glowed nightly for the benefit of visitors. But Council may have soon regretted its extravagance and, on second thought, decided to permit the electric company to share the expense. In any event, when a

56. Ibid., 14 July, 1891.
57. Regina Town Council Minutes, 6 July, 1891.
58. The Regina Standard, 5 August, 1892; The Regina Leader, 15 September, 1892.
light bill for $49.50 was received, the Fire, Water and Light Committee was instructed to request reduced rates until winter. At the following meeting it was stated that the lights on the streets were needed for the exhibition but no longer and the clerk was told to instruct the manager of the electric company to have the lights cut off at the end of the month. Whether or not the step was taken is uncertain.

The Regina town hall and fire hall were wired at about the time street lighting was inaugurated. It was believed that the resulting nightly expenditure of ninety-four cents for the town hall would not exceed the cost of kerosene. The Council's early optimism, however, received a sudden jolt before the turn of the century. Meters, though none too reliable, were coming into use in Regina, and the municipality evidently obtained a couple of "duds." In March, 1899 the Fire, Water and Light Committee said light accounts were past all reason. "The way the fire hall and town hall meters registered seemed to indicate that in months when the lamps were used least the electricity was consumed the most."

Council stated that it did not believe that the wiring in the town hall was safe and reported it to the electric company. Service was discontinued and for two years the town fathers labored in a kerosene-scented atmosphere. Proposals by the electric company and even an appeal from the musical society, which used the facilities, failed to end the blackout. Basically the Council's actions seem to have been designed more as a protest against metered service than faulty wiring. Shortly

59. The Regina Leader, 5 September, 1895; Regina Town Council Minutes, 3 September, 1895.
60. The Regina Leader, 19 September, 1895.
61. The Regina Standard, 24 July, 1891.
62. The Regina Leader, 9 March, 1899.
63. Regina Town Council Minutes, 20 March, 21, October, 20 November, 1899.
before a settlement was finally reached Council agreed to have four lights installed in the fire hall at a cost not exceeding four dollars per month and were willing to restore service in the town hall at the rate of one cent per hour for each sixteen candlepower bulb.

The introduction of electricity not only complicated the struggle to balance expenditures with revenues, but also created other problems for municipal authorities. No general pattern for laying out systems had as yet evolved; each community had to proceed largely on its own. Thus, shortly before Christmas, 1891 Prince Albert found itself in possession of a number of empty post holes which its board of works was obliged to fill up. Regina decided very early to have all poles placed on the north side of all streets running east and west and on the west side of streets running north and south. Municipal officials in Regina and Moose Jaw determined the final location of all poles. Only later were lines moved to alleys. The Regina Council considered having all telephone, telegraph, and electric light poles within the town limits painted, as was reported being done in Winnipeg at the time, but does not appear to have pressed the matter.

The placing of street lights presented a ticklish problem. The Moose Jaw Council contemplated holding a public meeting to decide where to locate its two free ones but finally decreed that they be placed on the corners of Main and Manitoba Streets and Main and High Streets. Tests, the results of which are unavailable, were carried out by Regina to determine if lights were more efficient on corners or at the centres of

64. The Regina Leader, 24 January, 1901.
65. The Prince Albert Times, 16 December, 1891.
66. Regina Town Council Minutes, 6 October, 1890.
67. Ibid., 6 November, 1893; Moose Jaw Town Council Minutes, 2 March, 1891.
intersections. Councillor Johnstone said he wanted to avoid the odium of placing lights on corners since opposite corners might feel slighted. In the centre all would have the same share of the lights. Other, more technical, problems also arose. The Moose Jaw Electric Company had agreed to supply electricity of "good quality" and of an agreed strength. Obviously Council believed these conditions were not being fulfilled for in 1894 the firm was requested to inspect its lines and tape exposed portions to "avoid the loss of electricity."

Municipal corporations, however, by no means had a monopoly of problems. Breakdowns, complaints and small profits frequently had a discouraging effect on pioneers in the electrical field. Of the three plants erected in the province in the early 'nineties, two changed hands in relatively short order. The Moose Jaw correspondent for The Leader welcomed the transaction there. In December, 1892 he sarcastically announced that the business was "booming under the experienced skill of four engineers. Now you see it and now you don't." A week later he expressed the opinion that under "the new management the people will have no further cause for complaint." The Prince Albert Times, in noting the change of ownership in that northern centre, expressed the hope that the new proprietors would "do things in a more businesslike manner." In Regina, it is probable that a major stockholder, Gerald Spring-Rice, came into sole possession of the plant. Spring-Rice, whose brother Cecil served as British attaché in Washington and Tokyo and later as ambassador to Washington, was a well-to-do farmer of the Pense district. No mention

68. The Regina Standard, 24 July, 1891.
69. Moose Jaw Town Council Minutes, 21 May, 1894.
70. The Regina Leader, 5 December, 1892.
71. Ibid., 12 December, 1892.
72. The Prince Albert Times, 20 January, 1892.
is made of the plant changing hands, yet in June, 1893 it was obviously
his, and the original title to the property on which the plant stood,
issued in 1895, bears his name.

Various measures were taken by operators to keep down expenses. In
1892 the Moose Jaw firm protested the assessment of its poles and wires
and succeeded in getting the figure reduced from $4,500 to $3,000.
Objections were also raised in Regina when the 1898 figure was up $2,100
over that of 1897. The rates were increased too; changes were made in
Regina in 1892, and the following year rumors of a rise in prices
circulated in Prince Albert. Also, cheaper fuels than coal were employed.
The Prince Albert utility, with the forest at its door, fired its boilers
with cordwood rather than coal. Buffalo chips, once abundant on the
prairies, had disappeared but one summer in the late 'nineties a goodly
portion of the manure pile at the Regina nuisance grounds found its way
into the firebox at the power plant. Hugh Sweet recalls: "It was just
like firing a big threshing machine with straw. You were continually
putting it in and you used to wheel out about two hundred barrow loads of
ashes every day too."

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73. The Regina Leader, 16 February, 1892; 8 June, 1893; Certificate of
Title, 19 September, 1895; Land Titles Office, Regina.
74. Moose Jaw Town Council Minutes, 22 June, 1892; Regina Town
Council Minutes, 5 December, 1898.
75. The Regina Leader, 15 September, 1892; The Saskatchewan Times,
(Prince Albert), 20 October, 1893.
76. The Prince Albert Times, 28 October, 1891.
77. Hugh Athol Sweet Interview.
CHAPTER TWO

A QUARTER CENTURY OF VARIETY

During the first decade of the present century waves of settlers streamed into Western Canada and laid the foundations of many of its present urban centres. As such communities grew, electrical utilities frequently sprang up. In many instances these were municipally owned, in others privately owned. In all Saskatchewan centres which became cities they were established or soon acquired by civic authorities. The same often occurred in what became the larger towns. On the other hand, in some towns as well as in most villages private ownership prevailed. Except in one or two instances, isolated plants provided the service. This did not prove to be a wholly satisfactory method of supplying a population with electricity: in only a few places was economically priced power available or reasonably continuous service to be had. Yet very little could be done to alter the situation. At the beginning of the century electrical transmission was in its infancy. More than that, in the case of Saskatchewan advances in transmission technology alone could not change the form of utility operations. The province then as now was sparsely settled with considerable distances separating centres of population. Before transmission lines could be constructed to connect adjacent communities and serve them from a few major generating stations, consumption of electricity had to rise appreciably or there had at least to be indications that it would.
Judging by editorials appearing in newspapers at the time, the belief in public ownership was quite strong on the Prairies around the turn of the century. The conflict of farmers with elevator companies and the Canadian Pacific Railway Company produced distrust of privately owned monopolies. Such firms as Bell Telephone and Standard Oil, whose coal oil lit most homes in the Territories, did not escape attack. Among urban residents this spirit often found expression in the municipal ownership of utilities. The Prince Albert Advocate must have summed up the thoughts of a good many people when it stated: "Electric lighting is one of a number of services which can be economically given by municipal corporations, and a number of the most progressive towns in Manitoba and the Northwest have already extensive plants in successful operation, and the first failure, in any instance, has yet to be recorded."

At the beginning of the century, there were two central generating stations in what shortly became Saskatchewan. For undiscovered reasons the Moose Jaw plant had ceased operations. Soon thereafter a number of factors interacted to bring about their acquisition by municipal authorities. The prosperity of prairie centres is to a significant degree determined by the state of agriculture. When the first generating stations were established, the agricultural sector of the economy was by no means buoyant. Settlers had to accept depressed prices for their produce. Not until the late 'nineties did markets begin to improve. These years were also characterized by drought which kept yields low. Records of the Department of Agriculture for the Territories clearly

1. The Prince Albert Advocate, 23 December, 1901; The Qu'Appelle Progress, 31 May, 1906. Both urged public ownership of such monopolies, the latter stating that it would be better to do without telephones for a few years than give a franchise to Bell.
2. The Prince Albert Advocate, 11 August, 1902.
demonstrate the effects of adverse growing conditions as well as the change for the better which took place in 1901. Rapid settlement of the West, beginning just as these changes were occurring, also did much to produce urban prosperity. The newcomers required supplies which moved through the towns, and they purchased services which urban dwellers could furnish. Then too, a certain percentage of the new arrivals settled in such centres. The influx of new residents not only augmented the amount of money finding its way into municipal coffers, making it possible for communities to shoulder new responsibilities, but also increased demands for services which local governments had to provide. At the same time other circumstances arose which compelled civic officials to take up the utilities question.

By 1902 Prince Albert required more electricity than its plant could produce. In discussing the subject Council was of the opinion that by establishing its own system better street lighting could be provided, all-night service instituted and lower rates introduced at no cost to the taxpayers. Municipal officials believed that the cost of a new plant, estimated at $15,000, could be more than paid for with the money being spent by the Town for electricity and from the sale of current to the public. Perhaps even more important was the position of the electric company, which claimed that it could not increase the size of its plant.

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4. Moose Jaw's population, estimated at 1,000 in 1890, reached only 1,558 in 1901 and 1,614 the next year. Spectacular growth then took place, boosting the total to 2,056 in 1903, to roughly 2,700 in 1904 and to 6,249 in 1906. Prince Albert and Regina made similar gains, the latter increasing from 2,249 to 6,169 and the former from 1,785 to 3,005 during the years 1901 to 1906. See The Moose Jaw Times, 6 June, 1890, 9 July, 1903, 12 May, 1904, and The Canada Year Book, 1908, p. 165.
Though its plant was said to be paying a small dividend, some people thought that it was not large enough for economic operation. Perhaps for this reason the owners were anxious to sell. Be that as it may, the Town arranged a purchase and on February 1, 1903 took over operations. At the same time it undertook construction of a new plant to meet the requirements of the community.

If anything, Moose Jaw was in a more critical position than Prince Albert. Residents had had to return to the "Rockefeller coal oil lighting system." Hence, as soon as civic officials were of the opinion that municipal finances could bear the costs, they took steps to reinstitute service. In the summer of 1903 after lengthy discussions and receipt of a consultant's recommendations, proposals for sewage, waterworks and electric light systems were put before the ratepayers who approved them by an overwhelming majority. During the course of arranging its modernization program, Council obtained city status for the community so as to augment its powers of local government and increase its borrowing power in order to finance the undertaking.

While the lack of a power plant was the chief factor causing Moose Jaw to establish a municipally owned lighting system, the consultant's report no doubt increased Council's determination to pursue such a course. It optimistically predicted that the Town could "construct the system and ... operate it more cheaply than any private company, and ... have the satisfaction of managing it. When electric lighting was considered more

6. Evidently the town was without electricity for a number of years. See Moose Jaw Town Council Minutes, 27 April, 1896.
7. The Moose Jaw Times, 7 December, 1900, 29 November, 1901.
8. Ibid., 20 February, 1903, 3 March, 1904.
or less of an experiment," the report declared, "there was some excuse for granting franchises to companies, but of late years many towns have taken over by direct purchase or by arbitration, the lighting system, in some places paying more for old plants than new up-to-date works could be constructed for."

Unlike Moose Jaw and Prince Albert, Regina was not faced with a power shortage when it undertook municipal ownership. On the contrary, late in 1902 the Regina Electric Light and Power Company, with an installed capacity of 1,800 lights, was contemplating enlarging its facilities to meet growing demands, but before proceeding it wished to obtain a twenty year franchise and an agreement that if the Town decided to operate a plant of its own, it would purchase the existing one at a price set by arbitration. On taking office at the beginning of the year, Mayor J. W. Smith had stated that municipalities should own such utilities and that the community should look forward to acquiring its own plant. As a result, he declared himself totally opposed to granting the request of the company, a position adopted by his colleagues in the Council.

Having been denied what he considered necessary conditions for expansion, Gerald Spring-Rice, owner of the firm, offered to sell out, but for a time municipal authorities declined to discuss the proposal. Rather they concentrated on drafting plans for their own program. Upon completion of this task, a bylaw was drawn up and the unanimous support of the press, Board of Trade, and public sought. Council's efforts were successful. Indeed, it received support from a rather unexpected quarter.

9. Ibid., 30 July, 1903. While drawing up their program, municipal officials rejected proposals from individuals interested in providing electrical service. See ibid., 19 September, 1902, 3, 24 April, 1903.
10. The Regina Leader, 4 December, 1902, 9 July, 1903.
11. Ibid., 9 January, 4 December, 1902.
12. Ibid., 22 January, 1903.
Spring-Rice, about the only man who stood to lose by the passage of the bylaw, publicly declared that anyone who did not vote for it ought to be kicked out of town. Council then returned to the question of buying the existing plant, eventually agreeing to meet the price set by Spring-Rice. A substantial portion of his system could be used, and perhaps civic authorities wished to give some recognition to his fine public spirit and devotion to the community for over a decade.

Though Regina had sufficient power in January, 1903, when the question of the Town establishing its own lighting system first received serious consideration, less than a year and a half later its plant was operating at full capacity. Expansion of service had to be curtailed until new facilities on Broad Street were completed and opened in March, 1905. Consumption of electricity was increasing everywhere more rapidly than the most optimistic forecasts. Moose Jaw had been advised to install a seventy-five kilowatt generator to meet the needs of the first few years. Council, nevertheless, decided in favor of one of 100 kilowatts. The plant commenced operating on January 14, 1905. By March of the following year machinery was on hand to double its size. A score of applications for service could not be met with the original equipment. After purchasing the existing plant and building a new one, Prince Albert also found itself short of power in the fall of 1906, a development which elicited caustic comments by the press.

As a result of the decisions reached by the councils of the three communities, all central generating stations within its boundaries when

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13. The Regina Leader, 6 August, 1903.
14. Regina City Council Minutes, 21 March, 6, 18 April, 1904; The Regina Standard, 20 April, 1904.
15. Regina City Council Minutes, 17 May, 1904.
Saskatchewan achieved provincial status on September 1, 1905 were municipally owned. As part of the celebration marking the coming of age, Regina was illuminated by a great many lights. In a sense, the display was symbolic. Electric lighting was soon to spread to a multitude of urban places throughout the province. In addition, the policy adopted by the three centres was to be applied time and time again.

Less than two months after the Province was created, the citizens of Indian Head approved a bylaw calling for the expenditure of $150,000, over $20,000 of which were earmarked for an up-to-date lighting system. The boom was just getting well under way on the Prairies and Indian Head, in common with a number of other towns, wanted to get in on the ground floor. No doubt local officialdom was rather pleased with early expansion; the town already boasted a sash and door factory and a flour mill which, incidentally, had operated its own electric lighting system since 1899.

In 1906 one of the most rapidly expanding centres in the province also launched a program of modernization. Saskatoon, which had reached only village status late in 1901, arranged to spend a quarter of a million dollars on utilities. No one suspected at the time that roughly two decades later the electric plant being erected would become a key to power development in the province and part of the major showpiece for public ownership.

As Saskatoon was constructing the future nucleus of a power system, Wolseley, Battleford and Weyburn were occupied in building what eventually

became segments of that system. Three years later, in 1909, North Battleford also established a plant. Then in the dynamic years which immediately preceded the First World War municipally owned plants sprang up in numerous communities. In 1911 systems were laid out in Estevan, Melville, Outlook, Rouleau, Swift Current and Yorkton. The following year similar developments took place in Davidson, Radisson, Saltcoats, Scott and Wilkie. The number of such projects reached a peak in 1913 with no fewer than nine power stations being established at such widely separated communities as Carlyle, Grenfell, Humboldt, Kindersley, Langham, Melfort, Strasburg, Wadena and Yellow Grass. With the war, expansion was greatly reduced. Equipment and money for such programs were both in short supply. Consequently, during the years 1914 to 1918 inclusive only Broadview, Canora, Kamsack, Earl Grey, Assiniboia, Oxbow and Rosthern managed to establish such utilities. In the postwar years construction never again reached its former level. By 1927, when the Saskatchewan Power Resources Commission began investigating the position of the electrical industry in the province, only slightly over a dozen additional municipalities had established or otherwise acquired their own electrical systems.

The utilities established by municipal authorities varied greatly, not only in size but also in the type of system installed and in the components of the powerhouses themselves. In 1918, for instance, the Earl Grey power plant had an installed capacity of ten kilowatts. At the other end of the scale was Regina with 6,800. In between were a considerable number of towns with capacities ranging from twenty to 100

kilowatts, a half dozen of the larger communities with capacities from 100 to 400 kilowatts, and the other cities -- North Battleford with 760, Prince Albert with 892, Moose Jaw with 4,000 and Saskatoon with 5,950 kilowatts. In well over half the cases, plant capacity was represented by a single generator ranging in size from ten to 150 kilowatts. Most of the remaining municipalities, including some of the cities, had two. Only in Moose Jaw, Regina and Saskatoon were fairly large generators to be found, the largest being a 3,200 kilowatt unit at Saskatoon.

All of the cities and a few of the towns, including Carlyle, Kindersley, Humboldt and Estevan, relied on steam to drive their generators. Others, such as Yorkton, Assiniboia, Scott and Melfort, employed diesel engines. A larger number, among them Langham, Melville, Rouleau and Broadview, used producer-gas engines, while a few of the very small operations like Oxbow and Yellow Grass depended upon kerosene-burning internal combustion engines. Only in isolated instances was a combination of such units used. Swift Current, for example, operated a steam plant for eight hours a day, including peak load period, and a producer-gas plant for the remaining sixteen.

Though city plants operated around the clock, few others did. Among the towns only Estevan, Yorkton and Battleford had continuous service, while Melville and Kindersley approached that position. Battleford, having closed down its plant, obtained power from North Battleford via a short transmission line. At Oxbow, Radisson and Yellow Grass, batteries, charged during the time that the plant was in operation, gave direct current service during the remainder of the day. Rates ranged downward from about twenty-five cents per kilowatt hour. And, all things considered, service was not all that could be desired.

21. Ibid.
Figures often bring out facts more briefly and clearly than words. Tables A, B and C in Appendix A demonstrate the rapidity with which the consumption of electricity increased in what became Saskatchewan's three major cities: Regina, Moose Jaw and Saskatoon. For the first years that records are available, the rise in kilowatt output was phenomenal. Annual increases ranged from approximately eighteen to 103 percent. Thereafter, the demand rose at a slower rate until the late 'twenties when an upswing again occurred. The relationship of kilowatt output to expenses well illustrates the advantages of increased output. While total expenses rose, their increase was small in proportion to the number of kilowatt-hours produced. A comparison of kilowatt output to revenue indicates a steady decline in the price of energy to the consumer. In Regina, for example, domestic lighting rates fell from nine cents per kilowatt-hour in 1907 to a graduated charge ranging from six to four cents in 1924.

The surplus or deficit columns contained in the tables indicate that the cities had entered a profitable field. Saskatoon recorded a net loss in only one year, Regina in two, and Moose Jaw in three. On the whole, such losses appear to have been for reasons largely beyond the control of municipal authorities. In Moose Jaw, the 1912 deficit resulted from the plant being razed by fire, while that of 1919 was brought about by a rise in operating costs -- the price of labor and coal rose substantially following World War I. In the case of Regina the loss incurred in 1918 resulted from inability to obtain repairs, the ship bringing parts from England being torpedoed enroute.

The success achieved by the three cities in the operation of their electrical systems was the product of a number of factors. First and foremost, it was the result of the economies of increasing production. Growth of loads permitted the installation periodically of fairly large units which produced current quite economically. This enabled these cities to take advantage of advances in the design of electrical equipment as well. Usually, new equipment was superior to that already on hand. Consequently, such equipment when placed in operation was used to carry as much as possible of the load at all times with the less efficient equipment being used only at periods of peak load or for standby in emergency.

Though machines did much to place these centres in a favored position, the men behind them were also important factors. E. W. Bull, Regina's electrical superintendent, built his plant up to a high degree of efficiency. It was also largely due to his efforts that the utility was moved from Broad Street to Wascana Lake just before the First World War. E. C. Hanson, Bull's counterpart at Saskatoon, introduced changes there during the war which greatly reduced fuel costs. By altering the furnaces and training the staff, he substituted lignite for bituminous coal. The results obtained were striking. In 1917 less was spent for coal than in 1912 in spite of the fact that during the period kilowatt output rose almost 300 percent. At Moose Jaw J. D. Peters also improved the plant significantly.

Nevertheless, the three plants had two major shortcomings. First, they grew in capacity as the cities expanded and hence comprised a

collection of units of various dimensions. Each time a new unit was added, the peak load had risen above the level at which it had stood when the previous addition had been made. Thus larger units were usually added. Their use brought down the costs of production. But as consumption grew after each addition, the older units had to be brought back into service for longer and longer periods of time, forcing costs upward again. Secondly, because each unit added was usually larger than others in the plant, proper stand-by capacity did not always exist. If something went wrong with the new unit there might be no spare on hand with which to replace it. Accidents, therefore, might and did result in power shortages.

A practice of municipal authorities which appeared during the period was also to have an adverse effect on electrical utility operations. Over the years the utility came to be relied upon more and more as a source of municipal revenues. This resulted in rates being kept at unnecessarily high levels, restricting consumption and in turn preventing production costs from falling even more rapidly than they did. The practice also conflicted with an argument used to support municipal ownership, namely that under such a method of operation service would be provided as cheaply as possible. Much worse, as will be seen, with time it led to the utility becoming so mixed up with municipal financing that in some instances power costs seemingly came to be viewed as secondary to municipal revenue. In addition, in the case of Saskatoon, it appears to have led quite quickly to more revenue being extracted from the utility than should have been. By the end of the period in question the City had reached a position where it had to build a new plant to meet the energy
requirements of its citizens while debts against the existing one were 25 only about half paid off.

Available statistics indicate that what was happening in the large cities was being repeated more slowly and on a smaller scale in the other 26 cities. Here, however, the size of the market set narrower limits on the efficiency which plants could attain. Equipment was smaller, seldom if ever replaced and less economical to operate. As well, greater intervals elapsed between the installation of new units; second-hand units were at times installed, and modifications to equipment were made less often. Officials in such places may also have been more prone than their counterparts in the major cities to put off expenditures on equipment as long as possible. For instance, when North Battleford decided to increase the capacity of its plant in 1920, the engineer in charge reported that equipment was being used far in excess of rated capacities, resulting in increased operating costs and deterioration of 27 machinery at an accelerated rate. Due partly to such differences production costs and selling prices of current at Swift Current, Weyburn, North Battleford and Prince Albert were higher than in Regina, Saskatoon and Moose Jaw.

On the whole, the towns were in a very different position. Data for the years 1922 to 1926 inclusive show that only about a quarter of ...........................

25. When Saskatoon turned its plant over to the Government in 1928 debts against it were $975,487 while the amount set aside in the sinking fund was only $425,751. See S. P. C. Annual Report, 1929, p. 11. As will be seen, to put its plant in shape to supply the city's power requirements for the next two years would have cost $750,000. Rather than attempt to improve the plant Saskatoon decided to build a new one.
26. See Tables D, E, F and G, Appendix A.
them were increasing their consumption of electricity at rates anywhere approaching those of the cities. The relationship between revenues and expenditures was not all that could be hoped for either. Only about a third of them showed a surplus for the period. Losses in some cases were larger than indicated, capital costs being understated. By and large, the rates were high; and figures are not indicative of any general downward trend. On the contrary, it would appear that in many cases a rate increase was in order to balance the budget.

In the majority of cases municipal ownership of electrical utilities in Saskatchewan towns cannot be described as successful. This was not necessarily due to mismanagement or inefficiency. Basically it was the result of the limited size of such operations. This placed municipal authorities in a dilemma. Both rates and operating costs were high. In order to increase revenue, consumption had to be stimulated. The best way to accomplish this was to reduce rates and increase service. Increased service, however, meant higher operating costs, perhaps involving the hiring of an additional man and possibly greater capital costs if another unit were required for the plant. Frequently, prospective business simply did not warrant such steps being taken.

But the causes of failure, in some cases, went deeper. Indeed, they were to be found in shattered dreams which had given rise to unrealistic planning. The first Annual Report of the Local Government Board stated: "In the years 1905 to 1913, owing to the rapid growth in the population of the Province, ... there was a consequent necessity for the extension of public utilities. This unprecedented increase in population and the increased business being done resulted in a very optimistic outlook on ........................

28. See Table H, Appendix A.
the part of local authorities ... . In many instances small municipalities were creating public utilities suitable for municipalities several times their size, and the general idea seemed to be to let the future take care of itself."

While not the worst offender in this respect, Indian Head was one of the towns to suffer the consequences. For many years after being established, the power plant there was operated at a very poor load factor. In the late 'twenties, the Town decided to install smaller equipment in order to increase efficiency. A request for authority to do so was submitted to the Local Government Board. Before deciding on the merits of the proposal the Board sent R. N. Blackburn, Chief Mechanical Superintendent of the Department of Public Works and its adviser in such matters, to investigate. Blackburn reported that the Town had a 150 kilowatt generator while its load ranged from six to eighty kilowatts. During the day a number of street lights were usually burned to keep the plant running smoothly. The report went on to state that while the system was shown to be operating at a profit, the debentures on it were for thirty-five and fifty years -- both too long for its life. If proper provisions were made to take care of debts, the utility would be operating at a loss. Upon considering the case the Board wrote: "It would appear ... that the small economies that could be effected by the installation of a new unit, would scarcely warrant the additional expenditures."

The Town's request was refused. For Indian Head the operation of its own generating station held little promise for the future.

31. Local Government Board to Town Clerk, 28 February, 1927, ibid.
In a sense the Government had encouraged such developments. At the beginning legislation required that borrowing by towns for electrical utilities be repaid in twenty years. In 1906 it extended the period to fifty years, with interest only payable during the first five if desired. Provision was also made for the incorporation of villages with less than 400 inhabitants into towns. Simultaneously, provincial government departments maintained only a general supervision over municipal borrowing. Not until the creation of the Local Government Board in 1914 was there any agency dealing with all borrowing whose duty it was to acquaint itself with the immediate and probable future needs of municipalities. It was during these years that communities such as Scott and Battleford, taking advantage of such changes, embarked on programs designed to purchase prosperity but which actually succeeded only in mortgaging the future.

While Humboldt also established debts beyond reasonable limits and suffered "exceedingly heavy loss in the operation of its utilities," -- between $10,000 and $16,000 annually on the light plant alone -- here problems of a technical nature were largely the cause insofar as the latter was concerned. The town was simply too small and in a poor location for a power plant employing steam. Hard water was the biggest drawback. Scale forming and incrusting salts contained in the water necessitated the boilers being taken out of service every two days for cleaning. This resulted in considerable expense. In the four years

32. General Ordinances of the North-West Territories in Force 1 September, 1905, Regina, Government Printer, 1907, Part V, Section 213, p. 841; Public Statutes of the Province of Saskatchewan, 1906, Regina, Government Printer, Ch. 33, p. 331, Ch. 34, p. 346.
34. Memorandum George A. Bell to Premier Dunning, 15 May, 1923, Dunning Papers, p. 14,031; Aquafax pamphlet, no citations given, in author's possession.
from 1915 to 1919, the corrosive action of the water, together with scale
removing operations ruined the plant's boilers. In the opinion of
C. A. Cutting, Superintendent of the Light and Water Department, the
whole utilities question was critical: "This situation was rapidly
spelling disaster, not only for the Water and Light Department, but for
the town."

Fortunately, there appeared to be a solution. The Local Government
Board, in the face of objections from the town's bondholders, arranged
for the necessary finances with which to re-equip and modify the power
plant, while the Canadian National Railways agreed to assist in remedying
the water situation. In a short time fuel costs were cut in half and
revenue substantially increased. The future looked a great deal brighter.
But scarcely had the changes been made, when reorganization by the
Canadian National reduced that firm's consumption of current. Thus
in the end, though the position of the light utility was on a firmer
foundation, it could not be described as doing any more than carrying
itself.

But even the fact that a plant might give a town a fair return on
its investment cannot be taken as proof in all cases that the operation
was a success. On the contrary, such a result could be and was brought
about by the consuming public's acceptance of major rate increases. This
was the case with Melfort.

On determining to enter the utilities field in 1911, the town
decided that the best place to seek assistance was at the top. Through
its member of the legislature, Premier Walter Scott and the Honorable
William Motherwell, Minister of Agriculture, were contacted to assist the

35. Aquafax, also see report by R. N. Blackburn to Local Government
Board, 15 December, 1920, in author's possession.
36. Aquafax.
municipality in obtaining technical advice and arranging finances. The Government was very sympathetic; in fact, Motherwell loaned the Council an engineer to plan its various systems. Aird Murray, the consultant, proposed that the municipality spend $60,000 on water, sewage and electricity, a recommendation which was unanimously accepted by a meeting of ratepayers. Adoption of recommendations and their implementation were two different things, however. A few months later, when it came time to vote on the matter, the proposed expenditure on the light plant alone had risen to $35,000. Debentures to cover the cost were issued at the high interest rate of eight percent. During the first five years of operations the municipality set nothing aside to cover the costs of the plant. In 1920 it needed additional capacity. Before the consent of the Local Government Board could be obtained, the Town had to agree to raise its rates from thirteen to seventeen cents per kilowatt-hour. This done, it attempted to dispose of the debentures, a step which could be accomplished only by selling a portion of them at a twenty percent discount. The poor placing of bonds, the life of debentures and overexpenditure on the system brought a further three cent increase in rates. The plant was then producing a surplus and evidently providing reasonably satisfactory service, but the latter condition did not last for long. Before the decade was over it was reported that "in order to keep down the peak

40. Minutes of the Local Government Board, 12 July, 1920, 20 July 1921; Town Clerk to Local Government Board, 18 July, 1920; Local Government Board to Town Clerk, 26 May, 1921, ibid.
load within the capacity of the plant, power users are being required to shut down their motors at 4:30 p.m., each day during the winter months, and street lamps are not lighted until 6:00 p.m. at which hour most of the stores close."

Instances of out and out mismanagement also existed. Plants were supposed to be self-sustaining, but at times local authorities did not attempt to make them so. Quite frequently the Local Government Board attached conditions when approving expenditures. Such stipulations were accepted by the towns but not always lived up to. In a letter to the Town of Oxbow the Board wrote: "It was noted with surprise that the rates charged are not sufficiently high to make the plant self-sustaining ... the ... Board authorized ... the improvement of the system under the definite condition that a rate sufficiently high would be charged to carry operating and fixed charges." Almost simultaneously the Board refused to authorize expansion of the system at Saltcoats because the town was not abiding by such a condition.

Finally, in establishing utilities the amount allocated was not always used to the best advantage, nor were such systems always maintained as well as they might have been. A report dealing with the Yellow Grass system in 1920 asserted that the line was "not in particularly good repair," that the switchboard was "very inconveniently located," that the storage battery was "in extremely bad condition," and that the engine was "unsuited to electric light work because of its low efficiency and the fact that it requires high grades of fuel."

42. Local Government Board to Town Clerk, 2 April, 1927, L. G. B. File Oxbow, 1914-1930.
While municipal officials in a number of cases were open to criticism for the handling of their utilities, certain things may be said in their defence. All too often they were under pressure from consumers to set rates lower than production costs warranted. Being members of the same community, they often found such pressure difficult to resist. Genuine efforts were made, by some, to economize. This might take the form of purchase of second-hand equipment. Generally such acquisitions appear to have worked out satisfactorily, but there were exceptions and it might only take one to burden a utility with debt for years or significantly raise operating costs. Furthermore, to a considerable extent a town depended on the man in charge of its plant to see that it was run economically. Municipalities did not always have, nor could they afford, experts for such positions. Last, but by no means least, in many cases towns and their employees were struggling with problems which simply could not be solved by individual communities. The Local Government Board was very close to the whole situation. While pointing out that there was "careful and businesslike operation of some municipal plants," it asserted "that the isolated unit serving a small population could be operated only with economic waste."

While many of the smaller centres in Saskatchewan assumed the responsibility for constructing and maintaining light plants, there were those which for various reasons chose or were obliged not to. Undoubtedly, a great number of them realized that they did not have the resources to support such a utility. Some preferred to acquire other improvements first. And there were still others which, while planning to establish their own systems, could not do so because of the limitations on their

borrowing power or the unavailability of markets for their debentures when they tried to borrow. Even some of the larger towns found it impossible to erect plants. Shaunavon and Biggar, for example, proposed to do so during the First World War but were refused permission by the Local Government Board which believed the time to be inopportune and the cost of equipment much above normal. As a result, small privately owned power systems, numbering roughly seventy, appeared during the two decades from 1906 to 1926.

Privately owned plants came into existence in a number of ways. A few were established for the sole purpose of producing and selling current. In some instances, individuals set up plants in conjunction with some line of business where electricity was required. Here a generating capacity larger than needed by the firm for its own use was installed. At other times such utilities simply grew out of established businesses as a more or less natural form of expansion. Finally, on occasion, a small plant intended to supply only an individual was extended to serve a few neighbours.

One of the first small, privately owned generating stations was established at Milestone in 1906. Its founders, Arthur Townsend and L. Hutt, planned to operate it in connection with a machine shop and a small foundry. During the same year the Moore Milling Company of Qu'Appelle made arrangements to extend its system to the town. This was the first of a number of mills to take such a step. Among others, the one at Maple Creek, renamed the Maple Creek Light, Power and Milling Company,

47. The Indian Head Vidette, 6 February, 1907; A. W. Garrett, History of Milestone, no citations given, p. 82, Legislative Library.
became one of the largest locally owned private utilities in the province and was one of the few to run on a continuous basis. Another of the larger concerns of this type served the town of Shaunavon. Its origin was unique in that it was first installed in a hotel which it was designed primarily to serve. Not a few, like the plants at Eastend and Wilcox, grew out of garages, while the one at Admiral was operated in conjunction with and was housed in the livery stable. In some cases the utility aspect was very definitely a sideline. The Ladder Lake Lumber Company of Big River, for example, sold a small part of the power it generated for its mill, mainly to employees.

While many municipally owned plants were small, those of the private companies were even smaller. In 1918, for instance, fifty percent of private plants were twenty kilowatts or less compared with roughly ten percent of those municipally owned. A similar situation existed in 1926. That year, the Power Resources Commission reported that the forty-three municipal plants in towns and villages had one and a half times the capacity of the sixty-eight privately owned concerns. Because of the size of operations, most private firms relied on kerosene-burning engines, a few on producer-gas and diesel engines and only three on steam engines, two of which were not primarily concerned with power production and needed steam boilers for other purposes. Then too, approximately half of their systems depended on one engine and a single direct current generator for their power supply.

50. SPRC, pp. 46-49.
Practically without exception rates were high, in some cases extremely so. The average charge per kilowatt-hour at Readlyn and Briercrest, for example, was forty-five and thirty-four cents respectively. Yet this was not necessarily exorbitant. The proprietor at the former place made under $400 during 1926 while at the latter the firm operated at a loss. Table I, Appendix A, includes practically all of the privately owned power plants in the province at the time of the Saskatchewan Power Resources Commission investigation. Their total annual output ranged from slightly over 2,000 kilowatt-hours at Readlyn to over 360,000 at Shaunavon. Of the thirty-four firms reporting such figures, twenty-seven were showing a profit, but an average profit of approximately $1,400 was scarcely excessive. And when it is considered that five of the thirty-four plants accounted for roughly two-thirds of the profits, it seems quite evident that the proprietorship of the average small electric plant was not a position to be much sought after, from the financial viewpoint at least.

There were both advantages and disadvantages accruing from the appearance of the small privately owned concerns. First and foremost, it made possible the extension of electric lighting to many towns and villages which would not otherwise have had such service. In addition, such a form of operation removed the responsibility for provision of such facilities and their successful operation from the shoulders of the councils. In some of the smaller centres this unquestionably saved the municipality from financial losses. At least a few of them would have established their own systems had not individuals done so. Such utilities as those at Margo with five customers, Mortlach with seven or Glenavon

51. Ibid., pp. 55-56.
with twenty-two could scarcely have been self-sustaining under municipal ownership. Indeed it is questionable if any system with fewer than 100 customers could have been. More than that, numerous small centres had no other utility in conjunction with which to operate a light plant.

Operating costs would therefore have been very high. Here the village garage with its oversized generator came into its own. Only in conjunction with some such form of business was it at all practical to operate the very small systems.

Among the disadvantages, one of the most frequently voiced concerned service. While some firms were excellent in this respect, and many more were fair to average, others were not. Some companies, like that at Leader, had insufficient power for the size of their distribution system and the wires used for distribution were too light. As a result, it made very little difference whether a small or a large bulb was used; the amount of light produced was about the same. In addition, attempts to use appliances on such systems often resulted in blown fuses. At other times the owner or operator might decide to leave the plant early, in which case the engine would be fueled to stop at closing time. Mechanical failure or poor judgment as to the amount of fuel required occasionally resulted in the town being thrown into darkness with no one around to restart the engine. While complaints about some private utilities for such shortcomings were well founded, the solution frequently put forth, a municipally owned system, was not a wholly satisfactory one. Municipal systems were also frequently overloaded or of flimsy construction.

52. Interview with Carl A. Worth, 19 August, 1963. Mr. Worth farmed in the Leader district for some time before the depression. In 1942 he joined the Power Commission, an appropriate move since he had been "borrowed" together with a chain hoist from the local garage whenever heavy repairs had to be made in the local power plant. Much of his time with the Commission was spent at Leader.
A second disadvantage had to do with rates. These were high, indeed at times they were alleged to be exorbitant. Under municipal ownership consumers could check on the cost of production with their local government. Under private ownership they had to rely on the word of the proprietor or arrange for an inquiry by the Local Government Board. An investigation took time and might accomplish little more than to disclose that the lighting company did not keep a record of its operations. Bookkeeping of this sort was not required until the late 'twenties.

Third, and much more serious was the dependence of a community on an individual for what became, upon installation, an essential service. People also made an investment when they installed electricity. Under private ownership such an investment sometimes lacked security. The owner of a plant could dispose of it or discontinue service at any time or on any pretext unless prevented by a franchise from doing so. This placed him in a position to act arbitrarily if he chose and there was little recourse open to his customers. The meagre amount of evidence of such occurrences, however, indicates that they were the exception rather than the rule. Moreover, detailed records such as exist suggest that in most cases the small private utility was simply one of a number of businesses in a community whose proprietor attempted to provide reasonably satisfactory service for a moderate return.

53. This information was gleaned from an exchange of correspondence between the Local Government Board and the Town of Kerrobert during the 1920's. L. G. B. File Kerrobert, 1914-1940.
54. For an example of arbitrary action by a private operator see H. H. Turner to Deputy Minister, 29 September, 1925, reply, 3 October, 1925, Municipal Affairs Files: Village of Abernethy, A. S.
55. Examination of the minutes of the Town of Qu'Appelle, 1906 to 1915, and The Qu'Appelle Progress, 1905 to 1927, show that the utility which served Qu'Appelle was an excellent example of this type of firm.
Prior to the late 'twenties when communities began to be tied
together by transmission lines designed to serve a number of them from
centrally located generating stations, the electrical utility of a
community, as has been seen, was a complete unit in itself. Under such
circumstances breakdowns or even periodic overhauls might mean a stoppage
of service, ranging in time from a few minutes to a number of weeks.
That the situation was unsatisfactory was recognized. From time to time
during the 'twenties officials of Regina and Moose Jaw discussed the
possibility of connecting up their respective plants so that each might
assist the other in emergencies. However, nothing came of the discussions.

Some of the smaller municipalities also considered somewhat similar
solutions to their problems. In 1920 Qu'Appelle seriously thought of

From 1906 to 1927 David Moore, the owner of Moore Milling Company, his
son Charles A. Moore and his son-in-law Harry Kajewski, or Kajewski alone
provided the community with electricity. Evidence indicates that through­
out the period they attempted to provide good service and to cooperate
closely with the community and that their actions were strongly influenced
by the town's interests. For a number of years at least, their books
were also open to annual inspection by municipal officials. In dropping
out of the picture David Moore gave as one of his reasons failure by the
Town and the people to use the service as expected under his agreement
with the municipality. There were good reasons for his making such a
complaint. See The Qu'Appelle Progress, 2 May, 1907, 31 March, 17 Novem­
ber, 1910; Qu'Appelle Town Council Minutes, 4 March, 1909. Years later
Charles A. Moore summed up his father's adventure in the electrical
field: "The decision to supply the town was financially disastrous ....
It cost over $14,000 and lost money from the start -- $800 the first
year. However, it was also true that the small mills were doomed anyway
as farming developed beyond the pioneer stage and gristing (the mainstay
of the small mill) became less attractive. In this case, the electric
venture just hastened the process." C. A. Moore to H. Ellis, 21 March,
1963, in author's possession.

When the Moore Milling Company expired, Charles Moore and Kajewski
established the Qu'Appelle Electric Light Company. Before many years
the former left the firm, his only regret being that he had not done so
much sooner. See ibid. Thereafter Kajewski carried on alone, though he
too may have wished to get out of the business. When the question of the
Town taking over was seriously considered, he expressed a willingness to
sell his system or any part of it on any reasonable terms. See The
Qu'Appelle Progress, 10 June, 1920.
building a transmission line to Indian Head and purchasing power there. At about the same time the Town of Lumsden attempted to adopt an even more forward-looking practice. In 1919 it found itself producing power at the high cost of twenty-seven cents per kilowatt-hour and selling at a lower rate with debentures against its plant being paid out of taxes. Such a situation could not be prolonged indefinitely. In addition, twenty-four hour service was desired. In seeking alternatives municipal authorities observed that Regina operated a power line beyond the city limits to serve its waterworks system. A few farms along the way were hooked up to it. Here, they thought lay the answer.

As a first step, Lumsden took the matter up with Pense and Grand Coulee. These communities proved interested, as did farmers in adjacent rural municipalities. Next Regina officials were approached. Here the promoters learned that the City could supply them with power and would sell it to them at reasonable rates at the city limits. However, Regina did not wish to be responsible for the construction and maintenance of a line beyond its corporate boundaries. In any case, it was doubtful if a city had legal authority to raise money to build lines for purposes not directly used by itself. The matter was then discussed with provincial officials with a view to building a transmission line under conditions similar to those followed in establishing rural telephones. Here more legal difficulties stood in the way; lands benefited by the scheme could not be taxed to assist in paying the costs. A joint stock company was then suggested, but towns were not permitted to buy stock in commercial or industrial undertakings. As a last resort the promoters thought of

56. The Qu'Appelle Progress, 10 June, 1920.
establishing a company by selling shares to individuals. But before such a course was adopted interest declined, and the project was dropped.

One of the most power-minded centres and the spawning ground for a number of schemes was Estevan. Situated on the coal fields, the town had much to gain from large scale production of electricity in southern Saskatchewan. Many people regarded it as the logical site for a major generating station from which transmission lines would radiate in all directions. A mere increase in the use of Saskatchewan coal in existing power plants spelled added prosperity for the region. Over the years the Board of Trade sought to bring about wider use of local resources. Under its auspices such pamphlets as Estevan, The Power City of Saskatchewan appeared in 1914, and an electric power convention was held in 1919.

At the same time Estevan members of the legislature, men like Robert Dunbar and his successor J. F. "Lignite Jim" Creighton, kept the Government informed of the dreams and schemes of their constituents.

The early years also witnessed a number of proposals for hydro-electric projects. Moose Jaw was the first in the field. Before the turn of the century, provisional officers and a directorate were named to the Moose Jaw Waterworks and Power Company, one of the objectives being the harnessing of Moose Jaw Creek. A few years later Saskatoon looked hopefully to the South Saskatchewan and Battleford had visions of damming Jackfish Creek. In all three communities such ideas were but briefly considered and then discarded; only in Prince Albert did they

60. The Qu'Appelle Progress, 1 November, 1906; The Battleford Press, 15 July, 1909.
firmly take root. There various schemes involving either the North Saskatchewan or the Shell River were examined. The City finally placed its chips on Lacolle Falls, only to find there was a joker in the pack. When the project was roughly half completed the funds necessary to finish it could not be raised. Shouldering the heavy burden of debts incurred, Prince Albert had only a hollow concrete monument to an unfulfilled dream.

 Fortunately no other Saskatchewan scheme in the electrical field ended like the Lacolle Falls project. Rather, some immediately proved quite impractical and, no doubt, productive of a little mirth. In 1923, for example, the Reverend W. P. Spooner of Cupar discovered a "hitherto unknown principle" and applied it to a device which he dubbed an "Aqua Fleus Wheel." Its object was to produce electricity from all of the province's slow-moving streams. Regrettably the details as to its operation are unavailable. Plans were submitted to the Saskatchewan Department of Agriculture, but they were probably subsequently lost or destroyed. In any case, the "invention" would have been of little use to the ordinary dirt farmer miles away from running water. Here the Association of Rural Municipalities had the answer. At its convention in 1910 it passed a resolution requesting the Government to change the laws "so as to enable farmers to manufacture alcohol for heating, lighting, driving machinery, free of excise, and issue bulletins of the methods used in manufacture." The Association pointed out that

61. G. W. D. Abrams, Prince Albert: The First Century, (Saskatoon, 1966). Abrams discusses the project in detail in Chapters XII and XIII. In his preface he describes the venture as "one of the greatest financial disasters ever to befall a Western city."

62. The Qu'Appelle Progress, 8 February, 1923.
"an acre of potatoes would give enough alcohol to supply a family with light and fuel" for a year. The Government, of course, turned a deaf ear to the suggestion but quite a number of farmers may have decided that it was not altogether bad. Somewhat later the Royal Canadian Mounted Police reported that there were more illicit stills in the province than in the rest of Canada, adding: "The illicit distilling industry is almost solely, as far as Saskatchewan is concerned, an adjunct of the farming industry ...." While there is nothing to suggest that the widespread presence of alcohol led to any more farms being lit, there is ample reason to suspect that quite a number of farmers were!

While such varied developments were taking place throughout Saskatchewan, events were occurring elsewhere which influenced or were soon to influence the area. Electricity was being applied to industry on an ever-increasing scale. In laboratories and workshops, new discoveries and inventions were being made. During these years, the tungsten lamp and more and better appliances appeared. Equally important were the advances made in the technology of power production and distribution. Schemes once considered impractical were year by year being turned into realities. Also of significance for Saskatchewan, large scale publicly owned power systems were proved feasible. The Ontario Hydro Commission, established in 1906, demonstrated that such an organization could provide good service at low cost. From time to time during the period, the Government examined the local situation to determine if such a program could be applied to Saskatchewan. As the Province approached its twenty-first birthday, another such study was about to begin. Saskatchewan had

63. The Leader, (Regina), 18 March, 1910, in Turgeon Papers, No. 19, (a) 14, Local Improvements, A. S.
64. C. A. R., 1923, p. 713.
much to gain if investigation should demonstrate the practicality of such an undertaking. Compared with the majority of her sister provinces, her position in respect to electricity left much to be desired. Though among the nine provinces she stood third in population, she ranked sixth in installed capacity, seventh in current generated and alone had developed no hydroelectric sites. To gain a further insight into the reasons for this situation, it is well to examine the activities of the Province in this time of variety and to those activities we shall now turn.

65. See Tables J and K, Appendix A.
CHAPTER THREE

A GENERATION OF POWER POLITICS

Public ownership, the basic principle in Saskatchewan's power policy, has been an important element in provincial politics as long as the Province itself has existed. With the announcement that provincial status was at hand, residents of the Territories began organizing themselves with a view to capturing the new legislatures for their respective parties. In the months preceding the first election, conventions were held and party platforms hammered out. Delegates to the founding convention of the Saskatchewan Provincial Rights party, later the Conservative party and led by Frederick Haultain, endorsed the principle of public ownership; their platform read simply "Public ownership of public utilities."

Walter Scott's Liberal followers adopted a somewhat more cautious approach in the matter. The party resolution of 1905 stated: "Resolved, that this convention while not wishing to restrict legitimate business enterprises, desires to place on record its approval of the principles of control of public utilities wherever practicable and that it is of the opinion that the Provincial Legislature in granting, or in providing for the granting of charters and franchises should always keep steadily in view and provide accordingly for the possible ultimate control of all such ..................

1. The Maple Creek Signal, 7 September, 1905, The Regina Leader, 30 August, 1905, in Scott Papers, Conservatives: 1905 Election (Saskatchewan), A. S.
utilities by the state or municipal corporations." Reduced to a length suitable for an election plank the resolution became "Control of public utilities by state or municipalities." The plank itself was defined at some length by the party. In a pamphlet entitled The Liberal Party Platform the electorate was informed:

The question of public ownership is not involved in this plank. This is a question upon which there is a great divergence of opinion amongst all classes of people. At present it is not a practical question in Saskatchewan and consequently the Liberal Party advocate a policy of public control of all such charters and franchises as may be within the gift of provincial or municipal authorities. They take the ground that in granting such charters or in giving municipalities authority to grant such charters provision should always be made whereby the province or the municipality (as the case may be) shall have authority, where deemed advisable, to take over and control all such rights and powers as may have been granted to individuals or corporations. They also believe that in the case of all public utilities such as railways, electric light, telephones, street railways, etc., either the Government or municipal authorities (as the case may be) should have full control over the fares, rates, and tolls to be charged.

All in all, what Scott's supporters were apparently trying to do was to avoid making pronouncements before they were really necessary or the strength of public opinion had been assessed. The question of the ownership of utilities, insofar as the Provincial Government was concerned, was not as yet a burning issue. The party was thus leaving itself plenty of room within which to maneuver and at the same time appealing to various shades of opinion.

In this manner Liberals successfully sidestepped taking a stand on the question of public ownership in the campaign of 1905, but they were not permitted to do so for long. Victorious in the election, they were

2. The Regina Leader, 23 August, 1905.
3. The Maple Creek Signal, 7 September, 1905, in Scott Papers, Conservatives: 1905 Election (Saskatchewan).
soon presented with just such an issue. There was growing discontent with
the rates charged and service provided by such firms as the Bell Telephone
Company. Long distance lines were practically nonexistent, even between
major centres. Equally important, rural telephone systems were not being
established, though the agricultural community was pressing for immediate
and rapid expansion of the service. In response to the demand an inquiry
was conducted following which the province's first legislature created
Saskatchewan Government Telephones in 1908. The next year Bell Telephones
and the Saskatchewan Telephone Company were purchased to form the nucleus
of a publicly owned system. Under a separate bill, The Rural Telephone
Act, provision was made for five or more persons to organize a sort of
cooperative company under the Department of Railways, Telegraphs and
Telephones. Such companies soon spread over much of rural Saskatchewan.
In this fashion the Province acted to meet the needs of its citizens. The
policy adopted by the Government may be summed up as one of local owner-
ship of local systems and public ownership of long distance lines. In
view of the actions of the Liberal party in power, one is obliged to
conclude that, though its platform might rest on control rather than
ownership, control was by no means exclusive of ownership. If private
enterprise failed to provide service, did so too slowly or in an indifferent
fashion, the Government might do so itself.

In speaking on the bill to establish the government telephone system,
the Honorable J. A. Calder stated that his party regarded local telephone
systems in somewhat the same category as electric light and water systems.
That is, the party preferred to see them locally owned. This idea was

5. G. E. Britnell, "Public Ownership of Telephones in the Prairie
Provinces," 1934, (unpublished thesis, University of Toronto), pp. 16-17,
28-29, 85, 163. Microfilm made available to the author by A. S.
eventually to develop a corollary; electrical transmission lines came to be regarded in much the same manner as long distance telephone lines and were likewise to be publicly owned. Before such a policy was formulated, however, the government of Premier Scott and his successors, William Martin and Charles Dunning, were to adopt public ownership for application in a number of other areas. The Government was to enter, among other things, the elevator, hail insurance and creamery businesses before turning to electrical utilities.

In all these ventures into the field of public ownership, one thing stands out. In every case the Province secured only part of the field. Did the Government act on the basis of belief in a principle? Or was it following a course of opportunism designed to propitiate public opinion while raising as little opposition as possible? It is difficult to say, but one is inclined to believe it was the latter. In respect to telephones, creameries, elevators and hail insurance, the adoption of such a course of action was quite practical. It was not practical in the case of electric power. Nevertheless, the Gardiner administration attempted to apply it in that instance also. The chaos which resulted will be seen in due course.

The first suggestion for the development of a provincial power policy, per se, came from the Leader of the Opposition, Frederick Haultain. Late in January, 1911 he called for provincial control of coal areas and waterpower sites with a view to establishing such a policy. A fortnight later he also introduced a resolution on the matter, stating "that in the ...........................................
opinion of this House the Government should take immediate steps toward obtaining the control of the unalienated coal areas and water-powers in the Province with a view to the ultimate establishment of a Provincial system for the development and transmission of power for municipal, manufacturing and other purposes in the Province, and of a cheap fuel supply under the control and operation of the Government." In support of his position, Haultain stated that power was being transmitted over distances of 200 miles in Illinois, while an expert had informed him that it could be generated at the coal field 120 miles from Regina, transmitted to the city and sold for half the existing price.

Perhaps Haultain had information of which the Government was as yet unaware. Or, on the other hand, he may have anticipated a similar move by Liberal members and sought to steal their thunder. In any case, government supporters threw cold water on his proposal. George Langley charged him with attempting to create an issue. He asserted that, in his opinion, estimates of the waterpower and coal areas in the province were exaggerated and any development scheme would involve a great deal of money. George Bell, the member for Estevan, added that while the coal areas were large they did not contain power-producing coal; at least, no practical scheme had yet been devised to generate power from such coal. Bell saw no need to rush in order to obtain such land, believing that much would remain unalienated for some time to come. If such a scheme was possible, he declared, coal companies would invest in it.

The following year the proposal on power development came from the government side of the House. During the interval the member for Estevan

10. Ibid.
had been investigating recent experiments with North Dakota lignite. These experiments had indicated that while raw lignite -- with its high moisture and low heat content -- was unsuitable for power production, it did have definite possibilities. When it was roasted in a retort and then mixed with a binder, briquettes could be formed which had a relatively high heat value -- twelve-thirteenths that of anthracite coal. At the same time each ton of coal so treated gave off 11,000 cubic feet of high grade gas suitable for use in producer-gas engines which could, in turn, drive generators. In short, the experiments suggested a method by which both cheap power and cheap fuel could be obtained for Saskatchewan residents. Referring to the great potential importance of the vast reserves of lignite and the lack of knowledge about their utilization, Bell asserted that it was "only a question of how this immense store of fuel may be best and most economically applied to the production of power and the use of the consumer of domestic fuel." To rectify the situation, he brought in a resolution calling upon the administration to take the necessary steps to ascertain "(a) the possibility and cost of developing and transmitting electrical power generated at the coal fields in Saskatchewan (b) the most economical form and manner in which lignite coal may be used as a fuel for domestic purposes."

This time the proposition was given a much warmer reception. James Bole, the member for Regina City, referred to the great work being done in Ontario by the Hydro-Electric Commission in developing Niagara Falls and added that Saskatchewan must look to some other source of cheap power since it was doubtful if sites suitable for developing waterpower economically were available. Acting Premier and Provincial Treasurer

11. Ibid., 2 February, 1912.
12. Ibid.
James Calder declared that the Government should obtain the best experts to investigate, and if it was shown that the production of power was practical, "the Government should own, control and operate any system which may be inaugurated." The Opposition fully endorsed the idea, Haultain expressing the belief that cheap power would make Saskatchewan a manufacturing area. Only the opposition press was somewhat critical, asserting that the Government was now trying to get on the right side of public opinion. Before the session was over, one of the opposition members was considering the far-reaching implications of an abundance of cheap power. John Bradshaw, Prince Albert City, spoke favourably about replacing hanging by the use of an electric chair. He thought that the chair could be moved about from place to place in both Saskatchewan and Alberta, if Alberta were interested. The hangman had recently been busy in Bradshaw's constituency and had bungled his last two jobs.

It is very important to observe that George Bell's resolution called for an inquiry with twin objectives, economical power and fuel. In the course of the investigation, the two objectives were found to be indivisible. The generation of power was ultimately dependent upon the simultaneous production of fuel. The production of fuel, in turn, required the discovery and large scale commercial application of processes which would convert lignite into a suitable fuel. It was, as will be seen, in the latter step that difficulties arose.

Less than three months after the resolution had been introduced into the House, steps began to be taken to obtain the necessary information. By Order-in-Council dated April 25, 1912, R. O. Wynne-Roberts was appointed

13. Ibid.
to inquire into the practicability of producing power at the coal centres and distributing it throughout the province. For the most part the investigation was to deal with four problems. It was to attempt to discover the best way to convert lignite into a marketable product, the best way to utilize it to produce electricity, the cost of transmission of electricity from coal fields to various centres in the province, and the probable markets for the power which might be produced. In setting up the investigation, the Government probably believed that the problem of converting lignite into a satisfactory domestic fuel was on the verge of being overcome. Consequently, the possibility of supplying electricity to urban centres was emphasized. In his manifesto to the electors on June 15, Scott declared: "If, as a result of the investigation now being conducted by my Government, it is found practicable, it is our intention to proceed to] the adoption of a policy whereby the Government will distribute electrical power generated at the Souris coal fields, to all urban communities within such area as can be served at a reasonable cost; and upon the transfer to the Province of its waterways, the adoption of a similar policy for all such areas as can be served with electrical energy generated from our water powers." More than that, it was his intention that any resulting power system should carry itself financially. Rates charged by the Government would be sufficient to cover both operating and capital charges.

Aside from recent technological developments, there were possibly other reasons why the Government undertook an investigation when it did. The

15. The Morning Leader, (Regina), 30 April, 1912.
16. This would seem to be indicated by discussions relating to technical developments outside the province.
18. The Morning Leader, (Regina), 25 June, 1912.
The Lacolle Falls hydroelectric project was getting under way at Prince Albert. For the moment it appeared as if it might result in cheap power for that area. Scott may well have regarded the inquiry as a means whereby southern Saskatchewan might meet future competition for industries. He spoke of any power system radiating from the coal fields as being very important to Regina and the rest of the south. Furthermore, discussions were going on between the Regina Board of Trade, Estevan coal interests and the Regina City Council regarding an investigation along similar lines. Promoters believed that a power shortage existed and that current could be generated at the coal fields for less than half the existing cost at Regina.

In carrying out his investigation Wynne-Roberts gathered information on the methods, costs and trends in power production not only in Saskatchewan but throughout much of North America and Europe. Data on lignite occurrences in the province were obtained, and the results of tests involving Saskatchewan coal were studied. As well, he procured reports on the utilization of inferior coals elsewhere in Canada, the United States, Britain, Germany, Italy and Austria. By late November his report was in the hands of the Government. In certain respects it painted a very rosy picture.

"It is recognized," Wynne-Roberts declared, "that the proper way of producing power is to attack the problem in a large way, and it is a well established fact that the growth of a country around a large comprehensive development is very rapid ... The concentration of power plant at suitable centres is conducive to economy and reliability ... ." In short, he believed that electricity should be produced on a large scale.

19. Ibid.
20. Ibid., 16 April, 1912.
at a few central generating stations. Existing power production technology pointed to a number of lines along which such a type of operation could be set up. Large plants could be erected in which electricity might be generated by employing coal-fired steam boilers and steam engines. Or, such plants might rely on gas-fired steam boilers and steam engines, gas producers and gas engines or a combination of such equipment. In view of the coal involved being lignite, Wynne-Roberts favored the use of gas which could be derived from it as the best method of producing power. "Lignite," he stated, "when converted into producer gas and used in a gas engine will develop over two and a half times the power that it will generate when consumed in the solid form for generating steam power." However, he did not believe such a method would be satisfactory by itself. The load on the system created would vary considerably during a twenty-four hour period. Gas engines were most economical under a full load. When operated with less than a full load, their efficiency diminished at a more rapid rate than that for steam engines. To overcome this defect, Wynne-Roberts recommended that gas-fired steam boilers and steam engines also be employed. "... the most economical arrangement," he asserted, "will be to instal gas producers and engines for the average load, and to make use of the flexibility of steam boilers and engines for the remainder. Full advantage can thus be taken of the economical operation of gas plant coupled with the utilization of the waste heat therefrom to generate steam."

22. Ibid., pp. 81-82.
23. Ibid., p. 97.
24. Ibid., p. 90.
In reaching these conclusions Wynne-Roberts relied heavily on the experiences of power production engineers in Europe:

The development of this type of power plant has been slower in North America than in Europe; the tendency on this continent is for mechanical engineers to be somewhat conservative in adopting other forms of power than steam or water power together with electric generation and transmission. But on the European continent the installations of large gas engine plants are numerous, and increasing in size each year. Consequently the experience there is more mature. In the United States bituminous coal and anthracite are abundant and cheap, and in Canada potential water power is immense and much has been utilized. In Europe, however, competition is keener, in parts good coal is not abundant ....

To reassure the Government which might regard his recommendations as somewhat revolutionary, he continued: "Troubles experienced with large gas engines may now be considered as ancient history. In Germany and Great Britain gas engines are considered as reliable in operation as steam engines, and far more economical in practice."

Wynne-Roberts then proceeded to draw up preliminary estimates of the cost of undertaking various provincial power schemes based on plants in the Estevan, the Dirt Hills or the Brock areas. On the basis of his calculations and other findings he concluded with reference to southern Saskatchewan: "... lignite deposits ... can be utilized at the coal centres for the production of power .... The generation of electric power at such coal centres is both a practicable and commercial possibility, and its distribution at a low rate per kilowatt is feasible, if the larger municipal authorities will cooperate by taking power in bulk .... It is not possible by means of imported fuel consumed at individual power stations

25. Ibid., pp. 87-88.
26. Ibid., pp. 88.
27. Ibid., pp. 103-104, 123. Also see map p. 64.
Map 1. MAP OF SOUTHEAST PORTION OF SASKATCHEWAN

SHOWING
PROPOSED LINES FOR DISTRIBUTION OF POWER

to produce as cheap electricity ... as can be done in bulk at the coal centres and deliver same to the points of consumption."

Notwithstanding such optimism Wynne-Roberts had certain reservations about proceeding at once with any power project. In the course of his inquiry he had found that reliable data on the utilization of lignite was very meagre. Thus, though stating that it could "be utilized ... for the production of power" and concluding that this could best be achieved by using the gas obtained through its carbonization, he was evidently not completely convinced that such was the case. Consequently, he suggested that all Saskatchewan lignites be carefully tested under standard conditions to discover their relative values as fuels. And in advising the Government, he recommended among other things "that an experimental plant be installed to study the behavior of local lignites as gas producers and their individual capacity for producing power, ... that an experimental plant be installed to ascertain the best method of producing lignite gas by dry distillation, ... that experiments be made to find out the most satisfactory method of consuming lignite for domestic purposes, ... [and] that investigations and experiments be made to discover if possible a process by which satisfactory briquettes can be made of raw lignite and lignite coke."

On the whole Wynne-Roberts' report was favorably received. The Morning Leader commented:

While admittedly considerable research and experimental work has yet to be done before it can be absolutely assured that the lignite fields of Southern Saskatchewan can profitably be utilized for the purpose of supplying cheap power and

28. Ibid., p. 130.
29. Ibid., p. 131.
possibly heat to the cities and towns in the southern part of the Province, the report ... would seem to indicate the feasibility of some such scheme .... Given cheap power in addition to the advantages already enjoyed from proximity to the finest agricultural country in the world, the future prospects of the urban centres of southern Saskatchewan are indeed of the most alluring character and calculated to justify the most optimistic prognostications.

It is to be hoped that no time will be lost in going ahead with the further investigation and the establishment of the experimental plants recommended by Mr. Wynne-Roberts so that, if feasible, as little time as possible will be lost in placing at the disposal of the people of southern Saskatchewan the facilities that would thereby be afforded. It is certain that Regina and the other places affected would gladly accord that co-operation suggested by Mr. Wynne-Roberts and do their share in promoting a scheme of incalculable benefit to the country. 30

Within a very few months S. M. Darling, an expert on coal and power, was retained by the Government to carry on the inquiry. Arrangements were also made to have the necessary equipment manufactured in order to establish a lignite experimental station on the Souris coal fields. The Government hoped that it might prove possible to put a lignite product on the market which would be able to meet the competition of fuels from other sources. If the experiments proved successful, it proposed to follow them up by fully exploring all coal areas in the province. 31

Darling’s studies quickly demonstrated that Wynne-Roberts had been overly optimistic. First, his proposals relating to power had been based on the assumption that lignite could be used economically. And secondly, his investigation had been carried out while the boom preceding the First World War was at its peak. As a result, he greatly overestimated future requirements for electrical energy and simultaneously underestimated

30. The Morning Leader, (Regina), 29 November, 1912.
31. Ibid., 20 March, 4 April, 1913.
the cost of a major power development scheme. Many of his findings were now reversed, and the project declared uneconomic for some time to come.

As a first step, Darling set out to remedy the lack of data on the use of lignite which Wynne-Roberts' report had disclosed. Numerous tests were run and the results analysed. These emphasized many of lignite's disadvantages as a fuel for steam plants. On the other hand, carbonization and the use of gas were again shown to offer better prospects. Each ton of lignite was found to contain more gas than that required to carbonize it. Large scale carbonization, Darling stated, would produce a great surplus of gas at no additional cost which could be used to generate power. The only limitation on the amount of such power produced was the quantity of lignite carbonized. In regard to this method of producing power the report concluded, "There is available ... in this lignite, all the electrical power that will ever be required in southern Saskatchewan, on the switchboard at not to exceed Niagara rates, $8 per horse power year."

Two serious obstacles, however, prevented the production of electricity by such a method. Very little carbonized lignite was being produced, nor would it be until carbonization yielded a product acceptable for domestic fuel. Besides, even if the necessary processes were discovered, Darling found the market for electricity too small to warrant the heavy expenditure involved in establishing a system to supply it.

In conclusion, he predicted that the time would come when cheap electrical

34. Ibid., p. 27.
power would be distributed over the southern half of the province from a central station; and, he went on to describe how it might take place:

"When a lignite carbonizing and briquetting industry is established and power at Niagara rates is available ... transmission lines will begin to radiate in the several directions required by commerce, and the power system will evolve naturally, step by step, in consonance with the industrial development of the province. Any other method would be commercially illogical."

Even before Darling's report was received, the provincial authorities had indications as to what his conclusions would be. Consequently, attention shifted more and more to the matter contained in the second half of Bell's resolution, the question of a fuel supply. Disappointed with the results obtained from the quantities of unprocessed carbonized lignite produced, the Government's interest focused on experiments designed to convert the product into briquettes. This line of attack proved more fruitful. Within a few months what was believed to be a satisfactory briquette was developed. But shortly thereafter the plant was closed down; "... the Saskatchewan Government," it was later stated, "was not at that time prepared to enter upon the manufacture of ... briquettes on a commercial scale ... ." The outbreak of the First World War was probably the major factor determining its decision.

35. Ibid., p. 32.
36. R. N. Blackburn to G. H. Greenfield, 9 May, 1914, Department of Public Works, Correspondence of the Chief Mechanical Superintendent, K. re Lignite Investigation, 1912-1931, PW. 1, A. S.
37. Report of R. N. Blackburn to the Honorable J. G. Gardiner, Minister of Highways, undated, p. 2, Department of Public Works, File No. 259, A. S. hereinafter cited as The Blackburn Report. This report was obviously made in 1922 or 1923 when Gardiner held the above portfolio.
38. The Morning Leader, (Regina), 30 July 1924. During the war the provincial and municipal governments attempted to keep expenditures at a minimum.
During the war years private enterprise attempted to pick up where the Government left off. During 1914 S. M. Darling together with J. A. Brandon, an Estevan real estate operator, and W. J. Falconer, a Winnipeg salesman, organized The United Natural Resources Company, later renamed the Saskatchewan Coal, Brick and Power Company, to produce and market electricity and gas among other things. Shares were sold throughout south-eastern Saskatchewan and, to a lesser extent, elsewhere. But the venture proved a failure. Though strongly backed by the Estevan Board of Trade, the company never got off the ground, and in the fall of 1919 it went into voluntary liquidation.

Roughly a year before the Saskatchewan Coal, Brick and Power Company became defunct, the Lignite Utilization Board was established and authorized to construct a new experimental plant at Bienfait. The board's stated objective was "to demonstrate the commercial feasibility of producing a carbonized lignite briquette for domestic consumption." Created by the Federal Government and financed by the Dominion, Manitoba and Saskatchewan, the board was not authorized to investigate the possibilities of electrical power development. Not until the early 'twenties was it in a position to announce that it had developed the processes for the commercial production of a carbonized briquette suitable for domestic consumption. But by then complicating factors had been injected into the fuel question, while technical developments called for a completed reexamination of the whole question of power.

39. See Prospectus and Correspondence, File No. 3625, Department of Provincial Secretary, Registrar of Companies, General Office.
40. The Blackburn Report, p. 3.
In a report to James G. Gardiner, Minister of Highways, Robert N. Blackburn, Chief Mechanical Superintendent with the Department of Public Works, placed the coal and power situation in sharp relief. While stating that a satisfactory briquette could be produced from carbonized lignite, Blackburn questioned the ability of the product to compete in the existing domestic and commercial fuel market. During the period the lignite investigation had been proceeding, the fuel situation had materially altered. When the inquiry began, he pointed out, anthracite coal had been the fuel in general use for domestic heating. However, it had become increasingly difficult to obtain and had risen in price. Thus, cheaper Alberta coals had taken over much of the market. Unless lignite briquettes could compete against these less costly fuels, an attempt to produce them would be an inevitable commercial failure.

Blackburn went on to report that the value of by-products from carbonization would not defray the costs of their recovery. The researches of the Lignite Utilization Board "clearly proved that the production of gas, tar and ammonia had been greatly overestimated," he stated. Careful study had shown that the gas produced during carbonization was scarcely sufficient to supply the heat required for the carbonization process. In short, the whole idea of utilizing excess lignite gas as a fuel with which to generate electricity was almost completely overthrown. Darling had reversed the findings of Wynne-Roberts only to have part of his own findings overturned by the Lignite Utilization Board. Cheap power, if it were to be obtained from lignite, had to be derived by some other method.

42. The Blackburn Report, p. 6.
43. Ibid., p. 9.
In spite of the fate suffered by the Wynne-Roberts report, in certain respects, it is an extraordinary document. Its author was quite plainly a man of vision. From all appearances he was the first individual to urge the Province to adopt a plan designed to create an integrated power system. At the time in various parts of the continent and elsewhere, generating equipment was being concentrated at selected locations with electrical energy being moved to centres of consumption by transmission lines. The change to such a method of meeting demands for power was resulting in cheaper and more reliable service.

Had it been possible to construct a system including Regina, Moose Jaw, intermediate communities and a central generating station as Wynne-Roberts suggested, the advantages of integration would have accrued to the citizens of Saskatchewan much sooner than they did. By generating power in a few large plants for a multitude of communities rather than in each community, mass production becomes possible. This facilitates the installation of larger, more economically operated units. At the same time it permits the reduction of spare capacity to a minimum. In order to possess reasonably secure service, a community operating an isolated power plant should have enough spare capacity to handle its load with its largest unit out of service. On the other hand, in an integrated system spare capacity in any plant is reserve for all plants. Thus the total capacity required is much less and capital costs are kept to a minimum. Yet in spite of such reductions in expenditures on equipment, service is more reliable as any plant in an interconnected system can assist any other experiencing difficulty.

Other advantages also result from integration. The number of operating and administrative personnel required to run such a system is
smaller than that necessary to take care of a large number of separate operations. Moreover, the employment of highly skilled tradesmen and specialists is facilitated. Economies in the operation of equipment are also made possible. Units can be brought into production or taken out on the basis of their operating costs, with the most economical equipment being used to supply as much of the power as possible. As well, all units can be operated at their most efficient loading. Last but not least, full advantage can be taken of sources of cheap power and all available power resources considered when expanding existing or erecting new generating facilities.

In the years immediately preceding 1925, when Premier Dunning announced his Government's intention to undertake what proved to be the final investigation leading to the establishment of a provincial power policy, the power question was more or less in the background but not forgotten. Some members of the Government and their subordinates in the civil service took a continuing interest in the matter. Among these, one might mention Samuel R. Parker and W. P. Brattle, engineers with the Saskatchewan Government Telephones, Dunning himself, an occupant of many posts in the provincial cabinet, and Robert N. Blackburn. Sharing their interest were individuals engaged in the electrical industry itself.

Though investigation had shown that a provincial power scheme embracing a central power station on the coal fields and transmission lines carrying current to centres of consumption was impractical, there was periodic debate on the subject. By the mid-'twenties what might be called two schools of thought had appeared. That represented by Blackburn
maintained that the immediate establishment of a central generating plant at Estevan was not economically feasible, though it would be in the future when a plant might be erected to supply local power demands with lines gradually being extended outward over much of the province. This group foresaw the continuing operation of plants at Regina, Saskatoon and Moose Jaw, at least for stand-by purposes. For them, a plant at the coal fields was bound up with a carbonizing and briquetting plant in which power would, in a sense, be a by-product. In a word power production would follow and result from industrial development. On the other hand, Parker and Brattle believed that a central plant at Estevan was economically possible, and that a large one should be established. Immediately upon construction such a plant would be linked with Regina and Moose Jaw to form the backbone of a southern power system. The city plants would be taken over and eliminated as they became obsolete. Economic development of the lignite fields and other resources, men of this viewpoint maintained, could only be brought about by erection of a super generating plant at the mines capable of supplying the whole southern part of the province with electricity. Briefly stated, power must precede economic development.

The Honorable Charles Dunning was no doubt aware of both points of view. Moreover, as a result of holding such varied posts as Minister of Railways, Minister of Agriculture, Minister of Telephones, Minister of Municipal Affairs, Provincial Secretary, Provincial Treasurer and Premier in the late 'teens or early 'twenties, he was well acquainted with the general state of affairs in the province. All in all, he did not like the lopsided way in which development was taking place. Prosperity depended

44. The Morning Leader, (Regina), 15 February, 1924, 12 March, 10 July, 1926.
too much on seasonal cereal agriculture. Cheap power, he believed, would assist in rectifying the situation.

When lignite studies passed into the hands of the Lignite Utilization Board and investigation of power development ceased, Dunning attempted to get the Honorary Advisory Council for Scientific and Industrial Research (forerunner to the National Research Council) to intervene with the Federal Government. He also hoped to get experts of the Advisory Council to investigate the whole field of power development in the province. A thorough investigation, he thought, should be made by some authority "entirely independent of any local bias." As he put it, "The financial issues involved are too grave and widespread in their nature to consider for a moment doing anything definite except on the advice of independent technical experts of the highest class ... ."

During the early 'twenties, concern over the slow pace of industrial development in the province apparently became more acute in official circles. Interdepartmental memos called for action, and at times power was suggested as the solution. One such memo, addressed to Dunning, pointed out that Saskatchewan had discovered the use for volcanic ash, but the plants to process it went to Winnipeg and Calgary; that Saskatchewan produced excellent clay, but shipped it to Medicine Hat; that she possessed the resources for a number of other industries, but these were not being developed. The reason, it claimed, was the lack of cheap power. In due course the Government became convinced that this was the case and the Parker position found growing favor. Attention again centred on power and

46. C. A. Dunning to C. A. Manlove, 2 January, 1919, Dunning Papers, pp. 30,944-30,945; The Morning Leader, (Regina), 22 May, 1925.
a preliminary investigation was carried out. Its findings prompted the Government to decide to study all aspects of the question. Consequently, on May 9, 1925 Premier Dunning, in referring to industrial development, announced:

In working on this question the Government reached the conclusion that the absence of cheap power is the greatest handicap .... We have great potential sources of power both North and South in the Province. Preliminary investigation by the Government reveals that great scientific developments especially in regard to more economical long distance transmission of electrical power have occurred in recent years. The results of this preliminary investigation justify the Government in proposing to engage a small body of experts to examine the sources of power within the Province in relation to their possible use with a view to evolving a Provincial power scheme to supply cheap power to our communities for industrial and agricultural purposes.49

Dunning's announcement, though contained in an election manifesto, was not simply a political gimmick. Rather it was designed to pave the way for a great cooperative effort by the people. Private enterprise was making no attempt to furnish cheap power to the area; if it was to be obtained the people in cooperation with their Government had to make it possible. In drawing up his manifesto Dunning chose one of the most encouraging details brought out by the preliminary investigation conducted the year before. He pointed to the great advances made in long distance transmission of power; this held out promise to everyone. Other findings, while very encouraging, might have created jealousies and

48. J. G. Glassco, Chief Engineer for the City of Winnipeg, apparently conducted the investigation. At a public meeting at Yorkton Walter Schlosser, General Manager of Dominion Electric Power, stated that Glassco had done so and reported to Premier Dunning that the Estevan area was the logical site for a central power plant. See The Yorkton Enterprise, 3 February, 1928.

49. Manifesto, C. A. Dunning to the People of Saskatchewan, 9 May, 1925, Gardiner Papers, III, 5, pp. 4,612-4,613, A. S.
jeopardized any scheme from the start if disclosed. A hypothetical southern system had been mapped out and studied. It included Moose Jaw, Regina and Bienfait. The first two centres were deemed absolutely essential for the success of any such system, while the third was to be the site of a large power plant. Intermediate towns and villages were to be served by the system, which, if successful, would be gradually expanded. By thus coordinating the electrical requirements of the province, it was believed that it might be possible to serve the agricultural community as well. With respect to cost the scheme appeared good. It was estimated that all centres could be supplied with current at a price lower than they paid to generate it themselves. At intermediate points the rate would be very much below existing costs and at Moose Jaw considerably lower, but this would not be so at Regina. There the difference would be very slight, and it seemed possible that the city might require additional encouragement to fall in line, a circumstance which would necessitate sacrificing part of the budgeted surplus. In addition, the rate charged to Moose Jaw would have to be higher than that applied to Regina, even without the added incentive. Such an arrangement could easily result in charges of discrimination. In conclusion, the report recommended that the project be undertaken as soon as possible as it would take twenty months to construct and extension of the Regina or Moose Jaw plants might create additional problems.

Unfortunately for the advocates of the scheme, official action to follow up the recommendations was not immediately forthcoming. The announcement of the Government's intention was made on the eve of a

50. The Estimates ... on a Proposed Scheme to Develop a General Electrical Distribution System for the Province of Saskatchewan, undated, Dunning Papers, pp. 15,225-15,226. This report was obviously drawn up in 1924. The Morning Leader, (Regina), 22 May, 1925 reported Premier Dunning as stating that the preliminary investigation was made the preceding year.
provincial election campaign which then took first priority. On June 2 the Dunning administration was returned to office, yet when the provincial legislature met in December the proposed commission had still to be appointed. Greater interest on the Government's part in other matters was no doubt the cause of the delay. Among other things, federal matters temporarily came to the fore with the calling of a national election for the fall. One of the issues raised was the completion of the Hudson Bay Railway, a matter very near to the hearts of Saskatchewan people.

In the Speech from the Throne the Government reiterated its intention to inquire into the province's power resources. Debate on the matter produced only mild criticism and some supporting comment. Dr. Anderson, the Conservative leader, and Dr. Tran, the Progressive leader, both expressed hesitancy about expending any large amount of money for investigating power or any other resources. On the government side, T. C. Davis and D. A. McNiven spoke of the necessity of increasing power output, the latter pointing out that a small plant in Regina paid more than twice as much for energy as a similar one in Winnipeg, even though Regina had the lowest rates in Saskatchewan. Nevertheless, for a second time the Government's attention was diverted from the power question. On January 28, 1926 the House was prorogued, and within less than a month Premier Dunning had resigned to enter federal politics as Minister of Railways in the King Government. Dunning's resignation was followed by a federal by-election in Regina where he was victorious. No less than four provincial by-elections also occurred within the space of the next three months. Since Dunning had held two cabinet posts in addition to being Premier, his departure

52. Ibid., 7, 8, 18 December, 1925.
gave rise to a number of cabinet changes under his successor, James C. Gardiner. Before these had been completed, another federal election had been called -- both the King and Meighen administrations having been defeated in the House of Commons. Dunning's appointment to the federal cabinet had raised hopes in Saskatchewan that a better deal was in store for the West. Buoyed up by this belief, encouraged by the promises contained in the federal budget and inspired by the prospect of a completed Hudson Bay Railway, provincial Liberals entered the fray to assist their federal counterparts. Thus it was not until the fall of 1926 that the Government set about choosing members for the commission which was finally appointed on January 7, 1927.

In more than one respect the delay was costly. In 1925 a new 5,000 kilowatt turbine was installed at Regina, lowering fuel costs, raising the plant's efficiency and reducing rates to consumers. Moose Jaw burgesses had voted down a money bylaw through fear of increased taxation and because the City was near the limit of its borrowing power in the summer of 1924, but they later changed their minds and approved the purchase of a similar sized unit which was in the process of being installed as the commission began its inquiry. As a result of such developments, the prospect of transmitting energy from the coal fields to these centres at a lower cost than they could generate it was eliminated for the immediate future at Regina, while the possible savings at Moose Jaw were reduced. This, however, was of secondary importance. What was perhaps of far greater significance was the loss of time itself -- one year and seven months.

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53. The Morning Leader, (Regina), 18 September, 1925.
54. Ibid., 7 August, 1924; The Optimeter, Vol. I, No. 6, February, 1928, Records of the Moose Jaw Board of Trade.
For years private capital had been unwilling to invest in electrical utilities in Saskatchewan and continued to be almost until the very moment the commission was appointed. On December 15, 1926, as the Government was selecting the commission's members, Walter Schlosser, a North Dakota Senator, with an interest in the Electrical Construction Company of Grand Forks, visited Estevan, thinking that the coal fields would be the logical place to develop power to serve the southern and eastern parts of the province. Three months later he returned and began purchasing plants and obtaining franchises. In rapid succession others followed. A frenzied scramble to control the power situation of the province ensued, in which not only were the Government's plans largely wrecked but wholehearted co-operation between the Government and the people of the province rendered practically impossible.

The commission took only one week less than a year and seven months to report. Had the Government acted immediately upon announcing its intention to investigate, it might have had three untroubled months in which to marshal the municipalities behind its scheme. And had an inquiry, begun then, been pursued with vigor, it might have had more.

Appointed on January 7, the commission held its first meeting on April 12; it had to wait for the session to end in order that the minister in charge might attend. The final delay came when the commission itself attempted to adjust its findings to correspond to the desires of the major cities. A full-time commission, rather than merely the part-time one appointed, might have expedited the matter. A proposal from the Government

56. The Morning Leader, (Regina), 8 February, 13 April, 1927.
for a comprehensive scheme of development, even such a one as was finally
worked out by the commission, might well with slight modifications have
found ready acceptance by most centres had it been presented somewhat
in advance of the spring of 1927. Municipal debts or high production
costs would perhaps have made more municipalities willing to study the
offer of service at cost rather than cast it aside as vague or indefinite.
But the opportune moment slipped by. Indeed, it was gone before the
commission's final proposals were in the hands of the Government. Premier
Gardiner must have been fully aware of this as he stood before the dele-
gates assembled for the Wheat Pool banquet in the Hotel Saskatchewan on
June 6, 1928 and stated: "The great question confronting the people of
our province today is this. Are you prepared to carry the burdens of the
57 present to enjoy the blessings of the future?" In reality "the people
of the province" no longer faced that "great question." It had already
been settled for them by a small group of provincial and municipal
officials. Behind closed doors only hours earlier a second scheme for an
integrated power system for Saskatchewan had vanished into the dust bin
of history.

CHAPTER FOUR

THE SASKATCHEWAN POWER RESOURCES COMMISSION INVESTIGATION

The Saskatchewan Power Resources Commission, appointed on January 7, 1927, consisted of three men plus a secretary. Selected by the Government to act as its chairman was Louis A. Thornton, City Commissioner of Regina. Alexander R. Greig and Arthur Hitchcock, a professor of agricultural engineering at the University of Saskatchewan and a Moose Jaw business man respectively, were the other members. For the position of secretary the Government chose Robert N. Blackburn, Chief Mechanical Superintendent of the Department of Public Works.

Taken as a group the four possessed substantial administrative ability, technical knowledge and business know-how. Thornton, for example, was familiar with engineering principles in addition to being a qualified administrator. Born at Kingston, Ontario, in 1880, he had attended Queen's University where he obtained both Bachelor of Arts and Bachelor of Science degrees. Following graduation he had served on the engineering staff of the Trent Canal for a time before coming west in 1906. His early years in Saskatchewan were spent in the employ of the Department of Public Works, for which he acted as resident engineer during construction of the Saskatchewan River traffic bridges at Saskatoon and North Battleford. Early in 1910 he accepted the post of city engineer in Regina, a position he filled until being appointed City Commissioner in 1912. During his years with the
City he played a significant role, along with E. W. Bull, electrical superintendent, in insuring that Regina's municipal power plant was expanded to keep pace with the growth of the community. Perhaps the selection of him as chairman was natural, as he had already served on a royal commission, the Armstrong assessment commission appointed in 1921 by the Martin administration. Blackburn had also been close to electrical utilities in the province. In his capacity as technical adviser to the Local Government Board, he had acquired a great deal of knowledge about those owned by municipalities and probably possessed a better understanding of their overall operation than any of his contemporaries.

Nevertheless, it is somewhat doubtful if the Commissioners were the type of men Dunning had had in mind when he was Premier. He had stated that such an inquiry should be conducted by "independent technical experts of the highest class ... entirely independent of any local bias." Though the members of the Commission were no doubt able, it is questionable if such a description could be applied to them. First, none of the Commissioners nor the secretary was a qualified electrical engineer fully conversant with modern power systems. It would have been desirable to include such a person. Secondly, all of them were residents of the province. Indeed, the Commissioners may have been selected in such a fashion as to give each of the three major cities indirect representation. Each may have been partial where the wishes and supposed interests of his city were concerned, and Blackburn, a member of the civil service, may have been subject to influence by the Government. Be that as it may, the Commissioners proved to be anything but independent, and their report

suggests that they were scarcely technical experts of the highest class. The fact that they could apparently be induced to reject their own carefully reached conclusions led to a serious setback for Saskatchewan.

The Order-in-Council by which the Commission was established arranged for a sweeping investigation of all aspects of the power question. The Commissioners were instructed "to inquire into and report upon the economic practicability of generating power at central power plants and water power sites in the province and the distribution of same throughout the province, and in particular without restricting the generality of the foregoing terms" to direct their attention to twelve specific aspects of the subject.

The Commission's terms of reference, in effect, instructed it to answer the following questions:

(a) Was it economically practicable to construct central power plants on the lignite fields of southern Saskatchewan?

(b) Would it be preferable as an alternative or in addition to erecting plants on such coal fields to construct central stations at other suitable places in the province with a view to their ultimate interconnection?

(c) Would it be desirable to operate central plants in conjunction with the production of char, briquettes or other by-products?

(d) What would be the probable cost of power produced at such plants, the distance for which it could be economically transmitted and the price that would have to be charged for it at the various centres to which it might be transmitted?

(e) What were the capacities of existing power plants in the province, their outputs of electricity, costs of production and sale prices for current?
(f) What was the status of rural electrification beyond the boundaries of the province, together with the possibilities of instituting such a program locally?

(g) Would it be advisable to grant municipalities owning and operating power plants the privilege of selling energy outside their corporate limits, together with the power to construct, own and maintain lines beyond such limits?

(h) What were the hydroelectric possibilities of the province?

(i) Would it be possible to develop any waterpower sites to economic advantage under existing conditions?

(j) What type of transmission and distribution lines would be most suitable for conditions prevailing in the province?

(k) Did sufficient markets for power which might be produced at a central plant or plants exist?

(l) In the event that such markets did not exist, would the sale of power produced at such a plant or plants create the demand for it?

In order to obtain the required information, the Commission was empowered to summon witnesses to give oral or written evidence under oath and to compel such witnesses to produce documents and information deemed necessary. It was further authorized to issue subpoenas for enforcing the attendance of witnesses. And in addition, subject to the approval of the minister in charge of the Bureau of Labour and Industries, the Commissioners could engage the services of accountants, engineers, technical advisers, clerks, reporters and assistants.

At the first meeting of the Commission, held in April and attended by Government officials, the general outline which the investigation would

2. SPRC., pp. 42-45.
3. Ibid.
take was worked out. According to reports reaching the press, it was decided to prepare questionnaires and send them to the various power plants in the province in order to obtain data on power production, equipment, costs and rates.

During the course of the summer eight public hearings in all were held at various communities throughout the province. At these a wide variety of topics came under discussion and numerous witnesses gave testimony. All told, the Commission gleaned a great deal of information concerning the growth of plants, plans for future construction, prospects for rural electrification, and the extent of markets for energy, together with the opinions of local electrical utility officials on such matters as the use of central power plants and transmission lines. Due consideration was also given to matters of special interest at particular communities. At Prince Albert the Lacolle Falls project was dealt with in some detail; at Estevan the coal mines and briquetting plant were visited and information relative to power production and consumption obtained, and at Moose Jaw rural electrification received extra attention. Work had been done in that locality to supply power to farms, some of which were twelve miles from the city.

Following the hearing held in Regina on September 26, 1927, The Morning Leader disclosed that a mass of data was possessed by the Commission on almost every plant in the province, adding: "... it is highly probable that the Commission will be content with the information it has received at

4. The Morning Leader, (Regina), 8 February, 13 April, 1927.
6. Ibid., also "Summaries of Evidence Presented to The Saskatchewan Power Resources Commission", A. S.
the various points visited and the written replies to the questionnaires 7
sent out." While there is no evidence that this conclusion was incorrect,
the Commissioners were not yet in a position to draw up a report together
with recommendations to the Government. They had still to receive the
findings of their consulting engineers, Messrs. Sullivan, Kipp and Chase
of Winnipeg.

Upon commencing its investigation of the power question, the
Commission recognized the desirability of having expert advisers and the
Winnipeg firm was chosen. On September 23, as their final hearing
approached and the Commissioners knew the points on which specialized
assistance would be required, instructions were issued to Sullivan,
Kipp and Chase. In a few words, the consultants were asked for advice
on the economic practicability of erecting central power stations,
developing waterpower sites, the transmission of energy to various
centres in the province, the markets for electrical energy and the type
of lines to be used in any system which might be established. Only points
five through seven contained in the Order-in-Council establishing the
Commission were excluded. In the long run it proved to be important
that the consultants were not to deal specifically with point five,
concerning the costs of production at existing power plants in the
province, to which their report referred only very briefly. As will
be seen, this was to make it relatively easy for the Commissioners to
reverse one set of recommendations, substitute others and still produce
a convincing report. In this fashion, what was initially declared to be
economically practicable could be and was made to appear as being the

7. The Morning Leader, (Regina), 27 September, 1927.
opposite by the use of figures relating to production costs in city power plants. How this was done, together with the fallacy of the methods used in discarding other sections of their original recommendations, will be dealt with in due course.

When the Government set up the investigating body its actions were warmly applauded. The Honorable Charles Hamilton, Minister of Agriculture, declared in the House that one of its objectives was to remove the drudgery from farming by replacing some of the manual labor by electricity. It might be a dream, he said, but at least it was a high ideal and not too high for agriculture in the province. The farmers' paper, The Western Producer, fully endorsed the move. And The Morning Leader was, if anything, even more favorable. Its editor declared: "The decision of the Gardiner Government will be generally commended. It suggests vision and a desire that the resources of the province may be made available in the fullest possible degree for agricultural and industrial requirements."

While the Government hoped to have the report of the Commission by the following session of the legislature, things did not work out that way. Not until January 21, 1928, three days before the session began, were the consulting engineers in a position to make recommendations to the Power Resources Commission, at which time they presented merely a preliminary report. Consequently, the Government received only an interim report from the Commission and as a result did not see fit to formulate a power policy or adopt any positive program at the time.

9. The Western Producer, (Saskatoon), 13 January, 1927.
11. Ibid., 22 February, 1927.
The preliminary report of the consulting engineers contained two basic recommendations: first, that the idea of early waterpower development be rejected and, second, that steps be taken toward the early installation of a large central steam-electric station along with the necessary transmission lines to reach the three principal cities. Further, it pointed out, since Saskatoon was faced with a power shortage, immediate relief could be rendered "by prompt construction of that portion of the transmission system which would connect that city with Moose Jaw and Regina, thus permitting a pool of joint present city generating equipment." Sullivan, Kipp and Chase added that this section of the transmission system would form the nucleus of a provincial system, regardless of the location chosen for a central station, and that extensions from the nucleus to outlying cities and groups of towns "should be undertaken as it may from time to time be proven that sufficient economic advantage may accrue to those towns without detriment to the core of the system and without increase in its operating costs." The consultants also recommended that a central station with a capacity of 25,000 kilowatts be constructed, that in selecting a site for it provision be made for expanding to at least 50,000 kilowatts without increasing the capital costs per kilowatt of installed capacity and that the transmission line structures be such as to permit the erection of a second circuit to allow for expanding the central plant's generating capacity. Finally, the Government was urged to enact legislation to give effect to the recommendations.

In response to these suggestions the Gardiner administration brought in a number of bills during the session which opened in January, 1928. First, a new government department of Railways, Labour and Industries was created and empowered to operate electrical utilities. By the terms of the act, the department could manufacture, distribute and supply electrical energy; acquire, lease, construct, maintain and operate works for generating electricity through the use of fuels or waterpower; obtain by purchase, lease, expropriation or otherwise land for power station or substation sites and for electrical transmission or distribution lines. It was further empowered to purchase, lease or expropriate plants, buildings and machinery used in the production, transmission, distribution and supply of power. By these clauses the Province might by legal means take over any electrical utility and incorporate it into any system it might see fit to establish. However, it is doubtful if the Government intended to proceed in this manner. A further clause permitted the department to contract for a supply of electricity. If a municipality should prove unwilling to sell its power plant to the Government but willing to hook up with a publicly owned system, energy could be purchased from that community under the provision for distribution beyond its boundaries.

By amending the Public Utilities' Companies Act, the legislature took a second step preparing the way for a government owned power system. This piece of legislation gave the Minister of Railways, Labour and Industries the authority to oversee the construction of power lines outside the limits of towns and cities. Before such lines could be erected in the future, companies wishing to build them had to obtain his consent. At the same time provisions were made for issuing regulations governing generation, transmission, ........................

13. Statutes of the Province of Saskatchewan, 1928, Ch. 11.
transformation and distribution of electricity. In this manner the Government sought to assure itself that any equipment which might be installed would be of a set standard in case it might be desirable to incorporate it into a single network.

By the same amendment any person, council or municipality was authorized to appeal rates or charges set by electric companies to the Local Government Board, which in turn was empowered to investigate and fix rates at such levels as it believed were just without regard to any contract the company might hold. Rather than implementing the recommendations of the consulting engineers, this provision was intended to protect consumers served by private electric companies.

A second amendment, this one to the Municipal Public Works Act, was designed to protect the bond holders of urban centres which were disposing or might in the future dispose of municipally owned power plants to private interests. Henceforth, such communities would be required to obtain the approval of the Local Government Board, which might impose certain conditions relative to outstanding debts and proceeds from the sale.

Together these three measures more than answered the request of the consultants for enabling legislation. Indeed, they were all that was necessary for the establishment of a province-wide power system. But it was impossible simply to legislate such a complex into being. Other action was also required; here the Gardiner administration delayed and in the end did not measure up to the task at hand. During the session it left the citizens of the province largely in doubt concerning what it

14. Ibid., Ch. 32.
15. Ibid.
16. The Morning Leader, (Regina), 14 February, 1928. The Honorable George Spence stated that this was the purpose of the amendment.
17. Statutes of the Province of Saskatchewan, 1928, Ch. 41.
intended to do. Government statements in this regard were vague and subject to interpretation in a number of ways. Early in the session the Premier announced: "Legislation is to be brought down to safeguard those communities which are at present considering the selling out of their plants and the granting of franchises to private companies." Continuing, he added: "By the close of the present session ... Saskatchewan will be abreast of any province in legislation enacted in connection with power development in spite of the fact that Saskatchewan has no hydro electric development and none of the experience of the older provinces." In speaking on the bill to establish the Department of Railways, Labour and Industries of which he was soon to be minister, George Spence was equally indefinite when he said: "Pending the receipt of the commission's report the government stands at the bridge head to guard the interests of the province in power development." These statements, while holding out the suggestion that the Government might enter the power business, by no means indicated what its plans would involve. And indeed no hint was given in this regard. The only verbal guidance offered to the province was a statement by Spence urging municipal officials to go slowly in the matter of disposing of power franchises to private companies and another by Gardiner advising them to be careful in doing so. Calls for public ownership of power during the session came only from opposition speakers. The indeterminate position of the Government with respect to the power question was described very well in a somewhat lengthy editorial in The Western Producer:

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19. Ibid., 14 February, 1928.
In spite of the acclaim which heralded the speech of Hon. George Spence on the power question, there is still some doubt as to where the province stands in the matter of power development. It would be difficult to imagine anything more spectacularly indefinite than the Minister's pronouncement. There is a hint that some day, after the Power Commission has made its report, the government will have a power policy which will put that of Ontario in a secondary position. There is a soothing suggestion that municipalities are in no danger of losing control of their public utilities. There is an insinuated assumption that Saskatchewan has ample resources of cheap hydroelectric power. There is a remote vision of a vast network of provincial power-lines cobwebbing the country from corner to corner. As yet, however, it cannot be said that Saskatchewan has a power policy. It cannot yet be said that any effective bar has been raised against the wholesale acquisition of municipal plants. It cannot yet be said that the power resources of the province are safeguarded firmly for the people. When Mr. Spence announced that the government power policy has not yet been formulated, but that in the meantime, he would stand at the bridge-head to prevent the further encroachment of powerful private corporations, he probably meant it, and it is to be hoped he has the machinery at hand to make good his declaration, but the matter contained in the various bills introduced by him does not clearly indicate exactly how the fort is to be held for public ownership until such time as the government is ready to relieve the garrison.  

Aside from enacting the legislation already cited the Government did nothing to implement the recommendations of the consulting engineers. Nowhere is there evidence to suggest that provincial officials discussed the proposals respecting the tri-city interconnection or central plant with any of the parties interested until a number of months later. Why did Gardiner and his colleagues adopt such an attitude toward the subject? The logical explanation is to be found in the methods followed in adopting a policy and in what was patently the historic public ownership policy of the Saskatchewan Liberal party. First, the Government took no action because before adopting a policy its leaders evidently wished to possess a plan of known acceptability by which to implement it. This

22. The Western Producer, (Saskatoon), 23 February, 1928.
was demonstrated by subsequent events. And secondly, nothing was done because the administration plainly did not intend to set up a province-wide system. As in the case of the telephone, the elevator, the creamery and the hail insurance ventures, Liberal leaders no doubt believed that by acquiring a part of the electrical utility field it would be possible to satisfy demands for public ownership and at the same time exert a measure of control over the operations of the whole utility. At the moment there was plenty of room left in the province for a publicly owned system. Besides, the Government's interest strikes one as having centred on the plants of the three major cities which at the time were in no danger of coming under private control. Thus the Government played a waiting game in order to gain the advantage of having all the facts when it approached the cities. Its statements in the Legislature were probably intended to test the strength of public opinion concerning a publicly owned system in order to proceed on the basis of that knowledge as well after the report of the Power Resources Commission had been received.

23. That the Government was proceeding along the lines of its historic public ownership policy is clear from its actions throughout the whole period of the power investigation. Almost at the moment the Commission was appointed, the first individual intent upon establishing a large private electric company appeared in the province. Upon discussing the matter with provincial officials, he later stated, he was informed that nothing in the statutes prevented the undertaking. See W. H. Schlosser to E. W. Bowness, 29 December, 1932, D. E. P. No. 175. This was perhaps an understandable response; after all, upon taking office Premier Gardiner had invited outside capital to invest in Saskatchewan. At the same time the investor may have well been given the details of the preliminary investigation conducted by the Dunning administration. At a public meeting at Yorkton W. H. Schlosser, the investor, stated that the investigation was conducted by J. G. Glassco, who designated Estevan as the logical site for a plant. See The Yorkton Enterprise, 3 February, 1928. Indeed, it is not impossible that Schlosser was even informed of the method the Government would use in establishing prices for plants it might purchase in the future. See Estevan Council Minutes, 4 April, 1927. The minutes state that when Schlosser made an offer for the Estevan plant it was pointed out by one of the councillors that it was the same as that made by the Local Government Board.
Perhaps Liberal leaders were later to regret their failure to take the public into their confidence in order to prepare the way for the scheme they were soon to propose. Be that as it may, when the moment came those directly concerned were not at all ready and, to the detriment of Saskatchewan, the plan was not accepted.

                   But that was not all. Government actions practically forced some communities to sell out to private interests. For example, during the summer of 1927 Yorkton was in a critical position in regard to generating capacity. Permission was requested from the Local Government Board to install a new unit but was refused on the grounds that the power investigation was in progress and because private firms were offering favourable rates for power. See Local Government Board to F. J. Pilkington, 8 July, 1927, L. G. B. File, Yorkton, 1923-1927. A few weeks later the Commission conducted a hearing at Yorkton. City officials asked the Commissioners what should be done, asserting that they wished to do what was best for the province but were on the horns of a dilemma. Thornton stated that he could offer no advice while Blackburn reportedly informed the City that the only reason it had been refused permission to expand its plant was to give it a chance to deal with the private companies. See The Yorkton Enterprise, 30 August, 1927. In the months which followed Yorkton did negotiate and in the spring of 1928 sold out to Mid-West Utilities. Shortly before the decision was made, Mayor A. C. Stewart interviewed the Honorable George Spence. Afterwards the Mayor stated that Spence had been unable to advise him whether the City should sell or delay the sale. See ibid., 13 March, 1928. If Mayor Stewart's statement was true it meant that Spence, the minister in charge of power development and possibly already possessing the recommendations of the consulting engineers calling for a transmission line from Regina to Kamsack via Yorkton, could not offer any guidance to the municipality. The implication seems clear. Even though the consultants classed the transmission line from Regina to Kamsack as one of the best projects to undertake, the Government was not interested in the area since private companies held most of the towns along the route.

Throughout the entire period, the actions of the Local Government Board also suggest that the Gardiner administration did not intend to undertake a province-wide, publicly owned scheme. The board adopted the attitude that sale of electrical utilities would reduce debenture indebtedness of the municipalities and consequently approved purchase after purchase by private companies. Had the Government been opposed to such a procedure, some indication of it would have appeared in the records of the board. Furthermore, it was charged on occasion that the board advised municipalities to dispose of their electrical utilities to private companies.

The actions of the department of which Spence was in charge point to similar conclusions. Both before and after the Power Resources Commission reported, his staff issued permits to private utility companies authorizing
On March 7, 1928 the Legislature was prorogued. From then until mid-May no action was taken by the Province relating to the power question. However, during the interval the Power Resources Commission was periodically at work drawing up recommendations to the Government. On March 1 Messrs. Sullivan, Kipp and Chase had added the final touches to their report and had sent it on its way, enabling the Commissioners to proceed.

The final report of the consulting engineers strongly supported their earlier findings. They now added the following recommendations:

That no time be lost in establishing the Tri-City Power Pool and Central Station High Tension Transmission Project. ... That, in view of the slight differences in capital cost and in costs per delivered kilowatt hour which appertain to the three central station sites, there should be instituted at once a thorough investigation into: (a) The possibilities and costs of season to season storages on the Souris River above Roche Percee, which storages must be provided for if a capacity greater than 25,000 kilowatts can be served there with enough of condensing water. (b) The extent, the thickness of seam, the costs of mining lignite coal at Lake-of-the-Rivers, the favorable proof of these items being a sine qua non for the choice of this site for a central steam-electric station. ... unless the results of investigations shall prove favorable to the choice of Roche Percee or of Lake-of-the-Rivers as a site for a station of at least 50,000 kilowatt capacity, then the Elbow site shall be chosen.

These and associated recommendations were based on the following arguments:

"That the average cost of energy to be delivered to the three cities during 1930 would be less than the present costs ... at Moose Jaw and at Saskatoon, but slightly more than those at Regina. ... That the average costs of delivered energy during 1935 and subsequently would be much less than the..."

them to build transmission lines. Finally, statements made by the Premier when the Power Commission Act was before the Legislature months later tend to confirm these conclusions. See *The Regina Daily Star*, 20 December, 1928, in S. S. H. Vol. 41 and *The Western Producer*, (Saskatoon), 27 December, 1928. Gardiner stated that power would possibly be taken over gradually, as the telephones had been, and that probably all power would never be publicly owned.

24. The three sites were Roche Percee on the Souris coal fields, Lake-of-the-Rivers south of Moose Jaw and Elbow on the Saskatchewan River between Moose Jaw and Saskatoon.
Map 2 Proposed Tri-City Core, Extensions and Central Generating Station at Roche Perceé.

1926 costs at all cities; and less than can be hoped for by the use of individual city plants by 1935. ... That the other advantages which would accrue to each of the cities by virtue of a Central Station Transmission scheme are quite sufficient to warrant the joint project."

Sullivan, Kipp and Chase asserted that there were many advantages to a joint central station scheme. First, a site could be selected which would permit expansion to the capacity required for a reasonable period of years. This would be less expensive than providing separate facilities and equipment for the same generating capacity at scattered locations. Secondly, only one skilled staff would be required and the best qualified engineering and laboratory supervision utilized at a cost which would be a "negligible item in cents per thousand kilowatt hours." Thirdly, the provision of stand-by equipment at each existing city station would be eliminated and in its place a minimum -- sufficient only to take one unit out of service -- would be required. Finally, the engineering firm declared: 'The production of energy from a fifty thousand kilowatt station properly designed approaches an optimum of economy of cost per kilowatt hour. ... The economy of a station newly designed and constructed of from 25,000 Kw. to 50,000 Kw. will be much beyond that possible in any of the present city stations which, like Topsy 'just grew'."

Backed by a mass of technical details, tables, charts and graphs, these in essence were the findings of Sullivan, Kipp and Chase. As for existing .................

26. Ibid., pp. 124-125
city plants, the firm recommended that until their useful life had expired the larger and newer boiler and generating units be utilized "but only to a portion of their capacity, as peak load carriers," and that they be kept under steam during the winter months as emergency units, particularly during the period of single circuit transmission.

Though not requested to deal with the matter of organization, the consultants did so very briefly. In their opinion, it was evident that the Provincial Government should enter the power pool on behalf of the towns, villages, hamlets and farms within the area which would be traversed by transmission lines and branches. Furthermore, they suggested that the Government itself or through a contracting power company might sponsor the entire project, selling energy at proper distribution voltages to towns and cities under contract. On the whole, their recommendations pointed to a system similar to that proving so satisfactory in Ontario. As a start on an up-to-date, integrated power system for the province, in addition to the tri-city core and central plant, the consulting engineers urged the Government to build branches from Regina to Kamsack via Melville and Yorkton and possibly from Saskatoon to North Battleford.

The report of the consulting engineers, as already stated, was completed on March 1. It is logical to assume that it was placed in the

27. Ibid., p. 125.
28. Ibid., p. 110.
29. Ibid., p. 109. The latter branch was regarded as doubtful from the economic point of view and one from Saskatoon to Prince Albert as unwarranted. It is of interest to note that the Montreal Engineering Company which planned and constructed electrical systems believed that Regina, Moose Jaw and Saskatoon could be joined together for less than the cost of a plant at Saskatoon and that the line between them would have the added advantage of acquiring the loads enroute. The firm described such a line as a natural step forward and one which would provide a reserve of 5,000 kilowatts. See The Morning Leader, (Regina), 27 September, 1927.
hands of the Power Resources Commission not more than a week later and
that within the next two months the Commissioners gave it careful consider-
ation, not only by itself but in conjunction with their own findings.
Thus it is reasonable to believe that the Commissioners knew what their
final recommendations would be when they met with members of the
Government on May 8 and when they, together with provincial officials,
conferred with representatives of Regina, Moose Jaw and Saskatoon on
May 16. Beyond the shadow of a doubt, the proposals made that day were
intended to be the final recommendations of the Commission. Indeed,
their final report was expected within approximately two weeks. And on
May 16 the Government offered the cities the program recommended by
Sullivan, Kipp and Chase almost point by point as the best method of
supplying the province's energy requirements. In short, the Government
proposed to begin construction of an integrated power system for the
province.

At the conference the Government recommended linking the three cities
by a transmission line of large capacity, pooling their energy requirements
and those of the surrounding countryside by operating the plants under one
authority, constructing a central plant to supply as much energy as possible,
using existing city plants to supply blocks of power at peak load periods,
and delivering energy to the cities at the voltage required by them.
The cities were informed that power costs would be at least as favorable
as existing ones in any city and lower than in some, while in the
future they would be much lower than could result from the operation of
individual local plants. As to the advantages accruing to the cities, it

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30. Saskatoon Council Minutes, 21 May, 1928, state that the report
was expected in two weeks. For Commission-Government-City meetings see
The Morning Leader, (Regina), 9, 17 May, 1928 and The Moose Jaw Evening
Times, 16 May, 1928.
was pointed out that such a system would provide greater efficiency through one large station, proper stand-by units, the opportunity to employ a single expert staff and the avoidance by municipalities of capital expenditures for generating equipment.

Like the consulting engineers, the Government proposed to extend outward from the nucleus whenever the economy of such branches was apparent. Indeed, the Government added a few extras to make the plan even more attractive. First of all, thought was given to the province as a whole. Technical experts in the organization established, it was argued, would be able to advise and assist individuals and communities in solving their problems until the system could be extended to reach them. As for the cities, they were offered the option of having the fixed charges on their existing plants included in the cost of energy supplied to them or of paying the charges by themselves and thus keeping down the initial price of energy.

Whatever questions may have existed concerning the Government's attitude toward the power question were for the most part answered by its statements and actions during and after the conference. Government spokesmen asserted that the people of the province had strongly indicated that they wished to retain control of their electrical utilities. The conferences had been called, it was stated, because only through cooperation by the Government and the major cities could the desires of the people be realized. All in all, the Gardiner administration clearly indicated that it was prepared to adopt a policy of public ownership. Indeed, it had set the stage well for such a move. If the cities accepted the proposals it would be

32. Ibid.
the ideal moment for such a pronouncement. For all practical purposes the whole power question would be settled at one stroke. With the Government controlling the concentrated markets supplied by the three cities, no company could even dream of seriously competing with it in power rates. Growing unpopular for reasons beyond their control, the private operators would in all probability be obligated to turn over their properties for incorporation into a provincial system if and when the Government chose.

Momentarily the future of power developments in the province for the next generation hung in the balance as the cities withdrew from the conference to discuss the matter among themselves. Before the afternoon was over they arrived at a decision, and issued a joint resolution declaring: "... the civic representatives feel that the scheme of pool production of power should first receive further consideration at the hands of the Power Commission, and that their report should deal, not only with central power production, but also with the utilization of the present civic plants for the supply of power to outside points." Seeing its scheme plowing straight for the rocks of city selfishness, the Government hung back. There was little point in a major policy announcement simply to be sure of securing the twenty customers at "Wildoats Junction" or the ten at "Buckwheat Flats" for a publicly owned system; for the scheme in question, the cities were the key. The Government informed the municipal representatives that their resolution would be turned over to the Power Resources Commission as an indication of their wishes and closed the conference with the announcement that if the cities wanted further meetings they would be arranged.

33. Ibid., also see Saskatoon Council Minutes, 21 May, 1928.
Within the next few days hope that the Government's scheme might win easy acceptance dimmed. Roughly forty-eight hours after the conference ended the power question was raised in council at Regina. Alderman Cooksley expressed the belief that under a central station scheme Regina, Moose Jaw and Saskatoon would be required to sell power at the same rates. He alleged that this would place the city at a disadvantage. Industry, he declared, wanted both cheap power and plenty of water. Saskatoon had the advantage with regard to water but Regina had been able to undersell the other cities in electricity and, he urged, should make the most of this advantage. Such reactions made it appear probable that considerable negotiation would be required if the proposals were to win acceptance.

During the next fortnight the Government obviously decided not to spend time on long drawn out proceedings. The Saskatoon situation was rapidly becoming the most vital issue in the whole provincial power question. If the City did not accept a government proposal, it would have to determine within the next few weeks whether to build a new plant or make other arrangements to assure an adequate supply of electricity. Tenders were due to be opened on June 4 containing offers to supply the City with power in bulk. If one of these proposals was accepted and the city connected up with a private company, any possibility whatsoever of a publicly owned tri-city power scheme would be wrecked. The Government's appointment of a part-time inquiry commission and its delay in approaching the cities were beginning to bear their bitter fruit.

Perhaps in the hope of saving time, provincial officials summoned the electrical superintendents of the cities to a second conference. The May 16 proposals were again discussed, along with other subjects, but with

34. The Morning Leader, (Regina), 18 May, 1928.
35. Saskatoon Council Minutes, 26 April, 1928.
no more favorable results. Then in the course of a few days the Government apparently panicked, possibly fearing that none of the cities would enter its scheme and that it would be left without a workable plan. As a result, the scuttling of the original findings of the Power Resources Commission, including the plan for a central plant and tri-city transmission system, began and the Power Commissioners' report expected in two weeks did not appear for seven. From all appearances, it was reshaped to fit Saskatoon's requirements to the letter.

On May 22, at the meeting between electrical superintendents, the Government and the Commission, the tri-city scheme of the consultants was again a subject. Also dealt with were operations and probable future costs of electrical production in the three cities under existing arrangements. As a result of the conference, Sullivan, Kipp and Chase were requested to draw up a supplementary report on the proposed plant at Elbow. It will be recalled that according to their recommendations, this site was to be used only if the others proved unsuitable upon investigation. Perhaps the Government decided to eliminate these without such studies. The specific assignment was to provide a "supplementary study of minimum costs of service to Regina, Moose Jaw, and Saskatoon from central station at Elbow." Evidently, the Government and the Commission at the time were convinced of the advisability of proceeding quickly with the central station, tri-city scheme since the supplementary study was "prepared in view of the expressed wish of the Government to enter into negotiations looking to the establishment of a Central Electrical Provincial Supply based upon service to the three principal cities."

36. Ibid., 21 May, 5 June, 1928; S.P.R.C., p. 12.
37. A report bearing this title was submitted by Sullivan, Kipp and Chase on 2 June, 1928. S. P. C. Library.
Sullivan, Kipp and Chase therefore again estimated the capital cost of their scheme embodying the Elbow site. This came to $341,000 less than their previous estimate due to prices on powerhouse equipment having declined. In addition, they worked out two trial rate structures for purposes of negotiation. One rate structure was based on the assumption that the cities would retain and pay off the charges on their own plants and the other on the assumption that a central authority would purchase them. In all cases the rates were below the cities' existing costs of production but higher than their estimates for 1935. Sullivan, Kipp and Chase gave two reasons for this: "At the Regina Conference, May 22nd, it was insisted by the three city electrical engineers that their labor forces ... must be maintained at three shifts of eight hours through-out the year." The consulting engineers regarded this condition as a "serious obstacle to the effort to reach low delivery costs... ." Were it possible, they said, to reduce such staffs to a minimum "the costs of service could be reduced considerably... ." The condition demanded by the cities added $70,000 annually to the estimated operating costs of the system. Perhaps more important, the city electrical engineers' 1935 estimates were regarded as optimistic by the consultants. Figures given at the conference were 0.8128 cents per kilowatt-hour for Regina, 1.039 cents for Moose Jaw and 1.067 cents for Saskatoon. After describing how the cities

39. Ibid., p. 5. The report reads: "Recent quotations on equipment bear evidence that purchases to definite specifications will be at distinctly lower costs than those estimated in our report." In rejecting the scheme the Commission used the higher original figures.
40. Ibid., p. 3.
41. Ibid., p. 11.
42. Ibid., p. 9.
43. $100,000 compared to $30,000. See Ibid., p. 4 and SKC Report p. 167.
44. Sullivan, Kipp and Chase Ltd., "Supplemimentary Study of ... Central Station at Elbow," p. 11.
arrived at such figures the consultants stated: "Possibly all estimates were prepared with a view to negotiations for purchase of energy."

The Power Resources Commission's report does not mention the condition laid down by the electrical engineers of the cities nor does it include the consultants' comments on estimated city production costs. Neither did the Commissioners, none of whom was a qualified electrical engineer, regard the 1935 estimates of city operation as optimistic. In their report they asserted: "We have given careful consideration to these estimates, and believe that they are substantially correct and reasonably represent what may be expected with the loads projected." Who were correct in their analysis of the estimated city costs? Evidence strongly supports the consulting engineers. On the basis of highly questionable data submitted by parties with vested interests in maintaining the city plants, the Elbow site for a central power station was dropped as uneconomic. At the same time it may have been decided to drop the whole scheme of the consultants.

45. Ibid., pp. 11-12.
46. SPCR., p. 13.
47. Almost at the very same time that Sullivan, Kipp and Chase were drawing up their supplementary report to the Government, J. R. Cowley, the electrical superintendent of Saskatoon, presented the City Council with estimates on the cost of operating the local electrical utility. These differed widely from those which he had supplied to the Commission. According to the supplementary report of the consultants, Cowley informed the Commission that Saskatoon's fixed charges for the period 1926 to 1935, inclusive, would be $125,000 annually. See Sullivan, Kipp and Chase Ltd., "Supplementary Study of ... Central Station at Elbow," p. 8. On the other hand, he informed the Council that they would be $180,000 for the year 1930. But that was not all. Cowley had informed the Commission that his 1935 costs per kilowatt-hour would be 1.067 cents. At the same time he advised the Council that the 1930 costs per kilowatt-hour would be 1.384 cents. See Saskatoon Council Minutes, 5 June, 1928. From this figure and other information available, it is possible to demonstrate what would happen to his costs before 1935.

If Saskatoon was obliged to look after its own electrical energy needs, Cowley believed the City should construct a new power plant. This would cost in the neighbourhood of $1,200,000 and consist of one 7,500 kilowatt generator. See "Report of the Special Sub-Committee on Power Extension to the Chairman and Members of the Standing Committee of City
The supplementary report of Sullivan, Kipp and Chase did not by any means show the scheme contained in their original report to be uneconomic. With reference to its contents they stated:

The two layouts of possible operating expense and income must be considered as illustrative rather than practical. Some intermediate system of rates for sale by the central system must be.

Council," April 12, 1928, Saskatoon City Records. When drawing up his estimates for the 1930 costs for City Council, Cowley considered this plant as being in operation. For the year he estimated that 32,600,000 kilowatt-hours would have to be generated. Of this amount, 29,340,000 would be produced with the new plant at a cost of 0.7 cents per kilowatt-hour plus fixed charges and the balance by the old plant at two cents per kilowatt-hour plus fixed charges. The average cost using the two plants would be 1.384 cents per kilowatt-hour. See Saskatoon Council Minutes, 5 June, 1928. The reason for not producing all the required power with the new plant was simple. The estimated peak load for 1930 was 8,960 kilowatts. This was too much to be handled by the proposed 7,500 kilowatt generator. It was further estimated that during the years 1930 to 1935 the peak load on the plant would rise to 14,300 kilowatts. See Sullivan, Kipp and Chase Ltd., "Supplementary Study of ... Central Station at Elbow," p. 2. This would mean that with each succeeding year greater amounts of high cost power would have to be produced with the old equipment. Sullivan, Kipp and Chase described what would happen when commenting on Regina's low costs in 1926. They stated: "Higher fuel costs would accompany more liberal use of other generators, as will be necessary for greater loads of [the] early future." See SKC Report, p. 170. Rather than Saskatoon's costs declining to 1.067 cents per kilowatt-hour in 1935, as stated by Cowley, costs might well have been rising unless further capital expenditures were made on more efficient generating equipment. In passing it is interesting to note that the 1932 production costs at Saskatoon were 1.567 cents per kilowatt-hour in spite of the fact that the Commission erected a new 10,000 kilowatt plant, rather than one with the 7,500 kilowatt capacity on which Cowley based his estimates. See L. A. Thornton to Premier J. T. M. Anderson, 10 May, 1933, S. P. C. File, Power Development, Saskatoon, Tri-City Interconnection.

Were the estimates of the other city electrical superintendents as unreliable as those of Saskatoon? From the evidence available it is impossible to say with certainty. Nevertheless, the consultants may well have been correct concerning the 1926 costs at Regina. The cost per kilowatt-hour in 1926 was 1.31 cents. It rose to 1.444 in 1927 and was 1.349 in 1928. See The Morning Leader (Regina), 23 November, 1929 and deduct distribution from total costs. Furthermore, because of the financial methods used in expanding the plant, there is reason for seriously doubting that Regina's stated costs of production actually represented the true costs. The Power Resources Commission stated that the capital costs at Regina were low, due to the "fact that very considerable contributions" were made to the plant "from revenue rather than from borrowed capital." See S.P.R.C., p. 12. An example of this was seen in 1929-1930. During these years the City spent between $200,000 and $300,000 on the plant. Part of the money was taken from a fund set up for the purpose and a total of $150,000 from revenue produced by the plant during 1929 and 1930. See The Morning Leader,
developed. The advantages of a central supply to the cities has not been evaluated, and it is very difficult to place monetary values upon some of these advantages. These studies are submitted as a supplement to the report. From their nature they should be considered as not available for public use, being preliminary only, and illustrative as a basis of judgement for purposes of negotiation. They do not take the place of the matter within the report ...

(Regina), 30 November, 1928, 20 February, 1929, City of Regina Financial Statements, 1929, p. 7, 1930, p. 7. In this manner the plant was expanded without increasing the debts against it or the capital charges it had to bear. With increasing output and stationary or improving operating costs, the unit cost of production tended to decline. But the entire procedure does not seem to be in line with accurate cost-accounting. Charging $150,000 against the costs of operating the plant during two years inflated production costs for those years. Afterwards its effect was the opposite. Since the City apparently made no provision to pay itself interest on the money it invested in this manner, its costs of production were understated. The money thus invested in the plant was capable of earning interest; indeed, the portion taken from the existing fund was earning interest. In making the expenditure on the plant the City was obliged to forego such earnings. The amount of such losses would have been a proper charge to include in the cost of energy. What was done in regard to accounting for the principal invested in this manner is not clear. However, its repayment too would be a proper charge to include in production costs when making comparisons. Because of Regina's method of expanding its plant, its production costs as submitted to the Commission could not be compared with those contained in the report of Sullivan, Kipp and Chase in any meaningful way without adjusting them so as to have the costs of production for the Regina plant and a tri-city system calculated in the same manner. It is interesting to note what the consultant said of the cities' estimates of production costs submitted at the May 22 conference. Their report read:

<table>
<thead>
<tr>
<th></th>
<th>Fixed</th>
<th>Operating</th>
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<tbody>
<tr>
<td>Regina</td>
<td>1.310¢</td>
<td>0.483¢</td>
</tr>
<tr>
<td>Moose Jaw</td>
<td>1.964¢</td>
<td>0.551¢</td>
</tr>
<tr>
<td>Saskatoon</td>
<td>1.886¢</td>
<td>0.647¢</td>
</tr>
</tbody>
</table>

...compare with estimates of 1935 costs furnished by city electrical engineers:

Regina: 0.5128¢ per Kwh.  
Moose Jaw: 1.043¢ per Kwh.  
Saskatoon: 1.067¢ per Kwh.

In arriving at the 1935 figure for Regina it is admitted that about that date considerable further capital expenditure must be made for boiler improvements and for condensing water service. The Moose Jaw figure is based upon a theoretic equipment to meet the 1935 requirements rather than that the dimension of new turbine and boiler units be chosen with a view to the longer future. The Saskatoon figure is based on the probable station expansion anticipated. All estimates are based on exceedingly close prices anticipated on new equipment....

See "Supplementary Study of ... Station at Elbow," pp. 8, 12. No wonder they called the estimates optimistic.

The consulting engineers concluded with the comment, "Awaiting your further instructions these notes are respectfully submitted." They waited in vain; though there were other instructions there were no more concerning the great scheme for an integrated power system they had worked out. Their supplementary report did not appear nor was it mentioned in the report of the Commission. It was probably omitted since it would have contradicted certain statements the Commissioners were to make. In addition, there is no evidence that negotiations were conducted on the basis of it. Together with the original report, it was destined for the political cemetery. Though the Commissioners may have acted as undertakers, it is quite probable, as will be seen, that the Government pronounced it dead.

Perhaps it had been decided to drop the scheme before the supplement was received. If not, such a decision seems to have been made within the next forty-eight hours for on June 6, Sullivan, Kipp and Chase submitted an altogether different study to the Commission: a seven-page study of costs of electric service to Regina, Moose Jaw, Saskatoon, Prince Albert and North Battleford from central stations at Regina and Saskatoon. Costs were based on the estimated operating costs at the Regina and Saskatoon plants supplied by the city electrical superintendents. On June 15 the consultants filed a supplement to the study. This document is not available but the letter which accompanied it indicates that it dealt with possible rate schedule for the cities and intervening towns. The new study did not include any comparisons with costs under the central plant, tri-city scheme to demonstrate that it was a more economical solution to the power problem. In fact, the previous scheme was not even mentioned.

49. Ibid., p. 13.
A sizable portion of this study and possibly of its supplement found its way into the Commission report as the Commissioners' own findings and formed part of their recommendations to the Government.

The final report of the Power Resources Commission, dated July 12, 1928, was completed two days earlier, when it was promptly rushed by special messenger to Premier Gardiner who was at Banff. During the next dozen days the Government carefully studied the report in its final form, possibly to assure itself that it could stand the light of day. At the same time Saskatoon was advised that the Government would shortly take action on a provincial power scheme. Then on July 22 the long awaited findings and recommendations were made public. As the reader is already aware, they declared the erection of any large central generating station economically impractical for some years to come.

The report filed by the Commissioners contained a good deal of detail and hence was quite long. All told, it consisted of a forty page summary of findings and recommendations worked out by the Commission itself, ten supporting appendices and the original report of Sullivan, Kipp and Chase.

The Commissioners led off with a brief discussion of the electrical situation throughout the province. They pointed out that during 1926 investment in electrical utilities stood at over $9,000,000. Together these facilities had an installed capacity of just under 44,000 kilowatts, served somewhat over 44,000 customers and had produced approximately 70,000,000 kilowatt-hours of electricity during the year. In addition to these facilities, there were also stated to be about 7,000 individual plants in the province, each producing between 150 and 200 kilowatt-hours annually and representing an investment of about $4,000,000. Recent

52. G. Spence to J. G. Gardiner, 10 July, 1928, Gardiner Papers, p. 6, 979.
53. The Morning Leader, (Regina), 13 July, 1928.
developments in the province were also discussed, mention being made of the activities of the private companies which, the report stated, might create rights detrimental to the establishment of a systematic power distribution scheme.

The consulting engineers had studied three sites as possible locations for central generating stations and had declared all three of them satisfactory, subject to the existence of sufficient water at Roche Perce and sufficient coal at Lake-of-the-Rivers. The Commission rejected all three for various unsound reasons and recommended instead the expansion of the plants of the three major cities. With respect to the proposed plant at Roche Perce, the Commissioners claimed it would have to serve Regina in order to be practical at all. R. N. Blackburn, their secretary, in a brilliantly conceived but ridiculously irrelevant study -- included in the report as Appendix No. 6 -- compared the costs of transporting sufficient coal to produce a kilowatt-hour of electricity from the Souris coal field to Regina with the cost of transmitting one kilowatt-hour electrically over the same distance. The study showed that it was cheaper to freight the coal but was completely inadequate as a basis upon which to reject the site since it failed to discuss the proposed tri-city system. After completing the comparison he had been required to make, Blackburn went on to argue that stand-by power would have to be provided at Regina while a plant at the coal fields would duplicate existing fixed charges at Regina. These additional charges, he suggested, would also have to be assessed against transmission. Therefore, he alleged, a plant on the Souris coal fields was economically impracticable under existing conditions. To these arguments the Commissioners added the statement that the water supply at the site was uncertain and thus they discarded

54. SPRC., pp. 3-5.
it. The Lake-of-the-Rivers site was ruled out on only slightly different grounds. Here it was stated that, while a comparison of freight and transmission costs "would not represent altogether the same conclusion," fixed charges on both the Regina and Moose Jaw plants would have to be carried in addition to those of the central plant. Extra fixed charges were described as being greater than savings resulting from transmission of electricity over the cost of freight ing coal. Again the tri-city system was not considered. Indeed, here the Commissioners used only the extraneous argument that Blackburn had appended to his comparison of freight and transmission costs and, as if to clinch their rejection of the site, stated that the coal supply was uncertain.

The Elbow site, on the other hand, was declared uneconomic for quite different reasons. In this case it was asserted that all the cities had to be considered, in fact, that they were the all important factor as they consumed eighty percent of the power used in the province. Then on the basis of the optimistic estimates of 1935 production costs for separate operation of the city plants supplied by the electrical superintendents of the cities, the site was rejected. In the words of the Commission, "With the present efficiency at the Regina plant and the efficiencies which will be possible at the Moose Jaw and Saskatoon plants when further expenditures are made, the central plant cannot promise" such results as would justify its construction. The Commissioners could have declared that this line of reasoning could have been applied to any location in the province. To have used it to rule out Roche Percee and Lake-of-the-Rivers would have at least made their report consistent. However, since the argument, as has been seen, possessed little if any basis in fact,

55. Ibid., pp. 8-9.
56. Ibid., pp. 10-11.
the Commission probably did not wish to rely solely upon it. Moreover, during the last frenzied weeks of their inquiry consistency was seemingly the last thing the Commissioners had time to worry about. In the report it is conspicuous by its frequent absence.

Having thus dismissed central power stations as economically impractical, the Power Resources Commission "answered" many of the questions posed at the time of its creation. It then went on to deal with the other issues. With regard to waterpower, it stated that while northern sites were of great potential importance they were too distant for early development. Harnessing of the Saskatchewan River was found to be

uneconomic until about 1942. In reference to rural electrification, it was claimed that where electricity was available rural people made use of it. Transmission lines would create a demand for current by rural residents and might be adapted to serve them. However, the Commissioners did not believe that the small rural loads would by themselves justify a program of rural electrification. They suggested that in the future it might be possible to construct lines to handle both telephone and power wires. For any rural lines which might be undertaken, as for transmission lines in general, they recommended the installation of low cost types during the early stages of development.

57. See Appendix B for a detailed discussion of how the Commission apparently added a document with which to reject the recommendations of Sullivan, Kipp and Chase and the inadequacy of their arguments for rejecting those recommendations.

58. SPRC., pp. 7, 34-35.

59. Ibid., pp. 33, 38.
The idea of producing char, briquettes or other by-products in conjunction with central plants was declared impractical under existing conditions, while the carbonization of coal, even if it should prove feasible, was described as holding little promise. The Commission expressed the belief that the utilization of gas engines would be more costly than generating power in steam plants using raw coal. Finally, in regard to whether or not it would be advisable to permit municipalities to extend their systems beyond their boundaries, the Commissioners argued that this should only be done under a pooling arrangement or, if this proved impractical, by permitting the larger plants to do so, subject to regulations which would assure each a sphere of influence and the adoption of certain standards of construction. To do otherwise, they declared, would be costly. Plants had tended to develop to meet community needs without reference to any wider scheme. If expansion outward without a general plan of organization were permitted, duplication of equipment would result. It should be noted that what the Commission described here as costly was, in essence, what they recommended: duplicate facilities at each of the larger cities. Their scheme, embodying spheres of influence, was essentially orderly duplication which in practice became rather disorderly.

After claiming to have demonstrated the superior economy of a scheme relying on existing city plants over one utilizing a larger central plant and a heavy tri-city transmission line, the Commissioners set out to propose the "most efficient" method of supplying power to a large part of the province. This, they said, could be most economically done by enlarging the plants at Regina, Saskatoon and Moose Jaw so as to enable them to supply adjacent areas with electricity. Secondary plants could also be set up.

60. Ibid., pp. 26-27.
61. Ibid., p. 34.
up immediately or later at such centres as "Swift Current, Unity or Kerrobert, Yorkton, Melfort, Weyburn or Estevan." As for a central power station, they added, "... by the time the city central stations with their radiating lines become loaded and by the time that renewal of pole lines or power house equipment, etc. becomes necessary, the central power station as outlined in the Consulting Engineers' report may become an economic necessity." The latter statement was about as indefinite as the conditions necessary for any publicly owned system contained in the Conservative party resolution on the subject adopted the previous March: "... as soon as the population, wealth and industry of the province will warrant same being done in any given area ... ."

But when as a result of the Power Resources Commission inquiry the Saskatchewan Power Commission was established it did not even stop at what was suggested as the "economic" solution. Why limit the "economic benefits" of small generating stations to a few centres when it was possible to spread them around freely? After two years of operation, the Commission had plants with associated transmission lines operating at Saskatoon, Swift Current, Leader, North Battleford, Shellbrook, Tisdale, Humboldt, Watrous, Nokomis and Wynyard, and isolated plants at Maple Creek, Willow Bunch, Unity and Lanigan. Privately owned generating stations supplying transmission lines existed at Estevan, Bienfait, Shaunavon, Assiniboia, Gravelbourg, Melfort, Yorkton, Herbert, Grenfell and Rosetown, while companies operated isolated plants at Kerrobert, Kindersley, Biggar, Davidson, Craik, Eastend, Gull Lake, Radville, Melville, Hudson Bay, Prince Albert and some smaller communities.

63. Horning Leader, (Regina), 16 March, 1928.
64. S. P. C. Annual Report, 1931, p. 7. Had it not been for the advent of the depression at least a few of these might have been closed.
In order to establish a system supplied by a number of plants with radiating lines, the Commission believed that coordination was necessary. Only by concerted action could such a system be made available to the province in view of its large area. If the development were left to the cities or private operators working from different points there would "be a clashing of interests and duplication of expense in many ways and the desired result would not be obtained as readily or as soon; also the costs would be somewhat higher than if the whole scheme were undertaken by some central authority." Three alternatives to such a central authority were readily apparent to the Commissioners. First, it could be an inter-city pool, empowered to extend outward and sell power to other municipalities. Secondly, a private company could either buy the existing plants and build the lines or purchase power from the plants for transmission lines which might be constructed. Or thirdly, the Province itself "could either take over and operate the city plants and make the necessary extensions, or purchase power from the central plants to supply the necessary extensions." The Commission favored the third alternative, asserting that for many reasons the Province's taking over and operating the plants would "prove ultimately of the greatest advantage to the people of Saskatchewan." 

With regard to the cities the Commissioners stated that they would derive benefits through their plants being enlarged to supply greater loads under practically the same conditions of management and costs of production as would obtain if they continued to operate their own plants. The provision of electricity at reasonable rates to large areas tributary to the cities, it was urged, would also result in benefits to them. Then too, the credit of the cities would be conserved since they would be

65.  [Source: SPRC, p. 14.]
66.  [Source: Ibid.]
relieved of the necessity of investing in power plant installations. Such capital would be provided by the Government which, the Commission predicted, would be able to borrow at a lower rate of interest.

As a first step toward the establishment of its proposed system, the Commission suggested that the Government purchase the plants at Regina, Moose Jaw, Saskatoon, Prince Albert and North Battleford. The purchase price would have some reference to existing debenture indebtedness and book value of the plants and be sufficient to take care of the fixed charges on the plants throughout the lifetime of existing debentures, while leaving to the municipalities funds on hand in depreciation accounts. Distribution and control of rates would also remain with the municipalities, assuring them of all profits resulting from sale to consumers. The plants at Regina and Moose Jaw would then be connected together by transmission line to form the nucleus of a southern system, with those at North Battleford and Prince Albert being similarly interconnected with a new one to be built at Saskatoon to form the nucleus of a northern system. Lines radiating from the north and south would eventually meet, permitting the plants to assist each other and guaranteeing greater continuity of service throughout the whole system.

Were it not for the fact that the Royal Commission was dealing with a serious problem their recommendations would be quite laughable. First, they indicated that the most economical energy would be obtained by expanding the plants of the three large cities. How they arrived at these conclusions is shrouded in mystery. There is no evidence whatsoever that any sort of a cost study embracing central plants at each of the three cities was ever made. If such a study had been made surely the Commissioners would have

67. Ibid.
68. Ibid., pp. 15, 17, 19. 41.
included it to support their recommendation. Lacking such supporting data, they threw in part of the cost study made by Sullivan, Kipp and Chase dealing with the erection of central stations at Regina and Saskatoon only. Secondly, of the three branch transmission lines studied by the consultants the Commission advised the Government to construct those least attractive. The Commission made no mention of the line from Regina to Kamsack which the consulting engineers had said was warranted, while recommending that the Government build the unwarranted line from Saskatoon to Prince Albert and the one of doubtful value from Saskatoon to North Battleford. Lastly, just how much the institution of their recommendations was going to cost was also somewhat uncertain. In one place the Commissioners stated $6,700,000, of which $5,500,000 would be expended at once and $1,200,000 in 1934. On the other hand, the figures used in their estimates add up to $7,391,000, of which $6,191,000 would be required at once and $1,200,000 in 1934.

And to what sort of future developments did the recommendations of the Commission point? One must look to Sullivan, Kipp and Chase for the answer. In the event that city plants were expanded rather than a central station scheme being adopted, they predicted:

As the loads grow from year to year the tendency will be to add to each plant a unit of still larger capacity for which there will be no true spare and, in combination with these new units which may be assumed to be of maximum fuel economy, the use of their present equipment during peak hours and, later on during longer hours, will prevent full advantage of lower economies. Further, the increase of investment by each city will make more difficult in the future a decision to join their interests, and the possibility of establishing a province-wide transmission system with the three cities as its core will diminish.

70. Ibid., pp. 19-20
71. SKC Report, p. 155.
It is doubtful if a more accurate prediction was ever made concerning Saskatchewan's utilities. But, much more important, this was the method which the Commission's recommendations for meeting the province's energy requirements pointed to in preference to an integrated system fed by a large central plant. The report of the Commission was a call for duplication of operating and capital expenditures at each of the three cities, a call for the use of unnecessarily small generating units with which to produce more expensive power, a call for questionable stand-by facilities and needless insecurity of supply. Since the Commission, using unsound arguments, rejected what it had concluded was best in favor of something else, one must conclude that it recommended adoption by the Government of a policy of waste.

It would be wrong, nevertheless, to place all responsibility for their recommendations on the Commissioners alone. There is little question but that the Government had a hand in deciding what they should be. The Gardiner administration quite naturally would sympathize to a certain degree with the cities' position and would wish to avoid a clash with municipal officials on anything the Commission might recommend. More than that, it definitely wanted to find a quick solution to the power question, especially in view of the position of Saskatoon. At the same time, it was probably beginning to be concerned about the power situation in general throughout the province. That situation was rapidly becoming critical due to the activities of the private companies. Indian Head, Wolseley and Moosomin had fallen to Northern Light and Power, the towns from Regina to Qu'Appelle, plus many other centres, to Montreal Engineering, .................

72. Hon. G. Spence to Mayor G. W. Norman, 23 June, 1928, S. P. C. File, Saskatoon Power Plant, Hon. Geo. Spence. Spence informed Norman that the Government had the Saskatoon situation in mind and was pressing for rapid completion of the report of the Commission.
and Biggar, Gravelbourg, Gull Lake and others to Dominion Electric. Three days after the May 16 conference Melville and Broadview were purchased and within another three, Estevan went on the block. Though small, many of these communities were strategically located with reference to possible transmission lines, as were others on the verge of selling. Worse still, the prospect of including the smaller cities in any provincial scheme was being eroded. Yorkton was in the process of disposing of its plant, while Weyburn and, to a lesser degree, Swift Current were being ardently wooed by a number of companies. Indeed, during the last weeks of the Commission inquiry at least two of the major cities began receiving overtures. Though the Government did not wish to obtain all such locations, there was a growing threat that there would be no profitable ones left unless it made haste.

At the same time editorial writers were attacking the private companies. Their motives, "... it may be presumed, are not altogether philanthropic ...," said The Leader. Nor was the Government escaping criticism. "If the provincial government has any ammunition to use in defence of public ownership of power, the time is ripe for a demonstration of its usefulness," declared The Western Producer.

Furthermore, the cry of public ownership was beginning to rise throughout the province. Resolutions had been passed and more were pending. The Northside Ratepayers of Regina had produced one calling for an organization like Ontario's. In doing so they requested City Council to take the matter up with the Government. In council it was mentioned that the subject

73. The Western Producer, (Saskatoon), 10 May, 1928; The Morning Leader, (Regina), 2 May, 1928 refer to cities receiving offers.
74. The Morning Leader, (Regina), 11 May, 1928.
75. The Western Producer, (Saskatoon), 10 May, 1928.
might be placed before the provincial convention of municipalities. Whether or not Regina did so, some other community certainly would. Saskatchewan Progressives had also declared themselves firmly behind public ownership, and the Regina Trades and Labor Council was shortly to do likewise. In addition, the official Opposition was making the most of the situation and succeeding in creating something of a political issue out of the power question. The Conservative Convention at Saskatoon in March gave the subject considerable airing, though its resolution on the matter contained a number of qualifications and stopped short of taking a definite stand. At every opportunity Conservatives were pointing out that the Government had not adopted any policy and were charging it with insincerity. Just when the Commission finally filed its report, the Honorable George Spence was to write to Premier Gardiner: "Mayor Norman [of Saskatoon] is fighting the Tories with his back up against a stone wall and relying on us for help. I would like to bring on the conference with the Cities and relieve the pressure to that extent. I am writing Norman to meet me at the train to-morrow in Saskatoon and I will discuss the matter with him and stand him off as long as I can; but, believe me, the situation is rapidly becoming unbearable."

Thus during the seven weeks which followed May 16 -- hectic ones owing to the changed objectives of the Government -- the Commissioners stopped asking if it was economically practical to generate power at large central stations. Decreeing that it was not, they cast about to see what could be done to salvage at least some of the features of their original plan, ....................... 76. The Morning Leader, (Regina), 28 September, 5 October, 1927 77. Ibid., 26 June, 1928. 78. Ibid., 16 March, 1928. 79. Hon. Geo. Spence to Premier Gardiner, 10 July, 1928, Gardiner Papers, p. 6,980. The conference mentioned did not take place.
while slapping together something which might win a measure of acceptance and permit the Gardiner government to bring forth both a policy and a program.

As a result of all the last minute changes, the Power Resources Commission produced what can only be described as a very inferior report. The ultimate reason for it is quite obvious; the Government decided to settle the power question on political rather than economic grounds. Political considerations dictated that attempts be made to satisfy the selfish whims of the major cities rather than strive to institute changes in the electrical utilities situation which would be in the interest of the entire province. That such considerations were paramount in determining the course adopted by the Government and the final recommendations of the Commission seems evident. The Saskatchewan Progressive party charged that this was the case. Their 1929 election platform read in part: "We commend the investigation of the power commission. We do not agree that the commission found the best solution to the problem in developing the plants in large centres to which coal has to be hauled over long distances. We believe that an immediate start should have been made in the building of a unit near one of the coal fields. This was the recommendation of the consulting engineers, but political exigencies made it necessary for the government to consider the building of a plant in the city of Saskatoon." To the best of the author's knowledge no attempt was made to refute the accusation. Nor does Gardiner himself appear to have denied Conservative allegations that he was instrumental in substituting one set of figures for another in the Commission's report.

80. The Western Producer, (Saskatoon), 30 May, 1929.
81. The Saskatchewan Star-Phoenix, 13 October, 1928. The charge was made by Dr. J. T. M. Anderson, the Conservative leader, and was reported as follows: "He touched on new ground in mentioning the conference called
But one need not rely solely on the Gardiner Government's political opponents for evidence of what went on behind the scene. About three weeks before the Commission reported, the local power question came up for discussion at a meeting of the Saskatoon City Council. Alderman John Hair called for immediate action but was requested by Alderman R. M. Pinder to wait a little longer for the Commission's findings. Alderman Pinder plainly thought this was only fair. "We asked the government to change the whole idea on the scheme and it's really our fault that it's held up," he was reported to have said. One thing at least is abundantly clear from the comment: the cities asked the Government to reconsider its proposals concerning the province's electrical facilities. But who decided that one scheme should be substituted for another? By a process of elimination one must conclude that it was the Government. Some years later Thornton was discussing the possibility of establishing a tri-city system with the mayor of Regina. Of such a project Thornton

by the premier which was attended by electrical engineers of Regina, Moose Jaw and Saskatoon. When Premier Gardiner had mentioned to these engineers the cost of producing electrical energy in 1935 they had not agreed with him. The premier had advised them to go back and figure out what they believed it would cost. This done, said Dr. Anderson, it was his belief that the figure arrived by the engineers had been submitted for that in the report of the power commission. He had this information on reliable authority from Moose Jaw. He would not say it was true but he thought it was and called on the premier to deny it." The figure mentioned by Anderson no doubt refers to the figures supplied by the city electrical superintendents at the conference and claimed by them to represent 1935 production costs in their respective plants. Anderson's assertion that he was given such information by a reliable source in Moose Jaw is entirely credible in view of Moose Jaw's reaction to the Commission's report. Anderson's charge, together with others, was made during a by-election in the Arm River constituency. Though in the course of the campaign government spokesmen replied to other allegations concerning their handling of the power question, they do not appear to have dealt with this one.

82. The Saskatoon Daily Star, 4 July, 1928.
commented: "It was the recommendation of our Power Resources Commission ... ." The Commissioners' report, however, did not come out in favor of such a system. What then did Thornton mean? If one concedes that his statement was true, he could have meant only one thing -- that the proposals made to the cities at the May conferences embodied the considered conclusions of his Commission. The very different recommendations in the report of the Commission consequently become the Government's solution to the power problem, placed in the report at its behest, a product of political expediency rather than economic considerations.

83. Memo by Thornton, 21 May, 1936, S. P. C., Regina, Town No. 1.
CHAPTER FIVE

A TALE OF THREE CITIES AND ASSOCIATED "TALL" TALES

The reactions of the press to the report of the Power Resources Commission were somewhat mixed. The Morning Leader expressed the opinion that most people would want the Government to "accept it promptly and act upon it just as promptly." The Moose Jaw Times was also favorable. Its editor stated: "The recommendation for public ownership which is made by the Commission will, we believe, meet with general approval from the citizens of Saskatchewan." The Saskatoon Daily Star expressed similar sentiments. On the other hand, The Regina Star apparently caught the significance of what had happened. Branding the scheme "An Election Baby," it denounced both the Government and the Commission. The editor cited the May proposals and the cities' request to have the Commission reconsider them. Two months later the Resources Commissioners declared their first plan worthless and proposed to commander the plants of the three cities at their physical valuation without paying anything for good will. "Never," the editor exclaimed, "would the practice of birth control been /sic/ more justified than in the case of the Saskatchewan Government's power plan. It was an instance of the mountains in labor producing a ridiculous mouse."

1. The Morning Leader, (Regina), 24 July, 1928.
The reactions of the newspapers, however, were of secondary importance. Those of the three cities would decide the fate of the scheme. It had to hold advantages for them, preferably immediate and easily discernible advantages, or they might fear that they would sacrifice their own interests by espousing it. Their responses came quite promptly.

Within a week Saskatoon municipal officials passed a resolution placing themselves on record as generally in favor of the scheme outlined in the Commission's report and stating that, in view of the urgent requirements of their city, they would be pleased to receive an official proposal at the earliest possible moment. The Government was quick in responding. Within a few days the City was invited to discuss the matter. At the first meeting, on August 14, city officials were advised to tender for equipment for a new plant while the cabinet was being called together to give the subject further consideration. Additional meetings followed swiftly, and before the month was over the major points at issue had been settled. In submitting a draft of its proposals to Saskatoon on September 1, the Government stated that it had "decided to proceed with a provincial scheme for the production and sale of electrical energy." Thus the Gardiner administration officially and with little fanfare adopted a policy of public ownership of power. Though many details had yet to be worked out, the principle had been accepted. However, for reasons which will be seen, things were not

5. Saskatoon Council Minutes, 26 July, 1928.
6. Ibid., 16 August, 1928; The Morning Leader, (Regina), 10, 15 August, 1928.
7. Saskatoon Council Minutes, 10 September, 1928.
going according to schedule. The Government's decision for public ownership came almost two months later than the Honorable George Spence had said it would. In a letter to Mayor Norman on June 23, he had written: "We will announce a policy immediately the report is received by us." The Gardiner Government waited until it was almost certain a major city would accept its proposals before committing itself on any principle.

During the early months of 1928 the power question was subject to much discussion by the Saskatoon Council. It had been clear for some time that generating facilities would have to be expanded, or the City would be unable to meet demands for energy. To determine how best to proceed the services of McClellan and Junkersfeld, consulting engineers, had been obtained. After studying the situation the engineering firm recommended that a new 10,000 kilowatt plant be constructed at an estimated cost of $1,500,000, such plant to be capable of expansion as required.

Upon receipt of the report, J. R. Cowley, the municipal electrical superintendent, made further recommendations to Council. After obtaining the approval of McClellan and Junkersfeld, he suggested that the initial installation be limited to 7,500 kilowatts. This would reduce immediate expenditures to $1,200,000. The alternative to constructing a new plant, was making major alterations to the old one. It might be enlarged to meet the demands of the next year or two at a cost of $750,000.

9. Report of the Subcommittee on Power Plant Extensions to the Chairman and Members of the Standing Committee of City Council, 12 April, 1928, Saskatoon City Records.
While these studies were being conducted the City began to receive feelers from private utility companies wishing to purchase its electrical facilities. By early April two firms had shown themselves to be interested, one having made a definite proposal.

After considering the three alternatives, a special subcommittee on power plant extensions reported to Council on April 12. In short, it recommended that a new 7,500 kilowatt generating station be erected. To extend the old one, its members said, would be economically unsound as it would ultimately result in both high operating and fixed costs. Simultaneously, the offer by Mid-West Utilities to purchase the system was rejected for a number of reasons. It was found that sale would result in a decrease in revenue accruing to the City. Further, the money received for the system would not be available to the City but rather would have to be deposited in the sinking fund. Through such a change in ownership Council would also lose control over electric rates. The subcommittee alleged that it was impossible to prevent rate increases under a franchise granted to a private company and likewise difficult to obtain rate reductions. "The control of rates," it asserted, "... should be absolute with the City Council." The members believed that continuation of municipal ownership and the construction of a new plant would be best for other reasons as well. Such a procedure would not prevent Saskatoon from buying power in bulk in the future if a supply became available at attractive wholesale prices. On the contrary, a reliable plant would give security in the event that power was brought in from a distance by transmission lines. On the whole, the report

10. Saskatoon Council Minutes, 3 January, 9 April, 1928.
11. Report of the Subcommittee on Power Plant Extensions to the Chairman and Members of the Standing Committee of City Council, 12 April, 1928, Saskatoon City Records.
rested heavily on the amount of revenue the City would receive, the subcommittee evidently regarding the utility as a business venture from which the municipality would obtain profits.

Within a fortnight Council was approached by representatives of Dominion Electric and Calgary Power, who stated that they would be interested in selling power to the City in bulk at wholesale prices. In view of this new development, the subcommittee, whose report had not yet been acted upon, made further recommendations: "(a) That ... Council go on record that the control of rates to the consumer for electric energy should be retained by the ratepayers through their Council. (b) That the only offers for electric energy this Council shall consider shall be the purchase of electric energy by bulk or wholesale. (c) That consideration of the report of the Subcommittee on Power Plant Extensions, dated April 12th, be deferred until June 4th next; and (d) That offers be invited for the supply of power in bulk, offers to be in by June 4th, next." Council approved the recommendations. City officials enlarged upon their position at the May conferences with the Government and Commission. At these they indicated that they preferred to have electricity generated at a local plant, rather than elsewhere, and their plant used to supply outside communities.

When June 4 arrived only one proposal for supplying electricity in bulk had been received. Upon study it was rejected on the basis that continued operation of the local plant would provide cheaper power. Thereafter, the City took no action until the Commission reported.

12. Saskatoon Council Minutes, 23 April, 1928.
13. Ibid., 26 April, 1928.
It is interesting to note that within hours of Saskatoon opening tenders for a supply of power in bulk, Sullivan, Kipp and Chase ceased studying the central plant, tri-city transmission scheme and began cost studies based on plants at Regina and Saskatoon.

All in all, Saskatoon had made its position very clear; and why the City decided to cast its lot with the Government seems easy to explain. Had the City Council written the recommendations of the Power Resources Commission those recommendations could scarcely have more accurately embodied the general terms the aldermen desired. The proposals of the Commission called upon the Government to take over the existing plant which was pretty well obsolete, construct a new one, build transmission lines to outside communities and sell power to the municipality in bulk for distribution to residents at rates set by the municipality, leaving any profits to be made to the municipality. Small wonder the Council endorsed the report immediately. Furthermore, the Commission’s recommendations offered the City an opportunity to improve its financial position. Saskatoon had reached the limit of its borrowing power. In order to arrange financing should it have to build the new plant, Council had had to have those limitations changed by the legislature. By entering the proposed scheme, the City would not have to resort to heavy borrowing. More than that, since the Government’s proposal meant that the more profitable part of the utility -- distribution -- would remain in municipal hands while the Government would perform the more costly, less profitable task of generation, it might become easier for the City to pay off its other debts.

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15. This was first attempted through a private member’s bill, but rather than pass it the City Act was amended to exclude borrowings for electric light extensions from the general borrowing power of cities. Moose Jaw had maintained that the first course was unfair as it had recently made major expenditures.
By an agreement signed on November 22, 1928, Saskatoon turned over its plant to the Government. The latter assumed liability for debentures and received sinking fund monies covering part of them. The former retained the distribution system, together with debts and sinking fund applicable to that part of the utility. In acquiring the plant the Government agreed to sell electricity only to the City of Saskatoon within the city and to generate all such energy in the municipality unless it could be supplied more cheaply from elsewhere, the City in turn agreeing to purchase its power from the Government.

The cost of power to the City was defined as the actual cost of production plus one-fifteenth of a cent per kilowatt-hour. The small additional charge was intended to provide an emergency reserve to cover unforeseen expenditures in connection with the plant. The parties also agreed that the price paid by the City would not be increased by any contract for the sale of electricity which the Government might enter into and that in the event of the Government creating a central authority to supervise power production, the City would not be required to pay any costs of such an authority until the quantity of power produced in all publicly owned plants was twice that produced in the new Saskatoon plant during its first year of operation. Finally, they agreed that the contract would not affect existing relations between Saskatoon and the Town of Sutherland. By this condition, the City not only bought at cost but would also continue to sell at a profit to the neighboring community.

One is obliged to conclude that Saskatoon municipal authorities made a very good deal. In almost every respect, the agreement was a

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16. Honorable T. C. Davis, Attorney-General, to Mayor Norman, 1 September, 1928, in Saskatoon Council Minutes, 10 September, 1928; also see Minutes, 10 September, 22, 29 November, 1928.
one-way street. The responsibility for making major capital expenditures was turned over to the Government, while any advantages arising out of lower production costs through an expanded system would accrue to the City without it making any contribution toward expansion. Then too, any action the Government might wish to take in expanding generating facilities within the city required the approval of local officials, making it possible for them to exercise a measure of control over the publicly owned utility. On the other hand, their absolute control over distribution and rates permitted them to operate that section of the utility as they saw fit, without regard for the interests of the provincial system as a whole. As things worked out, the Government did not obtain any other major plant for a long time. Thus it took years for the power generated in all plants to double that produced by the new Saskatoon plant during its first year of operation. Since Saskatoon paid no administration costs during the interval, it is quite possible that power was sold to the City at less than cost; at least this was so during years when no contingency charges were assessed.

In the long run the agreement proved to be an unsatisfactory basis upon which to build a province-wide power system. For many years the contribution of Saskatoon to the publicly owned system was that of the proverbial fat man in the back seat of a car stuck in a mud hole. It contributed its bulk but little more. Much worse, in time the agreement produced a tribute-exacting minority among provincial electric consumers.

While Saskatoon's reaction to the Commission's recommendations was very favorable, that of Regina was characterized by hostility. One of
the first men to speak was Alderman M. J. Coldwell. Addressing the local
Gyro Club, he claimed that the price which the Commission suggested for
the Regina plant was not equitable. A few days later at a meeting of
the Northside Ratepayers' Association, Alderman Cornelius Rink declared
that he was opposed to selling the power plant, the City's best asset, to anyone. Within the next two weeks eleven candidates for office
in the forthcoming municipal election stated their positions. Only one
spoke in favor of sale to the Government, and none favored sale to any-
one else. By an overwhelming majority they seemed agreed that any
Government offer would have to be much more favorable than that proposed
by the Commission. A number of them made it quite clear that if the
Government sought to obtain their plant, they would drive a hard
bargain. Simultaneously, the councillors called for tenders on a
12,500 kilowatt turbine, twenty-five percent larger than anything the
Commission proposed to install. Evidently the City intended to pursue
an independent course of action.

The reasons why Regina adopted the position it did in regard to
the power question are apparently not to be found in the records of the
municipality. Such records scarcely mention the matter, and from all
appearances the City was not officially approached by the Government.
Nevertheless, it is possible to arrive at certain conclusions as to why
the community decided to remain independent. For one thing, Regina's
electrical superintendent opposed the Government's plan. He no doubt

17. The Morning Leader, (Regina), 23 November, 1928.
18. Ibid., 28 November, 1928.
19. Ibid., 6, 7 December, 1928.
20. Ibid., 30 November, 1928.
21. While the City was not officially approached, it was at least
contacted unofficially. When questioned George Spence informed the writer
that Premier Gardiner met Regina first concerning establishing a provin-
cial power system. Gardiner learned that E. W. Bull, the electrical
exerted what influence he possessed against its institution. Besides, there can be no question but that the Power Resources Commission's report at least in part shaped the attitude of city officials.

As already indicated, a number of aldermen stated that they did not believe the price suggested by the Commission for their plant was high enough. According to estimates, the Regina generating station was worth seventy-five percent more than that of Saskatoon although the Commission's suggested price was only thirty-five percent higher. In addition, the Commission's estimated cost of power for Regina under government ownership was slightly higher than the estimate of the local electrical superintendent for power under continued municipal operation.

A second possible factor, growing in importance as time went on, was Moose Jaw's reaction to the Commission's report. Even before a copy of it was in their possession, certain Moose Jaw councillors declared their opposition. Within a few weeks Moose Jaw placed an almost insurmountable obstacle in the path of the scheme. The Government was informed

superintendent, was opposed to selling the plant. According to Spence, it was mainly due to Bull's opposition that Regina would not sell its plant to the Government. George Spence interviews, 27 August, 1963, 2 September, 1964. There is no doubt a good deal of truth in Spence's statements. Bull does not appear to have had much faith in the idea of serving southern Saskatchewan via transmission lines radiating from a large plant. At the Regina sitting of the Power Resources Commission he claimed that there were many handicaps to using a super power station at the coal fields to supply Regina, Moose Jaw, Weyburn and Estevan with power. He expressed the opinion that line losses between such a plant and the cities would be high and doubted that a large plant there could be made sufficiently more efficient than city plants to compensate for the losses. He also believed that better ways of burning lignite would have to be found, stating that lignite had to be delivered to his plant at one-third less in cost than high grade coal to warrant its use. Likewise, he did not hold out much hope for radiating lines from a central plant like Regina's and making a business of it. See The Morning Leader, (Regina), 27 September, 1927.

22. Sullivan, Kipp and Chase Ltd., Study of Costs of Electric Service to Regina, Moose Jaw, Saskatoon, Prince Albert and Battleford from Central Stations at Regina and Saskatoon, 6 June, 1928, p. 2; SPCR, p. 19.
23. 1935 costs 0.8128 cents compared to 0.8675 cents; SPCR, p. 19.
that discussions would have to be on the basis that the Moose Jaw plant would be developed unit for unit with that of Regina. Under the plan proposed by the Commission, the entire southern system at its inauguration would consist of only Regina, Moose Jaw and intervening communities. If the two plants were developed at the same rate, there would be little possibility of Regina generating any power for Moose Jaw. On the contrary, as the plants grew, Moose Jaw might build up surplus capacity and energy flow in the opposite direction, slowing down expansion at Regina. The latter could scarcely be expected to like such a condition.

Neither must financial considerations be overlooked in any discussion of Regina's reactions. Of the three cities, it was the best off. At least, there is no question but that its electrical utility was on the firmest financial base. Regina's power plant was the most valuable of the three, yet debts against it were lowest. Further, the assistance of the Government was not needed to finance its expansion. In fact, the City was soon to demonstrate that it did not always have to borrow for such undertakings. In view of such considerations, it was more difficult to see how the Commission's plan for taking over and expanding the city plants offered anything in dollars and cents to Regina than it was to observe that losses might result.

In view of the position taken by Moose Jaw, the proposed scheme would increase demands on the Regina plant by only the few kilowatts required by some communities between the two cities. This would be too insignificant to produce any real economies in generation. Savings would have resulted from interconnecting the plants by having each act as

24. The Morning Leader, (Regina), 1 September, 1928.
25. Ibid., 20 February, 1929.
stand-by for the other and reducing their total reserve capacity requirements, but such economies were less easily discernible. Counteracting these benefits were immediate financial losses.

During the preceding year or so private utility companies had built transmission lines. One of the firms was said to be paying the City about $1,800 per month for power. Such sales were regarded as being of material assistance to the general financial operations of the municipality. In addition, the City was charging residents of North Regina, the North Annex and Highland Park twenty-five percent more for power than city residents paid. If the plant were sold to the Government, all these profits might be lost, at least part of them would be. More than that, if the private companies continued to expand, additional profits might be obtained. The same would result from any transmission lines the Government might build in the vicinity of the city. All things considered, one is inclined to conclude that city officials believed that the Commissioners' report offered practically nothing in the foreseeable future which they could not obtain for themselves and that on a profitable basis. Thus Regina gave only passing notice to the Commission's scheme.

Moose Jaw's initial reaction to the Power Resources Commission report, like those of Saskatoon and Regina, was dictated by self-interest. However, there the similarity ended. Saskatoon and Regina reached decisions regarding the future in relatively short order, whereas Moose Jaw did not. Because of this difference and because its decision

27. The Morning Leader, (Regina), 8 July, 1927.
28. Ibid., 6 April, 1927.
practically smashed any chance of establishing a large, publicly owned power system, Moose Jaw's handling of the utility question will be dealt with at considerable length and in conjunction with the activities of the Government during the period.

In the process of deciding the issue, Moose Jaw citizens split into two opposing factions. On one side arose a party led by the Board of Trade which sought to dispose of the utility to a private concern; on the other appeared that supporting the Trades and Labor Council, which aimed to retain the plant or turn it over to the Power Commission. With two opposing principles involved, settlement of the question degenerated into little better than a "no-holds-barred" contest.

Why should a community settle a question of major importance in such a fashion? Contemporaries gave two answers, both essentially economic interpretations. James C. Chestnut, General Manager of Dominion Electric and an instigator of the move to sell the utility, stated that its disposal was favored because Moose Jaw had fallen behind Regina and many people believed that a strong power company assisting the city would help it grow industrially. Alderman Leroy Johnson, who opposed such a sale to the end, asserted that people supported it because they were under an hypnotic spell produced by adverse business conditions. Neither answer is satisfactory. They tell nothing about those who opposed the sale, nothing about the decisive roles played by certain individuals, nothing about the parts played by groups and nothing about events which paved the way for the eventual sale of the plant.

Shortly before the Power Resources Commission report was made public, The Merchant's Weekly interviewed four aldermen regarding the future of

30. The Morning Leader, (Regina), 31 December, 1929.
the local plant. Two of these, Johnson and Watson, stated that for the present they preferred to see it remain under municipal ownership. The two others, McIntyre and Hamilton declared themselves in favor of sale to a private utility company. Indeed, Sam Hamilton was quite poetic in stating his views. He said that the thought of selling it to the Government reminded him of a short verse:

A little mouse sat down to spin;  
Puss came by and she peeped in;  
What are you doing my little man?  
I'm making a coat as fast as I can.  
May I come in and wax your thread?  
No, thank you, Miss Puss, you might bite off my head.31

Thus when the Commission reported in July, 1928, Moose Jaw among the three cities was most prepared to turn its utility over to a private concern. It alone seems to have had a faction on its Council, Aldermen Hamilton and McIntyre, dedicated to such a change of ownership. As far back as 1924 Hamilton had expressed dissatisfaction with the manner in which the municipal power plant was operated. And when in the summer of 1928 he came into contact with James Chestnut, the two began collaborating to bring about the sale of the plant. At the same time other persons were also attempting to convert the city to Hamilton’s and McIntyre’s way of thinking. Camped in the community and having some success was O. J. Godfrey, a chartered accountant from Indian Head, acting as agent for Dominion Electric. On June 23, when reporting to his superior, Thomas O’Hara of New York, he stated that Mayor Dunn was in favor of

32. J. C. Chestnut to L. Loeb, 16 July, 1929, D. E. P. No. 171  
For Hamilton’s criticism of the management of the plant see The Morning Leader, (Regina), 1 November, 1924.
a government scheme but that he had "weaned the Commissioner [George D. Mackie], who is the power, from it and secured his promise of support to a fair offer to purchase."

The movement to sell the plant to a private company might have ended in a dismal failure, but just at the moment it was getting under way assistance was received from a most unlikely quarter -- the Saskatchewan Power Resources Commission. To Alderman Hamilton and possibly others the Commissioners' report may have looked like a dream come true. Its contents were perfectly suited to feed the flames of city rivalry. Thus, to the extent that their recommendations supplied ammunition to the exponents of private ownership and alienated supporters of public ownership, the Commissioners and the Government which influenced them must bear responsibility for the collapse of their own scheme.

Insofar as Moose Jaw was concerned, the Commission's report contained contradictions. If certain parts were examined the conclusion to be drawn was that the power plants of all three cities would be expanded. On the other hand, if other parts were considered it appeared that the plants at Regina and Saskatoon would become the main generating stations. This resulted from the haste involved in completing the report, with two different plans being combined. To begin with, the Commissioners included their "please everyone" plan, calling for plants at the three cities. Then, since no cost study had been made for such a scheme, they included parts of the one by the consultants based on the assumption that central plants would be developed at Regina and Saskatoon.

33. O. J. Godfrey to T. A. O'Hara, 23 June, 1928, D. E. P. No. 171. Possibly through Godfrey's efforts Mackie invited Fred D. Reid of Dominion Electric to Moose Jaw to discuss matters affecting his firm in the province and to show him what the city had to offer as headquarters for his firm. See G. D. Mackie to F. D. Reid, 20 June, 1928, ibid. W. G. Ross, Liberal M. L. A. for Moose Jaw, wrote a similar letter to Reid the same day, ibid.
One contradicted the other. In one place it was recommended that three plants be enlarged, in another it was shown that expansion would take place mainly at two.

But that was not all that was wrong from Moose Jaw’s point of view. According to the report, the city was to be assessed all fixed charges on the transmission line between Regina and Moose Jaw and for the transformation of energy at both centres. Thus it appeared that Moose Jaw might be required to purchase growing amounts of energy in Regina and bear all the costs of transmitting it from there. One can only conclude that the Commission assessed charges in this manner to make the scheme as attractive as possible to Regina and that the procedure was also partly the result of political considerations.

In the light of the Commission’s report Moose Jaw’s initial reactions were quite understandable and not lacking certain justification. On July 23, the day that a summary of the findings and recommendations appeared in the newspapers, Council split on the issue of public versus private ownership. The City had been requested to consider offers for its electrical system but had delayed doing so pending receipt of the report. The subject was now brought up, whereupon Aldermen Hamilton and ................................

34. In their investigation, Sullivan, Kipp and Chase studied three transmission lines radiating from the tri-city core. These included lines from Saskatoon to Prince Albert and North Battleford and from Regina to Kamsack via Qu’Appelle, Melville and Yorkton. See SKC Report pp. 109, 162. In the June 6 cost study of plants and Regina and Saskatoon only the two least attractive branches were considered. The reasons for this seem obvious: private utility companies held nothing along the routes of the two northern lines whereas they controlled almost everything and were operating lines forming part of the Kamsack route. The Kamsack line was not included in the study nor in the recommendations of the Commission probably because the Gardiner government has decided to permit the private companies to continue to operate and did not want recommendations in the report which it might not wish to carry out or which could prove embarrassing in the future. Had this not been the case and had the Commission recommended such a transmission line together with the one from Regina to Moose Jaw, transmission and transformation charges could have been assessed against a much larger southern system or, at the very least, lower transformation costs at Regina could have been charged to Moose Jaw.
McIntyre urged their colleagues to call for tenders. Hamilton reportedly alleged that according to the recommendations of the Commission, the plants at Regina and Saskatoon would be the main ones while that of Moose Jaw would act as stand-by. McIntyre referred to the contrast in expenditures which the Commission proposed to make on the city plants. The Commission was also attacked for its assessment of charges and valuations of existing plants. Opposing them were Aldermen Johnson and Thompson, who advocated retention of the plant. Johnson questioned his opponents’ statements that Moose Jaw would pay higher than average costs for energy or bear an unfair burden under a government scheme. Urging that no inter-city jealousy be aroused, he, together with Mayor Dunn, exhorted his associates to take a broad view of the power question. Nevertheless, not a single member had a good word to say about the report as it stood.

Within a few days the municipality passed a resolution stating:
"... the Power Commissioners' report is not satisfactory to the Council of the City of Moose Jaw and ... the Council is not prepared to discuss a power scheme for the Province, based on the report of the Commission."

Some aldermen wished to go further than simple rejection. Attempts were made at the same meeting to pass motions empowering the City Commissioners to advertise for tenders on the plant and to have the Mayor write the Premier that the City was not in favor of any government scheme under which it would not "obtain power at costs substantially less than those obtainable under municipal operation."

Had Moose Jaw refrained from further action at that point subsequent events might have taken a different course. Late in August Premier Gardiner wrote to Council expressing the Government's regret concerning

36. Moose Jaw Council Minutes, 6 August, 1928.
the action taken by the City and asking if it did not wish to discuss any
scheme of public ownership. Municipal officials responded by agreeing
to meet the Honorable George Spence in Moose Jaw. But by then stiff
conditions had been set for such a conference. W. G. Baker, Liberal-Labor
M. L. A. for the city, had advised Spence that as a basis for talks the
Government would have to agree that the Moose Jaw plant would be developed
unit for unit with that of Regina, that no cost of transmission lines out-
side the city be charged against the Moose Jaw plant and that the Govern-
ment declare its intention to develop in Moose Jaw all energy for the
territory tributary to Moose Jaw. Baker claimed that Spence had agreed
to base the discussions on most of the points. But no conference seems
to have taken place. Spence may have reassessed the terms and decided they
were unacceptable, or he may have chosen to wait for the atmosphere to
take more favorable. In voting against talks with the Government,
Alderman Hamilton lashed out at him personally. And almost simultaneously,
J. D. Peters, the local electrical superintendent, sharply castigated the
Commissioners. Peters expressed serious doubts concerning the accuracy of
their estimates and the soundness of their proposals and alleged that their
report failed to answer many questions, not the least of which was the
savings to be made by connecting Moose Jaw and Regina. The attack was a
serious blow to the Government's hopes. Peters had built up a good
reputation; his words carried weight.

The foregoing events, however, were but the visible ones. Compared
with the happenings behind the scenes, such occurrences resembled the
smoke of a volcano while the others were more like the seethings and

37. *The Morning Leader*, (Regina), 1 September, 1928.
rumblings in the cauldron below. Moose Jaw was being pushed forward toward her date with destiny, January 22, 1930, when her citizens would vote to sell their system to the Iowa Southern Utilities Company of Delaware.

In an effort to assure the participation of the major cities in a provincial power scheme, the Government and the Commission had changed plans when the first difficulties in negotiations appeared, only to find that their new scheme created almost as many objections as it removed. Perhaps to their sorrow, they realized that it was simply impossible to tailor proposals to meet the wishes of all concerned and still retain the required degree of uniformity. Doubtless this accounts for the lack of a major announcement regarding power policy when, for all practical purposes, Saskatoon had reached agreement to turn its plant over to the Government. Premier Gardiner could not foresee how Moose Jaw and Regina could be brought into the scheme and, until he could, he probably did not wish to adopt the Commission's findings officially. In the meantime, however, he proceeded to clear the way for agreement.

In mid-August when talks were going on between the Government and Saskatoon, Gardiner was asked if negotiations meant that his administration was going to carry out the proposals of the Commissioners. He is reported to have replied:

It will be apparent that the final suggestion of the Power Commission is largely contingent upon a willingness of the citizens to join with the government in working out the scheme. We are prepared to go as far as to say that a practical scheme can be worked out based upon the report of the Power Commission, even though the final suggestion should prove unacceptable. We are prepared to go a long way to retain public ownership of this utility but are not insistent that such ownership of necessity should be vested in the provincial government.\textsuperscript{41}

\textsuperscript{41} The Western Producer, (Saskatoon), 16 August, 1928.
Gardiner's meaning was obvious: he was equating municipal ownership with public ownership. On this basis municipalities could enter the Government's scheme and retain their own plants. They would be in almost complete control of their utilities within their own boundaries, the Government's main concern being to see that plants were of sufficient capacity to supply the needs of adjacent areas.

Some of the terms the Government would insist upon were spelled out a few weeks later in a speech delivered during a by-election in Arm River. Briefly, they were two. Those served by the publicly owned system would have to bear its costs. And when such a system got under way, its governing body would have to have the authority to acquire such plants as were deemed necessary to provide good service.

But that the Government was uncertain regarding what could be done or how best to proceed is clear. Early in November R. N. Blackburn wrote that matters relating to the northern system, of which Saskatoon would form the nucleus, would be dealt with first. Conditions were favorable for an immediate start there. As far as the southern part of the province was concerned, however, he stated that it was impossible to predict what could be accomplished. Thus when the legislature met on December 4, 1928 and when the Power Commission Act became law on January 18, 1929, the Government lacked a complete plan of action and had not announced a fully formulated power policy.

With a number of important additions, the Power Commission Act was an amalgamation of legislation passed at the preceding session. It

42. Gardiner Papers, pp. 11,473-74.
43. R. N. Blackburn to Leopold Pistner, 3 November, 1928, Department of Public Works, PW. 1, Correspondence of the Chief Mechanical Superintendent, K. Lignite investigation. A. S.
provided for the appointment of a Commission consisting of from one to three members, holding office during good behavior for terms of ten years and authorized to select subordinate officers and employees.

The general powers relating to the production and supply of electricity previously conferred on the Minister of Railways, Labour and Industries were transferred to the Commission. Also received by it were the regulatory powers hitherto exercised by the Minister under the Public Utilities Companies' Act. In both cases these powers were enlarged and clarified. Specific provisions empowered municipalities to sell their electrical systems to the Commission and prescribed conditions for the disposal of funds so obtained. There had been some doubt concerning the legality of such transactions. Upon acquisition of a power plant or distribution system, the Commission was authorized to cancel any right or franchise granted by the municipality concerned to any person or firm to maintain and operate electrical facilities within the municipality. Provision was also made for the Commission to contract to supply any person or corporation with electricity and for municipalities to apply to the Commission for service. With respect to rural areas, the Commission was authorized to define municipalities as "rural power districts" and to contract with such municipalities for the distribution of current and the supply of customers. The power of expropriation, deemed necessary for the establishment of a province-wide system, was defined at considerable length and included municipally owned power systems. Finally, the task of establishing rules and regulations to safeguard persons and property and to assure the public of reasonably safe, satisfactory and continuous service was given to
the Commission. To carry out the latter duty it was authorized to
investigate accidents and to inspect electrical systems.

In order to finance the Power Commission, the act provided for the
raising of funds on the credit of the Province. Advances were to be
obtained from the Provincial Treasurer on such sums as might be appro-
priated from time to time by the legislature. All property acquired by
the Commission was to be held in the name of the Province, which was
also to receive all profits. Regulations for the handling of funds and
accounting were to be drawn up by the Treasury Board.

The powers of the Commission were further increased by a second
bill passed during the same session. The Electric Licensing Act, the
administration of which was handed over to the Commission, provided for
the licensing of electrical supply houses, contractors and journeymen
electricians operating in the province and embodied basic requirements
regarding the class of wiring to be installed.

The settlement of questions relating to the reasonableness of rates
charged to municipalities or customers by private companies remained
with the Local Government Board. However, it too received added
authority, being empowered to prescribe a system of bookkeeping for such
companies and municipalities and to obtain from them such returns and
statements as might be deemed proper.

Though legislation permitted the appointment of three commissioners
the Government named only one -- L. A. Thornton, who had chaired the
power investigation. During the early part of 1929 a small staff was

44. Statutes of the Province of Saskatchewan, 1928-1929. Ch. 3,
Parts I, II and III.
45. Ibid., Parts IV and V.
46. Ibid., Ch. 4.
47. Ibid., Ch. 10.
also gathered together. Most important among those chosen were Samuel R. Parker and Arthur Hayworth. Parker, formerly with the Government Telephones, was appointed engineer, while Hayworth, a veteran law officer in the Attorney-General's Department, was named secretary and legal adviser. On February 11, 1929 the Commission office, occupying the ground floor of the Provincial Building on Cornwall Street in Regina, opened for business.

During the session Liberal policy was somewhat clarified for the public. In response to demands by the Opposition for information regarding the operation of the act, Premier Gardiner described in broad terms the course the Government intended to follow. He stated that a similar act relating to telephones had been passed in 1908. At that time there had been a number of private companies operating telephones, as there were at present in the electrical field. Over the years many of them had been acquired without friction or expropriation. The same process would be employed in gradually creating a province-wide power system controlled by the Government. The Premier stated that he did not believe there was any need to obtain all privately owned plants as long as the central ones were controlled. On the contrary, if a sufficient portion of the electrical business was in the hands of the public it would be possible to regulate the conduct of the whole. The first task of the Commission, Gardiner added, would be to build up a staff of engineers and others to handle its operations. After that it would seek to keep under public control the greater part of power

developments, though the time would probably never come when all people in the province would be supplied with power by the Commission.

Premier Gardiner went on to inform the House that the administration had acted swiftly in acquiring the Saskatoon plant because it was vital to its system and private interests were seeking to obtain it. As far as the Regina plant was concerned, it was not immediately required. On the contrary, it could continue to be operated by the City and sell power to the provincial system. If it and the Moose Jaw plant were obtained by the Government it would be on a basis similar to the agreement reached with Saskatoon. The Premier added, however, that he did not believe there could be a publicly owned system if one of the large city plants came under private control.

All in all, Gardiner's statement indicated that the Government's plan for establishing a publicly owned power system involved a long period of time and did not exclude private ownership. In taking such a position the Government, contrary to the recommendations of its Commission, was placing limits on the extent to which the principle of public ownership would be applied. But this was not all. In stating that the Regina plant was not immediately needed, it was postponing a basic part of the Commission's plan for a publicly owned system.

Of the contributions regarding the power question made by other members of the House during the session little need be said. During the second reading of the bill to establish the Power Commission, the Honorable George Spence delivered another "bridgehead" speech and

praised the "super-power scheme" the Power Resources Commission had worked out for Saskatchewan.

Those opposing various sections of the bill were four in number. D. A. McNiven and M. A. MacPherson, Liberal and Conservative respectively for Regina, teamed up to demand assurance from the Government that the plant of their constituents would not be expropriated. MacPherson put the question to the Government thus: "The table is all set but we don't know who the guests are going to be or whether they are to be invited, persuaded to come or dragged in to take what the government has to offer." They were assured by Gardiner that arbitrary methods would not be used in the case of either Regina or Moose Jaw.

The two members, together with Dr. Anderson, the Conservative leader, and J. A. Cross, Liberal of Willow Bunch, also voiced support for private ownership. While asserting that his party was committed to public ownership, Anderson stated that private capital had a place in all development schemes. McNiven, on the other hand, the apparent House champion of private operation, branded as unjust certain sections of the power bill and suggested that the Government confine itself to areas not already served by private companies. In supporting him Cross stated that several towns in his constituency were apparently being served well by private firms and that such concerns should not be unnecessarily disturbed. McNiven and MacPherson also requested the Government to pass legislation clarifying the legal status of purchases of municipal utilities by private companies. It is doubtful if the Government paid

52. Ibid., 15 January, 1929, in ibid.
53. Ibid., 15, 16 January, 1929, in ibid.; The Western Producer, (Saskatoon), 24 January, 1929; The Morning Leader, (Regina), 2 February, 1929.
much attention to the comments of McNiven, MacPherson or Cross. It was probably aware that McNiven and MacPherson and quite likely Cross were the lawyers of the private companies and may have thought of them as being intent on giving their clients a little extra for fees received.

Considering the information available to him, Dr. Anderson delivered what would seem to be the ablest speech of the session on the power question. In doing so he aptly described the inadequate state of Liberal policy:

We are all agreed we are ready to endorse what has been done so far by the government. We have one plant under the government system and we have a commission of one man and a statement from the minister in charge of that department that it is the intention of the government to sell power wholesale. But it seems to me we should have a more definite statement as to what the government intends to do. We know the private companies are operating on a large scale. ... There were some 100 plants sold to private companies. We are also informed that the Montreal Engineering Company has offered to sell out to the government, and yet the government has made no statement as to what it intends to do. We are also informed that a private company proposed to erect a steam generating plant in the Estevan coal fields. Why does not the government erect a plant there and sell power to the private companies operating in the district? Towns similar to Rosthern, near Saskatoon, are waiting for the government scheme. Does the government intend to sell power wholesale to them or to someone else to sell to them? These are things not only the people outside Saskatoon would like to know but the people inside as well. The citizens are looking forward to the erection of a large plant not only to supply the city but the outside as well. ... The people of the province are looking for something on a larger scale than anything outlined in

54. Power of Attorney in favor of D. A. McNiven was issued by the Montreal Engineering Company on 10 June, 1927. See file 7149, Office of the Provincial Secretary, Registrar of Companies, General Office. The service of M. A. MacPherson was obtained by Northern Light and Power the same year. At about the time Northern Light and Power was purchased by Canadian Utilities, MacPherson was issued a Power of Attorney by that firm. See files 7407 and 7756 in ibid. In the early part of 1929, Colonel J. A. Cross began handling legal matters for Dominion Electric, signing what may have been his first document for the firm on 22 February. See file 7332 in ibid.
this house so far. ... I say it is high time the government did something if they are sincere about a large scheme of government-owned power in the province. 55

For the most part, there was only one thing wrong with the Conservative leader's speech. He made it after the Power Commission Act had been passed and debate on the power question was over. Though the Speaker made no ruling, he was no doubt out of order, as alleged by Gardiner.

Despite Opposition requests, the Government did not state fully what it intended to do for the simple reason that it was as yet undecided. Without resorting to expropriation there was little that could be done to create anything even resembling a province-wide power system. But fear of the effects such a step might have on the Liberal party in the cities probably removed it from the realm of the possible. Had some other course been open, the Government would likely have adopted it. An election was in the offing, and an impressive start on a provincial power system would have been a fine record on which to campaign.

Throughout the latter part of 1928 and while the legislature was in session, Moose Jaw was relatively quiet. Not until the House had been prorogued did the tempo of events quicken. Until then efforts to turn the electrical utility over to a private concern appear to have been made sporadically and to have reflected individual rather than organized activity. The private ownership faction on City Council brought in a motion calling for consideration of offers to purchase the local utility, but it was defeated. Not for a number of months could Council be persuaded to take such a step. During the

56. Moose Jaw Council Minutes, 6 August, 1928.
interval some of its members were gradually converted from support of municipal or public ownership to belief in private ownership.

The first conversions came very quickly and were possibly in part the result of the Power Resources Commission's report. Early in August, 1928, J. E. Chisholm, barrister and solicitor, gave J. C. Chestnut of Dominion Electric details concerning Council's vote on the motion to call for tenders on the plant; a month ago it would have been nine to two; last night, August 5, it was five to five with one absent. Chisholm stated that although he had been very busy he could not do any better but assured Chestnut that the matter was not closed. This was one of the first of a number of communications to pass between Moose Jaw businessmen and officials of Dominion Electric.

No sooner had business and professional men entered the picture than they may have begun a propaganda campaign. An early step was taken by C. N. Henderson of Henderson Agencies. To F. D. Reid of Dominion Electric, he wrote: "I would be very glad if you would drop me a line asking that I interview our local Real Estate offices to ascertain as to whether or not they have any space available in any of the office buildings here and ... what the amount of rent might be as it is your intention to permanently locate in Moose Jaw. I think I discussed this matter with you the other evening when in Regina and you will understand the object of this letter." Reid proved quite cooperative. Henderson's plan presumably was to create the belief that Dominion Electric was about to establish its head office in the city in order to build up support for disposing of the utility to the company.

57. J. E. Chisholm to J. C. Chestnut, 6 August, 1928; D. E. P. No. 171. 58. C. N. Henderson to F. D. Reid, 6 August, 1928; reply, 7 August, 1928, ibid.
Late in February, 1929 the Board of Trade came out openly in favor of selling the utility to a private company. Action by it was probably delayed until then to see what would transpire in the legislature. It is quite possible that the Board wanted to discover if the Government would offer much opposition to such a transaction. If such was the case Gardiner's comments indubitably put an end to any existing fear of possible intervention, for at a meeting of the Board on the twentieth, W. F. Thorn, past president, urged City Council to give early consideration to the sale of the utility. He also called for a joint meeting of both sections of his organization to discuss the matter and give citizens a definite lead.

Within a few days the junior and senior sections of the Board passed a unanimous joint resolution calling for sale to private interests. Then suddenly, as if according to some prearranged timetable, a number of events took place. First, the Board of Trade requested Council to arrange a round table conference to deal with sale of the utility. Then, in a single day, a motion was introduced into Council asking the City to call for tenders, and an offer was received from Canadian Utilities. It could be that the sequence of events was designed to bring pressure to bear on the members of Council to change their stand. However, the maneuver, if such it was, ended in failure. Not only did the motion fail to pass, but the offer was rejected. Nevertheless, Council agreed to meet with the Board to discuss the power question.

59. Moose Jaw Board of Trade Minutes, 20 February, 1929.
60. Ibid., 13 March, 1929; Moose Jaw Council Minutes, 5, 11 March, 1929.
The action of the Moose Jaw Boards of Trade resulted in the last major policy statement by Premier Gardiner prior to the defeat of his Government in 1929. The call by the Boards for sale to a private concern made it quite evident that a decisive battle for a publicly owned system would have to be fought at Moose Jaw. On March 4, 1929 W. G. Ross, Liberal M. L. A. for Moose Jaw, briefed Gardiner on events. Referring to the Boards' resolution, he stated: "This makes the situation very difficult. If negotiations are commenced with one of the private Power Companies, and the new commission has to step in to prevent the sale, the local situation is not going to be very good."

Gardiner replied that he would speak in the city. "I can deal with the Power situation in a general way as it applies to the whole province and I think in that way can do as much good in Moose Jaw as could be done in any other way."

The Premier no doubt planned his speech carefully; it contained both a promise and a threat. He discussed the purpose of the power investigation at some length, asserting that there had been some misunderstanding throughout the province as to the intention of the Government when the Commission reported. It had been intimated that the Commission was to establish a policy. Rather, he claimed, it had been intended to gather information to assist the Government and the people in arriving at conclusions as to what the proper power policy of the province should be. "Some ... read into the findings of the Commission the intentions of the Government," he declared. Thus the

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62. Reply, 5 March, 1929, ibid., pp. 9,393-9,394.
administration indicated that it was prepared to repudiate the Commission's report.

Belatedly, Gardiner then went on to urge the people to work together. "The appeal which we are making to the province of Saskatchewan, whether rural or urban, is that they cooperate in retaining in the hands of the public the ownership and control of a utility upon which the future development of our natural resources depends." Then in conclusion, he made a declaration which was to have far-reaching consequence but which under the circumstances appears to have been little if anything more than a step taken out of sheer desperation: "... we intend that the government shall own and control the long distance transmission lines of this province just as it now owns its long distance telephones." The threat was thinly veiled: if Moose Jaw sold its plant to a private company the firm need not expect to serve any more than the city itself. At the same time the announcement brought development in the electrical field to a sudden halt. The private companies could not continue to expand under such conditions while the newly established Power Commission, stranded "high and dry" with insufficient appropriations, could not do so either.

This was as close as the Gardiner administration came to a fully formulated power policy. It embodied a principle surrounded by a few details of how and when that principle would be put into practice.

64. Ibid., p. 11,677.
65. Ibid., p. 11,678. Phillips B. Shaw, New York supervisor of Dominion Electric operations, claimed that the announcement came without warning. See The Morning Leader, (Regina), 23 May, 1930.
66. The appropriations were only sufficient to pay for the work in progress at the new Saskatoon plant. See Thornton to Honorable George Spence, 12 February, 1935, Gardiner Papers, Saskatchewan Power Commission, 12 February -- 10 June, 1935.
If, as the Premier indicated in his speech at Moose Jaw, the recommendations of the Commission were not definitely a part of Government policy, it was not only an incomplete policy but an incomplete policy almost entirely unsupported by plans. True, there was the Saskatoon agreement providing for the sale of power at cost, but it could scarcely be applied in more than a limited number of cases. In any event, there had been only one set of plans for anything approaching a province-wide power system. These made up the original report by Sullivan, Kipp and Chase which had been sacrificed the previous summer. Even if the Government had wished to return to them, it would have been almost impossible to do so after the report of the Commission and the signing of the Saskatoon agreement.

During the remainder of the time the Gardiner administration was in office the Power Commission took preliminary steps to obtain a few small plants and build a few miles of transmission lines. Literature prepared when the Government went to the polls included The Saskatchewan Liberal Handbook, reading in part: "The alertness, vigor and progressiveness which characterize the Gardiner Government were well illustrated in its grappling with the Power question." As has been seen, such claims were not warranted by the party's performance. Indeed, the disparity between the two may well have accounted for part of the gains made by opposition parties in the 1929 election.

Premier Gardiner's Moose Jaw speech had at best a negligible effect on developments in that city. In a letter to J. C. Chestnut, C. N. Henderson described the meeting which soon took place between the City Council and the Boards of Trade. W. F. Thorn, the principal

spokesman for the Boards, claimed that contract tendered and price offered for the plant were not the only things to be evaluated. The City should also consider what the company would do with respect to the location of its head office, the number of men it would employ and what connections it had in the East which would assist in bringing in industries. Council agreed to give serious considerations to these points. The meeting obviously served its purpose, for Henderson added that Council, at its meeting next morning, favored calling for tenders. From that time forward, it was largely a matter of time until the required motion was passed, tenders obtained and one of them selected for submission to the burgesses. However, before such events took place other developments occurred to complicate and delay settlement of the power question.

No sooner had the balance in Council tipped in favor of those wishing to sell the utility than the Trades and Labor Council became interested. Early in May a committee selected by it studied the question and came out in opposition to sale. This was regarded in some quarters as quite a blow to advocates of private ownership. Members of Council willing to dispose of the plant now feared bringing the matter to a vote of the burgesses lest the required majority not be obtained. Not until mid-June did the City advertise for tenders and then it was decided that they would not be opened until late September. Not altogether certain how the Gardiner Government would react to approval of one submitted by a privately owned firm, Council decided to wait until ......................

68. C. N. Henderson to J. C. Chestnut, 16 April, 1929, D. E. P. No. 171.
the Anderson administration was in office in the belief that it would treat such an act more tenderly. Later, at the request of Premier Anderson, consideration of tenders was postponed an additional month.

When the day for opening bids arrived only two were on hand, submitted by the Saskatchewan Power Commission and Iowa Southern Utilities of Delaware. Montreal Engineering, Dominion Electric, and Canadian Utilities requested a further delay to ascertain what their future status in the province would be. A few days previously, in what might best be described as his statement of power policy for the week, Premier Anderson had declared that the Government would begin negotiations to bring all privately owned utilities into a publicly owned system. Power Commissioner Thornton and four aldermen were willing to grant extensions, but their opponents carried the day. Alderman Hamilton evidently wanted to achieve his objectives and to do so quickly. The other companies, he alleged, had been brow-beaten by the Government and would not bid even if given more time. Expressing alarm at the thought of a government in Regina taking control of the Moose Jaw plant, he left no doubt concerning which of the bids he thought was best.

The two tenders differed markedly, both in price offered for the utility and other details. The Power Commission offered either of two plans. It would take over the whole system and supply customers retail...
or take over the plant and sell power to the City in bulk as had been
done in Saskatoon. In either case, the purchase price would be
debenture indebtedness less sinking fund plus an amount equal to the
depreciated value of capital expenditures made on the plant out of
revenue. Service would be at cost with rate adjustments to keep it at
that level. Under either scheme, the capitalization of the plant would
be no greater than under municipal ownership, while operating conditions
would be much the same. Had the City accepted the Power Commission
offer to purchase the power plant only, it would have received about
$1,000,000, of which about $100,000 would have been in cash. Iowa
Southern Utilities, on the other hand, offered to pay $2,875,500 cash
for the system, reduce rates by fifteen percent, spend $250,000 on the
plant within eighteen months, establish an industrialization fund of
$150,000, erect a swimming pool using part of the industrialization
fund, establish its head office in the city, provide an old age pension
and group insurance plan for its employees, and bring one new industry
to the city.

Council set October 28 as the date on which tenders would be
considered and asked the electrical superintendent for comments on
them. When this meeting took place things went rather strongly
against the Power Commission. Two letters were received by Council.
One from the Boards of Trade called for negotiations with Iowa Southern
Utilities, provided favorable rates were agreed upon. The other from
J. D. Peters advised Council to weigh the offer of the company against

75. Proposed Contract the City of Moose Jaw and Iowa Southern
Utilities Co. of Delaware, Moose Jaw Board of Trade Records; Regina
76. Moose Jaw Council Minutes, 21 October, 1929.
keeping its own plant rather than against sale to the Commission. Of the two, Peters' communication was doubtless the more important. In beginning his comments he stated: "... I am endeavoring to maintain a strictly neutral attitude insofar as that much debated subject of Private versus Public Ownership is concerned, and I trust that my comments, which are necessarily brief will not be construed as arguments either for or against the disposal of your plant." He then went on to deal with the financial status of the utility and, having done so, dismissed the Power Commission offer in a few words: "The basis of the entire proposal is 'service at cost' which is a very indefinite term, for 'service at cost' under one management might be more expensive than service at a substantial profit under another management. Advocates of this scheme must therefore possess faith in the Government Commission, to produce power at lower cost than any other organization, and to this extent the scheme takes on a political aspect right at its conception."

On the other hand, when he came to the offer of Iowa Southern Utilities, Peters described it as "a very clear cut proposal." "The acceptance of this offer, without mentioning any of the possible benefits due to industrial development, would as I see it ..." provide for the repayment of twenty percent of the City's bonded indebtedness, increase the assets of the municipality by $1,300,000, reduce electrical rates, permit the City to avoid heavy capital expenditures, replace the "variable and probably uncertain" amount of surplus earnings of the utility with a definite fixed income and end the practice whereby consumers paid excessive rates for electricity as a contribution to city revenue.

77. The Morning Leader, (Regina), 29 October, 1929.
78. J. D. Peters to Mayor and Council, 28 October, 1929, S. P. C., Moose Jaw, Town No. 1
As an analysis of the tenders, Peters' comments were far from satisfactory and could scarcely be described as coming from a man in a neutral position. Without such particulars as rates to be charged and estimates of revenue which would accrue to the municipality under four alternatives -- municipal operation, private operation, sale of the plant or sale of the entire system to the Commission -- comparisons were impossible. In addition, some of the information he did supply was of questionable soundness. For example, he seems to have placed a higher value on small generating equipment installed in 1912 and 1914 than he did on a larger, more modern unit.

On the basis of the information contained in Peters' letter and seemingly little if anything else, a motion was introduced calling on Iowa Southern Utilities to place more details of its proposal before Council. With the consent of the mover, the motion was modified to permit the Power Commission to do so as well. However, the motion called for the presentation of rate schedules. Thornton informed the meeting at once that he could not do this as his tender offered service at cost. For all practical purposes, the effect of the condition was to eliminate the Power Commission as a contender for the plant. From that time forward, Council considered the proposals of Iowa Southern Utilities almost exclusively and in relatively short order approved an agreement for submission to the burgesses. In doing so, it defeated a 

79. Peters' report is included as Appendix C. For the size and installation date of units in the Moose Jaw plant see The Optimeter, Vol. 1, No. 6, p. 3, February, 1928, Records of the Moose Jaw Board of Trade.

80. The Morning Leader, (Regina), 29 October, 1929.
motion "That the agreement in its present form between the City and the Iowa Southern Utilities, be referred to some competent Counsel to be named by the City Solicitor for his opinion as to whether or not the interests of the city have been amply protected." The majority quite plainly was ready to cast caution to the wind to assure that the plant came under private control.

After the passage of the motion calling for a vote of the burgesses, Council became a relatively insignificant factor in events. The Boards of Trade, under the guidance of W. F. Thorn, Convener of the Joint Objective Committee, spearheaded a drive to persuade burgesses to vote for the sale, while the bulk of their opponents rallied behind the Labor Representation League, a body formed by the Trades and Labor Council. At first, the Boards attempted to convert or quiet the other side. The League was urged to cooperate and not commit itself to any line of action without careful consideration. League members and supporters were advised to look upon the sale in terms of dollars and cents only, which was described as a matter of pure economics, whereas the principle of public ownership was alleged to be an academic question. Board of Trade spokesmen claimed that sale of the plant would result in reduced electric rates, a tax cut of from eight to eleven and a half mills, and would enable the City to avoid spending $350,000 on the plant. The Labor Representation League, however, did not follow their lead. Andrew Tate and J. F. McClellan charged that there was something behind the Boards' actions which was not apparent on the surface and that it had not been contended until recently that the power plant was inefficient.


82. Unidentified clipping, 31 October, 1929, in S. P. C. File, Moose Jaw Town No. 1.
McClellan stated that he favored public ownership and did not want
Moose Jaw to be a small minority standing in the way of any wide power
scheme. Shortly thereafter, the League decided to enter labor
candidates pledged to oppose the sale in the forthcoming civic election.
This it did, but its candidates were defeated, all aldermen elected
except one being in favor of selling the plant.

Before and after the municipal elections, the Boards of Trade kept up their agitation. Meetings and debates took place and large spreads appeared in the newspaper. The imagined benefits of the proposed transaction grew by leaps and bounds. In addition to the many other advantages, it was soon claimed that sale would permit the City to avoid expending $700,000, stimulate business and bring in more population. Indeed, before the vote was taken, it was reportedly even maintained that sale would result in improvements in the health, happiness, and well-being of Moose Jaw residents.

Members of the boards carried out other activities as well to bring about the sale. Iowa Southern wanted a guarantee that the full price paid to the City, plus costs of extensions, would be protected should the Province decide to expropriate the system. A. J. Wickens, a local barrister, interviewed Premier Anderson and Attorney-General M. A. MacPherson in an effort to obtain such a promise and to get the Government to go on record against expropriation. As a result of the incident, Aldermen Johnson and Wilton accused the Boards of...
trying to take matters out of the hands of Council, while Alderman Jackson charged them with using "steam hammer" methods. Nevertheless, the bylaw to sell the utility won approval by a margin of four to one.

Thus Moose Jaw made its decision. It was a decision against any wider scheme of power development and, as such, a choice of the supposed interests of the community over the real interests of the province at large. But equally unfortunate, it was a decision reached through questionable methods. The manner in which the majority in Council eliminated the Power Commission as a contender for the utility, together with their haste in approving Iowa Southern Utilities' tender without thorough study, has already been observed. Regrettably, this seems to have been the typical manner in which decisions were made throughout most of the affair.

When Moose Jaw business and professional people set about collecting information, some of the methods they adopted were peculiar, to say the least. "The information which you have given me will, I know, be of considerable benefit to the Committee on which I am acting," wrote H. W. Pope of Seaborn, Kent and Pope to F. D. Reid of Dominion Electric. Upon receipt from J. C. Chestnut of Dominion Electric of a Financial Post clipping which made comparisons between private and public ownership, A. J. Wickens replied: "No doubt the Association or whatever the name of the general organization of private power producers is, will have some figures outside of Ontario and Quebec figures." The writer stated that he wanted all the data he could get. When Dr. H. S. Johnstone, a local

87. The Morning Leader, (Regina), 18, 19 November, 1929.
88. H. W. Pope to F. D. Reid, 28 September, 1928, D. E. P. No. 171.
89. J. C. Chestnut to A. J. Wickens, 30 March, 1929, reply, 3 April, 1929, ibid.
chiropractor, wanted information on the Assiniboia utility, this came, though in a round about fashion, from Walter Schlosser of Dominion Electric. Of course, Schlosser assured Dr. Johnstone that the town had made a good deal with his firm. And when Dr. Johnstone wanted to know if agreements with private companies adequately protected the consumer, he wrote to Schlosser. The reader can well imagine the reply he received.

Whether such letters from private operators were all solicited is uncertain. Nor can one determine the amount or sources of other data businessmen collected. However, this much is known. The Board of Trade itself obtained details of Yorkton's agreement with Mid-West Utilities. F. J. Pilkington, city clerk, wrote that among other things the City had made an excellent deal. But anything Pilkington might say about the Yorkton transaction was scarcely worth the paper it was written on. In analyzing it, he found thousands of dollars in benefits to the City which were actually nonexistent.

90. Dr. H. S. Johnstone to Manager Electric Power Plant, 1 November, 1929, W. H. Schlosser to Dr. H. S. Johnstone, 15 November, 1929, Dr. H. S. Johnstone to Dominion Electric, 28 November, 1929, reply 29 November, 1929, ibid.
91. F. J. Pilkington to R. Farquharson, 8 October, 1928, D. E. P. No. 156.
92. F. J. Pilkington to J. S. Latta, 28 February, 1928, Latta Papers, M5 No. 54, Dept. of Municipal Affairs, General Correspondence 1927-1929 M-Z. Yorkton sold its system for $75,000 cash. In addition, Mid-West Utilities assumed the debenture debt of $320,000. In the letter, Pilkington stated that the actual value of the system was about $190,000. In adding up the benefits to the City he then deducted the $190,000 from the $320,000 and said the City had gained $130,000. This was scarcely the case; if the company operated the plant throughout the length of the franchise it would attempt to collect the full amount of $320,000 through power bills. On the other hand, if the company went out of business Yorkton was still responsible for the full amount of debentures owing. Assumption of debts by the company did not relieve the City of its responsibility to the bondholders. Thus there was
If anything, the investigation conducted by the Trades and Labor Council and the Labor Representation League was less adequate than that of their opponents. They consulted almost no one on the matter; rather they merely talked it over among themselves and decided that the utility should not be sold. Their criticism of the proposed sale could also have been more thorough. They seem to have made little reference to such items as the high capitalization that would be applied to the plant under private ownership. As the editor of *The Evening Times* pointed out, it would probably be "capitalized at the purchase price of $2,875,000, plus the $150,000 sop to the Board of Trade and the swimming pool."

As far as the beneficial results of selling the plant to a private company were concerned, they were greatly overestimated. The claim that sale would relieve the City of making large expenditures was not as advantageous as it was made to appear. Nor was the claim that sale would cause taxes to drop anywhere from six to eleven and a half mills born out. 

actually little real benefit to the City in this regard. Pilkington also valued the benefit of the $75,000 cash on the basis of an annuity at six and one-half percent over a fifteen year period and said the City would gain $119,640. This too was incorrect. The sum would have to be deposited in a bank in accord with Local Government Board instructions where it would earn four percent interest which banks had agreed to pay. This interest could be used by the town each year if desired. Yorkton's financial position was such that the money earned in this fashion would probably be used annually. Thus if the whole principal were kept the full fifteen years it would earn only about $45,000.

93. Interview with Andrew Tate, 28 August, 1964.
95. Sale of the utility relieved the municipality of the responsibility of raising money necessary to expand the plant. However, whether debts were incurred in the form of municipal debentures or corporation stocks and bonds, the money to pay the principal, interest or dividends all came from the same source -- the consumer of electricity.
96. The first time the mill rate was set, taking into consideration the changed method of municipal financing, there was no difference whatsoever; it remained at 48.70 mills. See *The Morning Leader*, (Regina), 5 April, 1930.
Industrialization resulting from the transaction is a much more
difficult topic to deal with. About all that can really be said is
that Regina and Saskatoon under public or municipal ownership achieved
97 as much or more than Moose Jaw. The citizens of Moose Jaw were also
promised a rate reduction. This was perhaps the cruelest hoax ever
perpetrated on residents of the city by a man they placed in a position
of trust. Evidence discloses that largely as a result of Alderman
Hamilton's efforts to sell the plant to a private company, Moose Jaw
consumers paid 12.3 percent more for their power for one year and five
months and 2.3 percent more for an additional two years than they other-
98 wise would have had not such efforts been made. The episode does not
say much for the superiority of private operation over any other form.

97. Iowa Southern Utilities promised to bring in one new industry
which would employ seventy-five to 100 people. See ibid., 11 January,
1930. The firm attempted to keep its word but the depression adversely
affected the venture. Early in 1931 the Indestructible Neckwear
Manufacturers Limited was established, but it soon collapsed. See
Minutes of the Moose Jaw Industrialization Fund Committee, 26 January,
1931, Moose Jaw City Records.

98. On September 4, 1928 Alderman J. A. Thompson served notice that
at the next meeting he would bring in a motion to reduce electric rates
and change the regulations governing collections and discounts. See
Moose Jaw Council Minutes, 4 September, 1928. As a result, the electrical
superintendent drew up a new schedule which was approved by the Light
and Power Committee of Council. The revisions were to take effect
January 1, 1929 but were rejected by Committee of the Whole. See ibid.,
1 October, 1928. This was probably one of the most decisive steps taken
in the disposal of the plant. Had the reduction gone into effect, it
would have been very difficult for a private utility company to offer
both a large price and a major rate reduction, without which it is quite
possible the plant would not have been sold.

At the council meeting on October 1, during which the rate reduction
question was dealt with, some of the supporters of public ownership
apparently unknowingly played into the hands of their opponents. The new
rates were rejected mainly on the grounds that the reduction would tie
the hands of the 1929 Council before expenditures were known. Alderman
Hamilton claimed that the 1929 Council should be allowed to do its own
business and, furthermore, that if the rates were wrong, they had been
just as wrong six months previously when the estimates were passed. See
The Moose Jaw Evening Times, 2 October, 1928. The use of the pretext
that the rate reduction would tie the hands of next year's Council before
Thus the three cities, officials of each doubtless believing they had done the best for their citizens, went their separate ways. But regardless of the courses adopted or how good any of them might have appeared individually, all led to duplication and waste. Such results became unavoidable when the recommendations of Sullivan, Kipp and Chase for an integrated power system were rejected.

Expenditures were known, was not really a satisfactory explanation in view of Council's past actions. Practically a year to the day previously, a similar question had been handled. On October 3, 1927 Council had reduced the fixed charges on all light and power bills with the exception of special contracts. See Moose Jaw Council Minutes, 3 October, 27 December, 1927. At that time no one questioned the propriety of the act. J. C. Chestnut of Dominion Electric explained Council's inconsistent behavior in a letter to his superiors in the summer of 1929. After discussing alderman Hamilton's interest in bringing about the sale of the plant, he stated: "... last winter the council seriously considered putting a substantial rate reduction into effect and I think this would have been done had I not called Mr. Hamilton's attention to the fact that if a reduction were granted at that time it would make it very much more difficult for a private company to offer a further rate reduction in connection with offers that might be called for for the electric utility a few months hence. He saw the point immediately and succeeded in preventing the rate reduction, notwithstanding the fact that most of the councilmen seemed to be in favor of the same." See J. C. Chestnut to Leo Loeb, 16 July, 1929, D. E. P. No. 171.

The proposed rate adjustment which Council rejected amounted to an average reduction of 12.3 percent for class A, B and C consumers. See The Times Morning Herald, (Moose Jaw), 17 September, 1928. When the plant was finally sold to Iowa Southern Utilities, the same group of customers and only these were promised an immediate reduction of ten percent followed by an additional reduction of five percent in two years' time. These were received on June 1, 1930 and June 1, 1932.
That the Saskatchewan Power Commission did not at once dwarf all other electrical utilities on the provincial scene was in no small degree determined by the actions of the three major cities. Those municipalities having charted their courses, the actual position the Commission achieved was largely decided by the support it received from the Government and the opposition it encountered from the private companies already established in the field. The unfolding of events was to demonstrate that the publicly owned utility could expect little more than minimal encouragement from the former and would face strong resistance from the latter.

Like its predecessor in office, the Anderson Government vacillated between public and private ownership. It did not wish to make a choice but soon opted for a publicly owned system. Later, reversing itself, it secretly divided the province into zones, assigning certain areas to the private operators and the remainder to the Commission. To wasteful duplication of electrical facilities was added a condition which would preclude planning of the electrical utility on a province-wide basis. Saskatchewan's chances of possessing an integrated power system thus reached a new low.

At about the time the Saskatchewan Government set out to select the members of the Power Resources Commission, the attention of other
persons also interested in electrical utilities began to centre on the province. Stocks and bonds in such utilities were highly regarded by investors, while at the same time financial houses in both Eastern Canada and the United States had considerable resources on hand and were seeking additional areas in which to place them. Insofar as electrical developments were concerned Saskatchewan offered one of the last wide open fields for investment and speculation.

The first person to take an active interest in the matter was Senator Walter H. Schlosser of North Dakota. Thinking that the coal fields would be the logical place to develop power, he visited Estevan late in 1926. There he soon discovered that businessmen were quite enthusiastic about his plans. A few days later, accompanied by E. W. Garner, M.L.A. for the constituency, he met provincial officials and was informed that no legal barriers prevented him from proceeding with his scheme. The following spring, having found financial backing in Minneapolis, Schlosser returned to the province to establish the Northern Light and Power Company. Believing that a plant near Estevan could generate very low cost power, he had in mind the construction of a moderate sized system encompassing south-eastern Saskatchewan as far north as Yorkton. During the year he purchased the electrical utilities and obtained franchises from such towns as Indian Head, Wolseley, Moosomin and Balcarres. By the fall of 1928 these, together with other communities, had been connected by transmission lines extending from Balcarres to Grenfell and from Indian Head to Fleming via Grenfell. The system included about 185 miles of line and was served from a new

2. The Morning Leader, (Regina), 12 December, 1927; Estevan Council Minutes, 24 April, 1927, 23 January, 1928.
plant at Grenfell. This was as far as Schlosser's scheme was put into effect. In fact he did not even see this much of it through to completion. In order to achieve his objective, satisfactory agreements had to be worked out with Estevan, Melville and Yorkton. No doubt realizing that this would be impossible, he sold his holdings to Mid-West Utilities -- later Canadian Utilities Limited -- early in 1928.

Shortly after Schlosser entered the field, a small group of local people, headed by Charles Nemetz and Dr. Ernest Hixon of Watrous, also began purchasing electrical systems. By the winter of 1927 they were in control of the utilities at Gull Lake, Gravelbourg, Herbert and Shaunavon. These had been among the largest privately owned systems in the province. Desiring to expand further but lacking the finances to do so, and facing growing competition for plants, they sought outside assistance which was obtained from the Albert Emanuel Company of New York. The American concern had interests in the Dominion Electric Light and Power Company of Delaware. After brief negotiations a new company, Dominion Electric Power, appeared in Saskatchewan.

With the financial resources at its disposal the new firm spread out quickly. Its policy was "to expand ... as rapidly as possible by the acquisition of any properties either large or small" which could "be brought into the organization on a thoroughly sound basis." Insofar

4. The Morning Leader, (Regina), 31 March, 1928; The Yorkton Enterprise, 13 September, 1927. Mid-West Utilities was prepared to pay a much higher price for the Yorkton utility.
5. Files 7151, 7179, 7234 and 7253, Department of the Provincial Secretary, Registrar of Companies General Office.
7. Albert Emanuel Co. Inc. to F. D. Reid, 26 February, 1928, D.E.P. No. 150.
as there was any overall planning concerning the location of their acquisitions, those in charge seem to have been interested in establishing themselves in the south. Perhaps they thought of a connection between Estevan and a company in Alberta, possibly Calgary Power, which would serve the intervening area. Within six months such strategically located towns as Estevan, Assiniboia, Melville and Davidson sold their plants to the company. Throughout the balance of the year and during the early months of 1929 old plants were reequipped, new ones built at Shaunavon and Herbert and a transmission line constructed to serve the communities between Shaunavon and Assiniboia.

Also following close on the heels of Schlosser in the spring of 1927 was the Montreal Engineering Company, the first major concern to enter the province. It was not an electrical utility company in the ordinary sense. Rather it did all the engineering work for Royal Securities of Montreal and, along with the Calgary Power Company, was a subsidiary of Royal. Its purpose was to construct a power system which would then be incorporated as a separate entity. In the twenty or so months available to it before official policy curtailed expansion, the company constructed a transmission line complex extending through roughly fifty communities in the vicinity of Regina, Moose Jaw, Weyburn and Estevan. All told, it eliminated somewhat over twenty-five small power plants in the process of building approximately 500 miles of transmission line.

From the newspaper accounts of the time the planning of the Montreal Engineering Company is quite clear. The firm distinctly envisaged

8. Ibid.
11. The Prairie Power Company was eventually established.
constructing a power plant on the coal fields between Estevan and Bienfait. From there it would run lines east to the Manitoba border and north-west to Regina and Moose Jaw via Weyburn. From Moose Jaw it intended to build to Saskatoon via Outlook. Though the records contain no mention of planned expansion beyond Saskatoon, the firm very probably aimed at ultimately extending west to the vicinity of Macklin where it would connect with lines of the Calgary Power Company. The company's interest in obtaining the Swift Current plant and the fact that it planned a short line west of Moose Jaw suggest that it may also have contemplated extending to Alberta through that area. It is interesting to note how closely its plans paralleled the recommendations of Sullivan, Kipp and Chase. The transmission lines it built or planned to build would have placed it in the immediate vicinity of the three sites proposed by the latter firm for a large central station. Furthermore, that it intended to establish a system capable of moving power in quantity seems quite clear. Montreal Engineering was the only organization which at the time built lines the capacity of which could be increased to 66,000 volts.

12. At one stage the firm announced that it was going to build a $750,000 plant at that location. See The Morning Leader, (Regina), 30 December, 1928. The company also announced the letting of contracts for the construction of lines from Estevan to Carnduff, Lampman to Radville, Estevan to Moose Jaw along the Soo line, Weyburn to Estevan via Benson, Moose Jaw to Qu'Appelle via Regina and north to Fort Qu'Appelle, and from Kronau to Carlyle. See ibid., 7 April, 1928. Not all of these lines were built, probably due to the company's failure to secure the Estevan, Bienfait and Weyburn franchises and to provincial regulations. The firm's plans for lines from Moose Jaw to Saskatoon via Outlook, together with lines to connect Moose Jaw and Mortlach and Qu'Appelle and Montmartre, were taken over and carried out by the Power Commission. See Memo of meeting between Thornton, Premier Anderson and other provincial officials, 5 June, 1930, S.P.C., Canadian Utilities Limited, General, May, 1930 to December, 1940.

13. See The Morning Leader, (Regina), 13 December, 1927. The Regina - Qu'Appelle line could be raised to that voltage and probably the one from Moose Jaw to Grand Coulee as well.
The fourth and last of the companies to be a factor in electrical developments before the formation of the Power Commission was Mid-West Utilities Limited of Calgary. Like Dominion Electric, it was a subsidiary of an American concern, the International Utilities Corporation of New Jersey. Due to the fact that it adopted an expansionist policy somewhat later than the other firms, its holdings were concentrated further north. In addition, its properties consisted largely of isolated plants in larger towns and the city of Yorkton. Though it purchased the transmission system of Northern Light and Power, the only one of any consequence that it constructed before government curbs were applied was in the Watrous - Nokomis area.

From the foregoing brief account of the entry of private utility companies into Saskatchewan, it is evident that each to a greater or lesser degree had plans for developing a power system in the province. The creation of the Power Commission and the establishing of Government policy regarding transmission lines severely retarded their expansion before any of them had carried out their full programs. Without further expansion and development they claimed that they could not earn a satisfactory return on their investments. Then too, Government transmission line policy forced some of them to make unsound expenditures. Because they could not connect certain communities to existing plants it was necessary to increase generating capacity at some of those centres. Nevertheless, they were in a fair position to vie with the Commission for control of the local situation. During 1927 and 1928 the four firms

obtained control of practically all the larger electrical utilities in the province except for the city systems. Thus when the Commission came into being, most of the profitable and strategic locations were in their hands. As things turned out, this seriously complicated the Commission's task of establishing itself, encouraged the Government to resort to hypocrisy and partly accounted for the financial losses suffered by the Commission during the depression.

For the privately owned utility companies and to a certain extent for the Commission, much of 1929 was a period of uncertainty and stagnation. Shortly after the power bill came before the House, Montreal Engineering offered to sell out to the Government or enter into various sorts of agreements with it, but no action was taken. Then beginning in March, as a result of Gardiner's Moose Jaw edict, they were unable to obtain the consent of the Power Commission to build transmission lines and hence were somewhat hesitant about purchasing additional utilities. The June election, if anything, complicated an already indefinite state of affairs. While Liberals captured the greatest number of seats, they no longer controlled the Legislature. Thus no policy decisions were made during the summer. Nor did the Commission, lacking adequate finances, adopt an aggressive expansionist policy.

Before long it became apparent that a coalition of Conservatives, Progressives and Independents would form the new Government but that did not really simplify matters. The power policy of the Conservative party, which would dominate the coalition, was nebulous in the extreme.

Dr. J. T. M. Anderson, the Conservative leader, and some of his followers had stated that the party was pledged to the principle of public ownership. On the other hand, their election platform read, "We stand for public ownership of power ... private enterprise has its place in all development schemes." In addition, the party's provincial convention had avoided adopting a definite policy. Thus, though some believed that the new Government would be more favorable toward private enterprise, it was impossible to be sure.

Very shortly after taking office, Premier Anderson met with Commissioner Thornton. Following the meeting he stated: "The government is, of course, committed to the principle of public ownership ... . It is my wish to find out exactly what has been done in the past and also to ascertain what we can do in the future, and how best the principle of public ownership may be carried out. We have reason to believe that the Liberal government's power policy was not what it should have been, and we intend to look into the matter thoroughly." A few days later he also met with representatives of the private companies. Here he was informed of the work the firms had done, the investments they had made and the effects of official policy. The companies expressed their willingness either to take over all commitments of the Commission or to cooperate with it to advance the interests of all concerned. In their opinion the provision of adequate electrical service in the province would require a very large investment. Thus they suggested that the territory be divided among themselves and the Commission. Following

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17. The Western Producer, (Saskatoon), 30 May, 1929.
18. The Morning Leader, (Regina), 16 March, 1928.
19. The Western Producer, (Saskatoon), 19 September, 1929.
the meetings the Premier stated that a policy would soon be announced. The decision to be made was whether or not to launch a large power scheme. If a major program was to be undertaken the large towns and important villages held by private companies would have to be obtained for the Commission; if not, such firms would have to be allowed to expand. Justice to the companies, he declared, demanded a quick decision.

Before determining how best to proceed, Premier Anderson seemingly decided to appeal to public opinion. Addressing the Moose Jaw Board of Trade on October 7, he stated that three courses were open to the Government: it could leave the situation as it was, launch a major program by purchasing the private companies or form a cooperative out of the Commission and the private companies along the lines followed in establishing the Saskatchewan Co-operative Creameries. Dominion Electric found the statement quite heartening as the Premier seemed to indicate that he preferred the cooperative approach, whereas Attorney-General M. A. MacPherson had hinted that take-over by the Government was imminent. Under a cooperative scheme the stockholders would control affairs through a board of directors. However, the public reaction Anderson was possibly seeking came almost at once. Officials of the United Farmers of Canada (Saskatchewan Section) expressed themselves entirely opposed to any policy except public ownership. Of the cooperative idea they declared: "This latter hybrid of half co-operative and half private interests has been tried out in co-operative creameries and is unsatisfactory. The government should decide one way or the other."

22. The Morning Leader, (Regina), 28 September, 1929; The Western Producer, (Saskatoon), 3 October, 1929.
The Premier's response was rapid. In a speech at Prince Albert a few days later, he attacked the former administration:

The situation that confronted us upon assuming office was that our provincial power commission was practically powerless so far as extension of its operations was concerned. The Gardiner government ... had apparently no definite power policy and had permitted private power companies to enlarge their operations. The ... companies had already secured the cream of the power business outside of the large cities of Regina, Saskatoon and Moose Jaw. The companies had built over one thousand miles of high power transmission lines with definite signed permission of the Gardiner government. After encouraging the private companies in this way and making no attempt to discourage them from purchasing the plants of the majority of the large towns and villages of the province, they, in typical Gardiner fashion, reversed themselves immediately before the election, refusing to grant any further permits to erect lines. Emissaries of their political organization went throughout the country announcing that the Gardiner government was the champion of public ownership and that the opposition were secretly in league with the private power companies. Entering upon office ... the new government had two courses open to it. They have had to decide either to dispense with the services of the power commission and abandon all thought of public ownership of power, or else to map out and enter upon a definite policy of provincial /sic/ wide power scheme. Such a scheme would involve acquiring the entire holdings of the private companies ....

The new government has considered the whole question from every angle. Its members were pledged before the election to the principle of public ownership. Representatives of the private power companies have been heard by the government as also delegations from various points throughout the province.

With respect to the policy his party would follow Anderson stated:

"Under these circumstances, the government has made a decision to continue the power commission and embark on a provincial /sic/ wide scheme of public ownership. ... It is the intention of the government to discourage further extension by private companies of high power transmission lines. All such lines will, in future, be built by the power commission. Negotiations will at once be entered upon with the private power companies with a view to bringing all their holdings under a comprehensive provincial
scheme of public ownership." Government policy, he reportedly declared was "not to fool the people but to decide on something definite."

Anderson's announcement produced immediate reactions on the part of the private operators. Dominion Electric, Canadian Utilities and Montreal Engineering decided to refrain from tendering on the Moose Jaw utility pending elaboration of official policy. In addition, the companies agreed that none of them would approach the Government on any matter without informing the others and that they would adopt tactics designed to weaken the Commission and forestall action by the Province.

Apparently as a result of their efforts an Estevan delegation, consisting of representatives of the town and Board of Trade, appeared before the Government to plead for the free and unrestricted development of the coal industry and large scale generation of power on the Estevan field by the Goverment or private concerns. In doing so they expressed their preference for private ownership. At the same time resolutions expressing satisfaction with existing conditions were obtained from a number of towns served by the companies and were forwarded to the Government. Phillips B. Shaw of Loeb and Shaw, New York supervisors of Dominion Electric operations, considered very important activity designed to shape official policy. In a letter to Schlosser he stated:

We must exert a positive influence on the government or we will be at the mercy of the public ownership advocates, who

have their ear. I feel very strongly on this matter and wish you could get in touch with Yorath and Baxter [of Canadian Utilities and Montreal Engineering] and then advise me definitely just what they are doing if anything. I am also very much disappointed regarding the possibility of our getting some action from the various towns we serve, expressing satisfaction as to the service and the rates. They need not say they are in favor of private ownership, but simply say they are entirely satisfied with the conditions as they exist at the minute. If it will ease their conscience any, they can follow this up by saying that if there are any advantages to be gained by public ownership in the way of rates and service, they would, of course, favor it.

He believed that sitting quietly on the sidelines would be suicide.

Not without reason was Shaw displeased with expressions of opinion by the towns. A few excellent resolutions were obtained but the one from Herbert, after requesting the Government to authorize a private company to build a transmission line from there to Morse, ended by stating that it would be preferable to "have the plant at Herbert taken over by the Government and have the line built by the Power Commission."

The Herbert plant belonged to Shaw's company. Nevertheless, the resolution campaign was continued and took on a somewhat scientific appearance. In a letter to Schlosser in November, C. J. Yorath, President of Canadian Utilities, stated that he had received some resolutions which would be kept until he had a large number. "It is then my intention," he added, "to have copies of these resolutions made, and sent to each individual member of the Government, spreading them over a period so it would have the effect of a 'running fire,' and by this process we would soon change the minds of some of the members ... or at least make them feel there is no such a demand for Public Ownership in the Province as they now......

32. Unsigned to P. B. Shaw, 11 November, 1929, D.E.P. No. 216.
seem to think there is." The companies also considered and may have 33
circulated some subtle propaganda in the newspapers.

How productive of results these efforts were is open to speculation.  
Before much was done in this direction the Government was in the process
of preparing a new power policy. With regard to forthcoming pronouncements
by the Premier, Highways Minister A. C. Stewart assured Walter Schlosser
that he was about to "hear a great deal of 'bull.'" At the moment
Schlosser was uncertain regarding the meaning of Stewart's comment, but
he soon found out. Within a week, Yorath advised him that Professor
W. W. Swanson of the University of Saskatchewan was, at the request of
the Government, "endeavouring to work out some scheme which would have
the color of Public control by the Government, but which will not make
the Government take over the properties now operated by Private Companies." 35
Evidently the Government was not only seeking a means to renege on its
promises but also to fool the people in doing so. This was accomplished
in the last six weeks of 1929.

Speaking at a meeting of the Estevan Conservative Association in
late November, Anderson stated that a provincial power policy would
be developed and submitted to the Legislature to provide power at cost
under complete public ownership. However, he began to water down the
stand he had formerly taken, indicating that the policy would not be
applied for some time. "... there is," he added, "no immediate intention
of going to these companies and taking over their holdings. But we have
told them that we are starting out with the idea of building a great

33. C. J. Yorath to W. H. Schlosser, 26 November, 1929, D.E.P.
No. 157; also see reply, 26 November, 1929, ibid.
34. Unsigned (obviously W. H. Schlosser) to P. B. Shaw, 17 November,
1929, D.E.P. No. 216.
35. C. J. Yorath to W. H. Schlosser, 23 November, 1929, D.E.P.
No. 157.
provincial scheme of publicly owned power and if they understand English they must know what we mean by that." Turning to the subject of the plant under construction at Saskatoon, he went on to say that it would be extended and would show that power could be supplied more cheaply by the Government than by any private company. And coming to the Estevan situation, he concluded: "As far as... Estevan is concerned, the government will be prepared to allow the present company to extend its present plant to cover certain areas in close proximity to the town or else we will have to build a government plant to meet the demand from outside the town. We will let you know in plenty of time. We shall not hold up 36 development here."

Although Conservative leaders might decide to abandon their original policy declaration, it was another thing to obtain approval of the change. At a caucus shortly after Anderson's jaunt to Estevan the matter was brought up, whereupon the Progressive members of the coalition immediately declared in no uncertain terms that their policy was public ownership and that they expected it to be carried out. As a result, the Government was on the verge of reaffirming publicly its loyalty to public ownership. But, according to Walter Schlosser, "Lignite Jim" Creighton was able to ward off such a declaration. Dr. Creighton succeeded in convincing the members of the cabinet that they would seriously injure their position by advocating a comprehensive scheme without "obtaining more competent advice than they had had heretofore." Evidently he was working hand in glove with the private utility companies. Schlosser added that should the Government decide to consult an expert, Creighton

6. The Morning Leader, (Regina), 20 November, 1929.
wanted Dominion Electric "to prepare a series of questions which the
Government will require this person to answer and he will in turn give
them to the Government as coming from himself."

Informed by Dr. Creighton regarding the attitude of the Progressives,
the private operators decided to take additional action. Representatives
were dispatched to discuss matters with the Progressive members residing
in towns served by the companies. The object no doubt was to convince
such M.L.A.'s that their constituents would not benefit from any public
ownership scheme. Just how productive were these efforts is impossible
to determine. However, the companies must have believed them sufficiently
rewarding, for the Government was soon to adopt a new policy.

On December 31 Premier Anderson announced: "It is the intention
of the government, through the power commission, to make considerable
extensions of power lines throughout the province during the coming year.
No transmission lines will be erected except by the power commission.
This is a definite policy of the government. The private companies have
a number of isolated plants in various parts of the province, principally
in the larger towns. It is the intention of the government that the
power commission, when necessary in the interests of the government
scheme of public ownership, negotiate with the private companies for the
purchase of these plants." Immediately after the announcement Schlosser

Creighton's reference to the competence of Government advisers was
apparently meant to apply to the Power Resources Commission. He had
stated in the House that the Commissioners were good men but not
competent to recommend to the Government what should be done to produce
power from Estevan coal. He advised the Government to get experts from
Germany or Australia. See The Moose Jaw Evening Times, 29 February, 1928,
in S.S.H. Vol. 42.

39. W. H. Schlosser to C. J. Yorath, 4 December, 1929, D.E.P.
No. 157.


41. The Morning Leader, (Regina), 2 January, 1930.
interviewed Attorney-General MacPherson to obtain the details. He was informed that his company would be permitted to build the new plant at Estevan and that there was no intention to expropriate the holdings of private operators. He also learned that lines built by the Commission might be rented out. Further details were obtained by the engineer of Dominion Electric from his counterpart in the Power Commission. S. R. Parker said that the Commission would leave the companies alone in the southern half of the province and as a matter of politics and public policy control all new extensions. In the north it would seek to acquire all the towns that could be economically linked with Saskatoon. This would include the Dominion Electric Company's plant at Biggar, the Watrous - Nokomis system of Canadian Utilities and the towns north of Saskatoon including Rosthern. The Commission also intended to build the projected line of Montreal Engineering to Outlook and lines east and west out of Melfort. Thus was a power policy finally adopted and the bulk of the properties held by the private companies placed beyond reach of the Power Commission.

Analyzing the policy in a letter to C. J. Yorath, Walter Schlosser stated: "Their policy is apparently one of conforming to the sentiment which they believe to be strongly in favor of public ownership, and at the same time not plunging the Province into the large expenditure which would be necessary in the case of wholesale expropriation of private holdings." Yorath's reply read in part: "I acknowledge receipt of your letter ... outlining the policy of the Provincial Government of Saskatchewan, in regard to the development of its supposed Public


Ownership scheme of Electric light and power plants. One can hardly conceive of any Government thinking of such a procedure, and it is extraordinary how the public can be 'gulled' in this way." All in all, the Anderson Government had come a long way in a little over three months in office. Upon assuming control nothing which could be called a genuine power policy existed; now there were two, one for public consumption and one for application. With minor modifications this so-called policy for establishing a province-wide publicly owned power system remained in effect for fifteen years. That the part made public was not changed may have been due, as will be seen, to one of the private companies overplaying its hand.

After the Anderson policy had been in effect for roughly a year, Schlosser described the provincial electrical situation to his New York supervisors. He had recently discussed the situation with members of both the Liberal and Conservative parties during an Estevan by-election and wrote as follows:

While I did not take a particularly active part in the election I did lend support to the Government Candidate, feeling that it was good business to do so, not only because the present Government has shown much more active co-operation in the development in Estevan than the previous Government, but, primarily for the reason that if the Government should be defeated in this seat that it would not affect their majority in the Legislature and no matter what the outcome would be the present Government would be in power for the next three years and it would be during the next three years that the power policy would be fairly well determined. ... This By-Election gave me an opportunity to discuss the power situation quite thoroughly with Members of the present Government and also with Mr. Gardiner with whom I became quite well acquainted. Both sides seem to feel that there was something wrong with their respective power policies, if they can be defined by that name, but neither side seems to have settled on anything definite as an alternative.

Had the Government won this seat I feel quite certain that they would have been more free in announcing a new policy that would permit development by Private Companies.45

That his power policy was not working out should not have surprised Premier Anderson. The course he had chosen to follow assured the private operators that they were quite safe in the south, where they were fairly well established. The members of the Government were naïve if they expected the companies to refrain from attempting to mark out other areas for themselves. Besides, the smooth operation of the policy required that the companies sit down and quietly negotiate the sale of their isolated plants to the Commission at such times as the Commission might require them.

Throughout 1930 the Government had tested out its policy. All new lines established during the year were constructed by the Power Commission, except for some short extensions in the Estevan area by Dominion Electric. For the most part, that firm, along with Montreal Engineering, remained relatively inactive, probably waiting to see how far the Government was prepared to go with its own scheme. Aside from Dominion Electric commencing construction of a new plant near Estevan, their main attempts at expansion, both of which failed, were confined to the south and involved efforts to obtain the utilities at Weyburn and Swift Current. Canadian Utilities, on the other hand, pursued a much more aggressive policy, proceeding as if there had been no announcement by the Government concerning the ownership and operation of future transmission lines. This led to an almost immediate clash with the Power Commission in which Thornton came off second best. Commission construction plans for 1930 called for taking over the isolated plants of Canadian Utilities at Rosetown,

Melfort and Foam Lake. Of these, the Commission managed to obtain only the least important, Foam Lake, while its plans for a transmission line from Birch Hills through Melfort to Tisdale were completely blocked. Indeed, in the course of the year the private firm improved its position in the area east of Prince Albert. Thornton clearly regarded the outcome of the affair as a serious recession from the expressed policy of the Government. Hence, it was not surprising that both Anderson and Gardiner were dissatisfied with their power policies, neither of which took into account occurrences such as the foregoing. On the other hand, perhaps encouraged by this success, the companies soon worked out a plan designed to strengthen their position further.

During the winter of 1930-31 the depression began to influence the thoughts of members of the Government. The belief that the provincial debt was growing too rapidly and that expenditures should be curtailed arose in official circles. Walter Schlosser discussed the development and outlined its significance:

There has been a growing feeling among the legislators that the province would be well advised if they would zone the activities of the private companies and the Power Commission and place the regulation of both the Commission and private companies as far as rates and new extensions are concerned in the hands of a utility board. There is a disposition on the part of the Government to leave things alone so far as the present session is concerned, but it has been told that it may be possible to work out something in this line after the session. If this arrangement were to be worked out, the private companies would have to give assurance that they are ready to make capital expenditures necessary to serve new territories if it can be shown that the revenue will give a satisfactory return on the new capital invested. Ordinarily, of course, this would not be a difficult assurance to give, but it has occurred to me that during the next year many of the utility companies would wish to cut their capital expenditure down to the barest necessity.}

\[46.\] Thornton to J. A. Merkley, 30 September, 1930, S.P.C., Tisdale, Town No. 1.  
In reply, Phillips Shaw asserted: "Provided the Government definitely settles on the program of zoning and of letting the private companies go ahead, we certainly would find the money somewhere for any extensions which could be made to yield a fair basis of return. The zoning scheme is surely desirable from our point of view since the Estevan area would doubtless be in our zone, and this is the territory that it is vital for us to protect. Therefore, do not hesitate to do what you can to push the idea along." In the weeks that followed Schlosser applied himself energetically to the project.

In order that it might appear to the Government and the province generally that the demand for a definite change in power policy did not originate with the private operators themselves, Dominion Electric with its headquarters at Estevan seems to have arranged for the Estevan Town Council and Board of Trade to bring up the matter first. During the spring the two bodies drafted almost identical resolutions stating that the Government had no definite power policy. Both recommended the adoption of one which would permit the private companies to construct transmission lines and place the regulation of such extensions, as well as the control of rates, under an independent regulatory body. Simultaneously, the companies may well have worked out certain proposals to present to the Government. Then, when all was in readiness, the Estevan Council and Board of Trade passed the resolutions and forwarded copies of them to Premier Anderson. In addition, the one passed by the Town was sent

to newspapers and to a number of other municipal councils. Councils receiving it were urged to pass similar ones immediately and send them to the Premier and were informed that a meeting between the companies and cabinet was going to take place the next week. The meeting followed, though the Government was perhaps unaware of what was going on until the last minute.

At the conference the three companies, now joined by National Light and Power -- formerly Iowa Southern Utilities -- of Moose Jaw, requested the Government to divide the province into zones. They suggested that specific areas be assigned to them with the remainder of the territory being left for the Power Commission. Walter Schlosser, acting as spokesman, stated that following such a partition property could be exchanged between his firm and the Commission to consolidate their respective holdings. He also indicated extensions which his and the other companies might be prepared to make. In addition, the companies expressed a readiness to give the Commission options on any extensions they built and to have it act as an arbitrator among them with regard to their plans for expansion, as under a zoning plan it would no longer be a competitor. To support their proposals, the companies emphasized that such an arrangement would help solve the unemployment situation.

No decision was reached by the Government during the meeting as only a few members of the cabinet were in the capital. For consideration of such a radical change in policy the presence of all ministers


52. Memo by Thornton, 28 May, 1931, ibid. See map p. 189.
Map 3 Proposed Division of Province Between S. P. C. and Privately Owned Utilities.

Source: S. P. C. File, Canadian Utilities Ltd., Purchase of No. 1.
was deemed advisable. From immediate reactions, however, Schlosser believed that the cabinet would do as suggested, thanks to the financial difficulties with which it was faced. But the Government adopted a somewhat different procedure. It decided to retain existing policy and instructed Thornton to find out from the companies what lines they would be prepared to build, when they would begin and how much employment would result, stating that permits might be granted for extensions "in certain specified territory." Perhaps the reason for this was a division in the Government.

After the final cabinet meeting on the question, Schlosser saw Attorney-General MacPherson and wrote regarding their discussion: "... they do not feel that it would be a good move for them to definitely announce that they were in favor of zoning the province, but that in as much as they do not have the money to carry out a large program of extensions this year, that /sic/ the private companies will be permitted to make extensions in their own territory on application to the government for such permission." From his talk with MacPherson, Schlosser concluded that the cabinet was not unanimous on the matter of extensions. That the decision was not more clear cut, he stated, was "apparently due to the unpopularity of Canadian Utilities with some members of the Cabinet over the Prince Albert - Melfort situation. However, to all practical purposes we can make any extensions that we see fit in our territory."

Schlosser's conclusions turned out to be overly optimistic; only two extensions were made by the private companies during the following year. Canadian Utilities obtained permission to build from Prince Albert to Star City, giving the Commission an option on the line, while Dominion Electric was evidently authorized to connect Roche Percée and Taylorton to its Estevan plant. That these were the only extensions undertaken was possibly owing to the position adopted by Thornton. In the absence of a clear-cut policy statement by the Government, he apparently placed a very narrow interpretation on his instructions from the minister in charge. Dominion Electric and Montreal Engineering designated a number of extensions that they might be willing to make and requested permission to do so, saying that upon receiving authorization they would make surveys to ascertain exactly which ones would definitely be undertaken. In requesting permission Montreal Engineering stated: "Studies covering the ... projects will involve considerable negotiations to secure contracts etc. and while we are willing to cooperate to the fullest extent with the Government to carry on this work it would not be desirable unless permission for construction in the areas referred to were first obtained."

Thornton would not grant permission on this basis. Rather, he insisted that extensions be shown to be immediately feasible before authorizing them.

In the fall Schlosser stated that the activities of the private companies had been held up during the summer and that the Government was rather provoked with "the manner in which ... Thornton ... handled this

58. S.P.C. Annual Reports, 1931, p. 4, 1932, p. 5.
60. Thornton to W. H. Schlosser, 7 August, 1931, ibid.
entire matter." More optimistically, however, he predicted that it would soon change its policy. This time he was correct. Somewhat later, as the full effects of the depression made themselves felt in the province, the Government agreed to a zoning arrangement. The concession, however, produced no immediate results, as by then the attention of the companies was concentrated more on survival than expansion. Neither, it appears, was the modification of provincial power policy ever publicly announced.

Insofar as the creation of anything resembling a province-wide integrated power system was concerned, the first year in the life of the Power Commission was significant for one thing: any thought of an immediate major forward step was pretty well relegated to the waste basket. The plan proposed by the Power Resources Commission called for the Government to purchase the plants at Regina, Moose Jaw, Saskatoon, Prince Albert and North Battleford. Integration would then be begun by connecting Regina and Moose Jaw as the nucleus of the southern system and Saskatoon, North Battleford and Prince Albert as the nucleus of the northern system. The scheme for a southern system largely collapsed when Regina decided to retain its own utility and Moose Jaw disposed of its to Iowa Southern Utilities of Delaware. The proposal received the coup de grâce somewhat later when the Commission blocked plans of Montreal Engineering to connect the two cities.

62. Interview with M. A. MacPherson, 1 September, 1964.
63. The Leader-Post, (Regina), 16 May, 1931, in S.P.C., Government Provincial, Power Policy No. 1. The company had built Moose Jaw to Grand Coulee, eleven miles west of Regina.
Of the three northern plants the Power Commission acquired two. Saskatoon's, as already noted, was obtained by the Government itself in the fall of 1928. North Battleford's facilities were acquired in the spring of 1930 on terms similar to those contained in the Saskatoon agreement. Prince Albert, on the other hand, followed Moose Jaw's example and sold its entire system to Canadian Utilities early in 1931. However, failure by the Commission to procure all three plants does not explain the absence of integration in the north; here other considerations were paramount.

In their major study for the Power Resources Commission, Sullivan, Kipp and Chase maintained that there was no warrant for the early construction of the transmission line from Saskatoon to Prince Albert and that it was doubtful if the one to North Battleford should be constructed at once. Their additional report on these lines was a study to determine the cost of electrical service to Regina, Moose Jaw, Saskatoon, Prince Albert and North Battleford, based on the assumption that the Government would purchase the five city plants and construct a southern and a northern system. In this case a cheaper type of construction was considered, and generating costs were based on estimates supplied by officials of Regina and Saskatoon. Under these circumstances

64. North Battleford was interested in the Commission's plan almost at once, and as soon as the Commission was established invited Thornton to the city. See North Battleford Council Minutes, 19 November, 1928, 7 January, 1929. The city hoped that under the Commission it would become the generating centre for north-western Saskatchewan. See The Morning Leader, (Regina), 17 May, 1930, The Western Producer, (Saskatoon), 26 December, 1929. The North Battleford agreement differed slightly from that with Saskatoon because its plant was part of the city's central heating system. Unlike Saskatoon, the city also paid administration charges at once.


66. Costs were $2,500 compared to $3,346 per mile for transmission lines.
they concluded that, while it would be cheaper to generate energy in North Battleford and Prince Albert for the first two or three years, service by transmission lines from Saskatoon would be more economical and advantageous due to load growth, possible service to intermediate communities and the larger amount of power made available. The Power Resources Commissioners then recommended the construction of the lines, although they may have doubted the advisability of building them. Perhaps Thornton believed that the Saskatoon electrical engineer's estimates were overly optimistic, as stated by Sullivan, Kipp and Chase, for he reinvestigated the North Battleford line shortly after taking over the Power Commission and arrived at their original conclusions. On the other hand, it may be that he simply decided to make each city the site of a central generating station to improve his chances of getting the plants or to avoid more difficult negotiations. He seems to have promised to make North Battleford the site of a Commission generating station and to extend the plant when he obtained it. In any event very shortly after the Commission was established the idea of constructing the line was discarded. On March 13, 1929 Thornton advised the Honorable George Spence: "A transmission line from Saskatoon to North Battleford, which


68. Costs of production at North Battleford were 3.913 cents per kilowatt hour in 1929, 4.117 in 1930 and 3.6 in 1931 whereas Sullivan, Kipp and Chase estimated that power could be sold to North Battleford at 2.5 cents per kilowatt hour for the years 1930 to 1935 inclusive if generated in Saskatoon. See R. Howard, accountant, to Thornton, 8 December, 1930; Thornton to W. C. Rowland, 27 October, 1934, S.P.C., North Battleford, Power Plant Operating Costs No. 1; Sullivan, Kipp and Chase, "Cost Study of Electric Service to Regina, Moose Jaw, Saskatoon, Prince Albert and Battleford from Central Stations at Regina and Saskatoon," 6 June, 1928, p. 5.

69. Memo by Thornton, 10 June, 1932, S.P.C., Finance and Accounting, Capital Budget No. 2.
would be of sufficient capacity to supply the power needs of North Battleford, would be comparatively expensive, and not immediately justified, particularly as the district intervening is not likely to make much demand, thereby helping to bear the cost of the pole line." The recommendation for a transmission line to Prince Albert was also scrapped in 1929.

With the disappearance of the three heavy transmission lines from the Power Commission's scheme a very central part of the second set of plans of the Power Resources Commission followed the first and only complete set into limbo. The ideas were brought out at times but for a full generation no serious attempt was made by the Commission to put them into practice. What remained after plans for a large central station and integration were dropped was what became basic planning for a provincial power system. But without these elements, particularly integration, the Commission's holdings by no means formed an interconnected system. Rather they comprised a number of separate low-voltage systems energized by plants of various sizes or by power purchased from other sources. Each system was but a section of what would be the primary grid of an integrated provincial network. What in fact the Commission did was take Sullivan, Kipp and Chase and stand them on their heads. The latter recommended building an integrated tri-city core and then expanding outwards; what the Commission did was to begin constructing the extensions in the hope of some day building the core. This was essentially the same method used by the private companies in establishing themselves.

70. Thornton to Geo. Spence, 13 March, 1929, S.P.C., North Battleford, Town No. 1. Somewhat later Thornton said it would be preferable to expand the North Battleford Plant rather than build a connection with Saskatoon in the near future. In doing so he indicated that the plant would operate even though interconnection might take place. See Thornton to Mayor J. A. Gregory, 15 August, 1932, S.P.C., North Battleford, Power Plant Operating Costs No. 1.

71. S. R. Parker to Thornton, 5 October, 1929, S.P.C., Shellbrook, Town No. 1. Parker stated that a trunk feeder line Saskatoon to Prince Albert was not warranted for five years.
in the province. As a result, Saskatchewan was covered by a multitude of systems and isolated plants lacking any overall planning. The "clashing of interests and duplication of expense" of which the Resources Commission warned were the very handicaps incurred by Saskatchewan in meeting her energy needs.

The most important task which the Commission undertook during its first year was the construction of the new plant at Saskatoon. Ground was broken in March, and on December 7 the 10,000 kilowatt station went into operation. A number of small utilities were also purchased, the more important being the municipal systems at Humboldt, Wynyard, Rosthern and Shellbrook; and the privately owned systems at Leader and Prelate. The Commission had to act at once to obtain these as the private companies were negotiating with some of the towns.

During the year a new plant was erected at Leader and new units installed at Wynyard, Humboldt and Shellbrook, which were intended to act as peaking or stand-by plants, or as central stations supplying neighboring communities. Only two short transmission lines were built, one between Wynyard and Wadena and the other from Leader to Sceptre. Aside from these projects much of the year was devoted to organizational work and planning for future power line extensions.

The following year the Commission directed its attention to transmission line construction and an extensive program of work was carried out. Over 1,000 miles of line were built to serve ninety-five communities. The bulk of the work involved lines radiating from the Saskatoon plant to

such places as Shellbrook, Duck Lake, Humboldt and Radisson, together
with one connecting roughly thirty communities between Saskatoon and Moose
Jaw. A number of smaller projects were also carried out in various parts
of the province. Most of the lines were designed to operate at 13,200
volts, their purpose being to handle the electrical loads of towns and
villages. Quite a few generating stations were also acquired, the most
important of which were those at Swift Current and North Battleford. Most
of these were shut down but some, because of their locations, were
enlarged. At all centres except Saskatoon and North Battleford new
generating capacity took the form of diesel units. These were judged
to be more efficient than steam equipment for installations of limited
size and could be used as peaking stations and for standby if and when
high-voltage transmission lines were constructed. The Commission also
took options on other plants, and built and rented systems to the munici-
palities at Kipling and St. Walburg. In all communities except the
cities of Swift Current and North Battleford it acquired ownership of or
built the distribution systems and contracted to sell power direct to
consumers. The cities, as in the case of Saskatoon, sold only their power
plants, preferring to purchase energy in bulk at cost for resale to their
citizens. As a rule prices paid for the property acquired were the fair
actual value and not less than outstanding debts.

Commission planning for 1931 apparently called for a slowdown in
construction coupled with consolidation. Appropriations for 1930 had
been $3,000,000. For 1931 Thornton requested $2,500,000, part of which
was to be used to construct an additional 600 miles of transmission lines.
Early in the year the Government decided the full amount could not be

73. S.P.C. Annual Report, 1930, pp. 5-10.
provided and slashed the sum to $1,000,000 when submitting the estimates to the Legislature. By the end of May, however, the financial effects of the world depression were much more apparent to the cabinet. Thus, it instructed Thornton to make no further commitments for capital expenditures for a month. During the weeks which followed the Government vacillated between refusing and authorizing the Commission to go ahead with projects on which it had more or less committed itself. Then in late August the blow fell; planned projects were cancelled. With the remaining funds available for the use of the Power Commission it was decided to purchase the Watrous - Nokomis system of Canadian Utilities in the belief that it might never again be possible to do so on as favorable terms.

Owing to the depression the Commission built only about fifty miles of line in 1931 and purchased approximately twice that much. Altogether it added eleven communities to its transmission system while acquiring the existing utilities at a few isolated locations. At the end of the year the Commission owned and operated 1,321 miles of line and served 120 urban centres. Electricity was supplied by its thirteen generating stations and purchased in varying amounts from the privately owned companies. In the process of consolidating and improving its holdings during the year, the Leader system was connected to Swift Current, a number of distribution systems rebuilt or extended, transmission line reliability increased, and new equipment installed in a number of plants.

75. J. A. Merkley to Thornton, 1 June, 1931, ibid.
76. Thornton to Merkley, 7 August, 1931, reply, 10 August, 1931.
Memo by Thornton, 28 August, 1931, J. A. Merkley to Thornton, 29 August, 1931, ibid. Due to the decision construction of lines from Grandora to Perdue, Humboldt to Watson and Tisdale to Valparaiso was cancelled.
Source: S. P. C. Annual Report, 1931.
As well, the Watrous - Nokomis system was connected with the Montreal Engineering transmission system in order to obtain additional energy from Regina. It had been planned to connect the system with Saskatoon, but financial conditions resulted in the other course being adopted as it involved a smaller immediate cash outlay.

In accordance with Government policy Saskatchewan got its public ownership showpiece in the years 1929 to 1931. Though not completed before the depression set in, the systems in a number of communities were connected to the Saskatoon plant and the Watrous - Nokomis system was acquired. That the companies were not left completely alone in their areas was due to a number of factors. First, the Commission wanted to secure control of communities near provincial boundaries. It feared that if the private firms succeeded in expanding across borders the courts might consider them interprovincial for purposes of regulation. In this manner control over them might pass to the Federal Government, complicating the carrying out of Commission planning. Secondly, the Leader, Prelate and Sceptre facilities were obtained to pre-empt the area and block the plans of Dominion Electric before the Anderson policy was adopted. Hence, it was natural to connect them with Swift current when that city decided to join the Commission. The Commission's Qu'Appelle - Montmartre system had been planned by Montreal Engineering and was turned over to the Government along with the projected Saskatoon - Moose Jaw line, so the Commission was obliged to build it.

Other acquisitions by the Commission in the south appear to have resulted either from no one else wanting them or from political considerations. When the Commission took an option at Willow Bunch, for

77. S.P.C. Annual Report, 1931, p. 5.
example, Schlosser wrote: "A line from Assiniboia to Willow Bunch would not be particularly profitable, and it might be just as well from our standpoint to have the Government build these lines." The Commission soon purchased the Willow Bunch utility and for the next fifteen years operated it as an isolated system. Politics was clearly evident in connection with Morse. Dominion Electric had purchased the Herbert system and built a plant there large enough to serve Morse as well. However, before the company succeeded in joining the towns, Government policy intervened to prevent the extension. After the adoption of the Anderson policy the company was advised that it could build the line, but somewhat later Thornton had a change of heart and proposed building one from Swift Current to Morse. When asked for an explanation, Thornton stated, according to Schlosser, that such a course would probably be made necessary by political pressure coming from the towns of Waldeck and Rush Lake. In the end, the Commission built the line from Herbert to Morse and bought power from Dominion Electric. The incident makes one wonder if at times the New York capitalist was not more interested in the province's welfare than the Saskatchewan Government. When Phillips Shaw learned of the proposed line from Swift Current he almost exploded. He instructed Schlosser to inform the Government that such a line was not justified. "I am unwilling," he declared "to see the public's money wasted regardless of the fact that we might set a precedent detrimental to our own interests by offering Herbert to the Power Commission at our

investment costs." On the whole, the Commission's attitude toward the south appears to have been passive.

Due to the multitude of timid decisions concerning the power question made by the Gardiner and Anderson Governments, the Power Commission was denied the solid base on which to build that economic considerations indicated it should have. Practically all of the benefits which Sullivan, Kipp and Chase claimed were obtainable through an integrated power system were thus denied to electrical consumers. More than that, competition or pseudo-competition for plants between the private operators divided the province into a number of areas where one or another of the companies predominated. The addition of the Power Commission in 1929 and Iowa Southern Utilities in 1930 further splintered the field. This type of division was extremely detrimental to orderly expansion in the electrical field, but to make matters worse most of the areas were small because the properties controlled by each group were more or less scattered among those of the others. Thus no organization succeeded or could succeed in carrying out its plan of development without major changes in the ownership of properties, changes which proved difficult, in fact impossible, to arrange.

Division of the province's utilities among a number of owners also forestalled desirable connections which would probably have been made had the properties been parts of a single organization. Simultaneously,

81. P. B. Shaw to W. H. Schlosser, 25 August, 1930, ibid. While such a step was apparently not taken at least it was considered.
82. When the question of acquiring the Maple Creek plant arose in the summer of 1930, engineer Parker advised Thornton that the Commission "would not be interested unless we got an invitation from the town and even then, would not be interested if the matter were thrown open to public tenders." See S. R. Parker to Thornton, 25 August, 1930, S.P.C., Maple Creek Power Plant No. 1.
development in the electrical field was crudely strangled. Government policy temporarily placed an iron curtain around the lignite fields of the southeast, retarding their development. Coal was hauled to Moose Jaw to generate power which was transmitted back to communities within forty miles of the mines. The restrictive transmission line policy of the Gardiner and Anderson Governments would have been reasonably proper if they had intended to take action enabling the Commission to expand throughout the province, but its application in the south made little sense. Here it was restriction for the sole purpose of restricting. It merely acted as a shield behind which to hide contradictory policies.

Competition for electrical systems also had another ill effect. Municipal officials quite often were led to believe that their particular community had a far more important utility than it actually had. All too often agents for private companies, and even the Power Commission, encouraged such pretensions. The result was that many a community of a thousand or more inhabitants pictured itself as the site of a moderate sized generating station serving adjacent territory. This led to some ridiculous results, the best examples of which were seen at Melville, Yorkton and Canora. Rather than joining their interests and attempting to work out a deal with a single organization, as was suggested, each sold to a different one. As a result, the Canora and Melville plants continued to serve only the towns themselves while that of Yorkton supplied power to only four additional small communities. What was to be a great step forward amounted to standing still. In all justice, the Power Resources Commission must shoulder a great deal of the responsibility for the

encouragement of such a system and its continuation for a couple of decades. In stating their conclusions the Commissioners placed their stamp of approval on the idea that for some time to come the cheapest power would not be generated in large central plants but in the major cities. It was a simple matter for the smaller cities and towns to apply the belief to themselves. As a consequence serious consideration of an integrated power system declined; such a system seems to have been considered impractical by many municipal officials.

In the process of converting the utility field into a chaotic mess, politicians not only weakened the Power Commission they were pledged to support but gave its competitors a victory over it. The next step by the private companies was to launch an offensive having as one of its purposes the destruction of the Commission. Before going into that, however, it is desirable to examine certain objectives and methods of the private companies and the Power Commission in order that the implications of the two alternative means of meeting the province's power requirements may be better understood.

In their efforts to acquire plants the private companies, for the most part, appear to have claimed that there were five advantages accruing to communities from private operation. First, they alleged that private operation was better as checks on expenditures were of an economic nature rather than political as in the case of public operation. Such a form of operation, they stated, also encouraged individual initiative, produced better morale and facilitated continuity of responsibility. Secondly, private concerns paid taxes whereas governments did not. Thirdly, they claimed that their rates were favorable. Fourthly, they said a community received benefits from the receipt of their price for a utility, rather
than the lower price offered by the Power Commission. And fifthly, they stated that sale to a private firm resulted in improvements being made in local electrical facilities. While it is impossible to discuss the first point in a work of this scope, impossible to dispute the second and unnecessary to deal with the fifth since both the companies and the Commission improved the systems they acquired, a few comments are in order on all points save the first and the last.

In regard to the price paid for plants, the companies frequently asserted that they were high because they were competitive. This was only partly true. At first there was very little competition, as the whole province was one big happy hunting ground. This was followed by a period of competition and then one of competition mixed with agreements not to compete. The latter type of arrangement appears to have been worked out at times to include Montreal Engineering, Dominion Electric and Canadian Utilities. As a result of such agreements Montreal Engineering and Dominion Electric gave Canadian Utilities a free hand in Melfort. A similar agreement was made to clear the way for Dominion Electric at Humboldt. Dominion Electric and Canadian Utilities agreed not to compete with each other in Prince Albert and Swift Current, while Montreal Engineering and Dominion Electric attempted to work out an understanding covering Swift Current and Weyburn.

84. "Outline of Advantages to Local Communities of Private Ownership and Operation of Electric Utilities Compared With Political Ownership and Operation," D.E.P. No. 156. These claims appeared in connection with a number of sales.

The foregoing must not be taken to mean that none of the towns received high prices for their utilities. Some of them certainly did. Assiniboia, for instance, received $120,000 for its system which represented an investment of only $55,000. On the basis of price alone the deal appeared very profitable, and the town may have gained through it. But a community which profited in this manner suffered losses in other ways. In a letter to Walter Schlosser, E. W. Bowness of Canadian Utilities stated: "I have always taken the attitude in dealing with Councils on rate questions that not only such matters as location, population, taxes paid, etc. have a bearing on rates but also the price paid to the municipality should be considered." At the same time he added that if a community received a particularly high price it "would have more difficulty in getting rate reductions than others." In addition, the rate schedule a community received was also determined by the minimum charge applied: the higher the minimum charge, the lower the rate per kilowatt hour.

While such rate setting procedures seem quite justifiable, others scarcely were. Indications are that some of the companies may have attempted to charge all the traffic would bear. In a letter to Schlosser, P. B. Shaw stated: "Loeb [Shaw's partner] will undoubtedly write you about rates for the towns adjacent to our high line. They should be about as high as Thornton's costs would be in isolated plants in these

86. The Morning Leader, (Regina), 19 April, 1928.
87. E. W. Bowness to W. H. Schlosser, 21 April, 1933, also see reply, 24 April, 1933, D.E.P. No. 175.
towns including fixed charges--high enough." In other words the actual cost to the company of serving the communities was not to be the basic consideration; on the contrary, the towns were to be denied the benefits resulting from the use of transmission lines. This stipulation probably applied to Assiniboia.

Not only were rates fixed at a high level in such instances, but some of the companies may have conspired to keep them there. An example of this was Biggar. Early in the depression, the town's franchise with Dominion Electric was due to expire. The municipality took the position that because of financial conditions consumers should be granted a rate reduction, a concession which the company opposed. Knowing that the Power Commission could not afford to take over, Schlosser requested the assistance of Canadian Utilities, which he believed would be invited to tender on the franchise. Stating that he did not believe Canadian Utilities would be interested, he informed the company how it could assist him:

I do not believe that it would be of any particular benefit to quote a schedule of rates that are higher than the ones we would offer, but you might state that you would appreciate the folly of trying to quote lower rates in Biggar than we would be prepared to give the Town because of our already having an investment in Biggar to give the people service. You might point out also that uncertainty of Biggar's future, because of the uncertainty of the continuance of the smaller division points on the Canadian National Railways, would make it an unsatisfactory place to venture a large amount of capital at this time. There is perhaps a good deal of truth in this statement, but it might discourage a few local capitalists who have in mind the idea of obtaining the franchise for themselves.91


90. Town of Biggar to Town Clerk, Gravelbourg, 19 November, 1932, "Old Correspondence," Town of Biggar Records, also see Biggar Town Council Minutes, 14 November, 1932.
E. W. Bowness replied that he would do as requested and added: "If you have any other suggestions as to just how you would like us to write them, you might drop me another line." The town appears to have settled for an adjustment in the cost of street lighting.

All in all, the records of Dominion Electric suggest that it and firms which operated like it were much more concerned with confining their activities to the most profitable areas in order to maximize returns on their investments rather than with building an adequate power system with which to supply the province's electrical requirements. Such a primary concern was scarcely in accord with the Government's expressed desire to develop the province's resources to the greatest possible extent and to best advantage.

The objectives and methods of the Power Commission as publicly stated were somewhat different. Its object was to supply power at or near cost to as large a part of the population as possible. Its method was to attempt to obtain the cooperation of communities concerned in order that a system bearing low capital costs might be established. These were fine ideals but they can scarcely be used to contrast the Power Commission with the private operators. Indeed, evidence suggests that in certain respects the Commission was much like the companies themselves.

To begin with, the rates the Commission set for communities were influenced by the prices paid to municipalities for their electrical systems. Secondly, though the Commission stated publicly that as far as prices paid were concerned it would not compete with the companies for plants, 

92. E. W. Bowness to W. H. Schlosser, 4 February, 1933, ibid.
93. Memo by Thornton, 5 June, 1930, S.P.C., Canadian Utilities, General, May 1930 - December 1946. Here Thornton referred to a number of lines and stated that if the Commission had to pay higher than anticipated prices for plants, the communities concerned would be asked to pay higher rates.
in at least one instance it was definitely but not openly prepared
to do so. Thirdly, though the Commission attempted to provide service
at or near cost, its rates cannot be described as consistently more
favorable than those of the private companies. On the contrary, it would
appear that in this respect Montreal Engineering led the field. It
alone established a fairly low uniform rate no doubt designed to
encourage consumption. Lastly, indications are that the Commission, like
the private companies, attempted as far as possible to confine its
operations to the better parts of the province. In view of such evidence
it would be difficult to argue that either private ownership or public
ownership of electrical utilities was most beneficial to the people of
Saskatchewan. Indeed, insofar as the real interests of Saskatchewan were
concerned, though few if any of the citizens recognized it at the time,
the issue should not have been public versus private ownership at all
but whether or not an organization was attempting to establish an
integrated power system in the province.

94. The Commission was prepared to raise its bid on the Prince Albert
plant by $75,000. See T. C. Davis to Thornton, 28 November, 1930, reply,
2 January, 1931, "strictly private and confidential," S.P.C., Prince Albert,
Town No. 2.

95. Montreal Engineering apparently applied a fairly uniform rate
structure with a high of ten cents and a low of three and one-third cents
per kilowatt hour to all its domestic customers and another ranging from
ten cents to five cents per kilowatt hour to all its commercial customers.
See franchise agreements in S.P.C. Town Files, Rouleau, Milestone, Lang,
Francis, Fillmore, Howard and Arcola. The firm offered the same rates
when it tendered on the franchises at Estevan and Humboldt. See The Journal,
(Humboldt), 4 July, 1929, The Mercury, (Estevan), 29 March, 1928. Dominion
Electric gave Estevan slightly lower rates, Assiniboia somewhat higher
rates and offered Humboldt significantly higher rates. See The Morning
Leader, (Regina), 19 April, 1928, The Journal, (Humboldt), 4 July, 1929,
The Mercury, (Estevan), 29 March, 1928. Dominion Electric established
higher rates at Radville while its rates at Eastend ranged from a high
of eighteen to a low of ten cents per kilowatt hour. See franchise agree-
ments in S.P.C. Town Files, Radville and Eastend. The rates offered to
Moosomin by Northern Light and Power ranged from eighteen to twelve cents
When principles of ownership are put aside and the various organizations are examined on their individual merits, comparisons appear possible. The Montreal Engineering Company then stands out as a ray of light against the otherwise drab landscape which characterized electrical developments in the province during the infancy of the Commission. The company's rate schedules have already been dealt with, as has its planning, together with the fact that it alone among the various organizations constructed any line capable of moving energy in quantity. It obviously built or planned to build for the future as well as the present. Indications are that Montreal Engineering was also the only company which did not believe in establishing small generating stations. Unlike the other organizations it built none, while closing down about twenty-five. The firm quite plainly intended to build a large plant capable of producing low cost power and until doing so contracted to purchase energy from the plants at Regina, Moose Jaw, Weyburn and Estevan.

In other respects, too, Montreal Engineering's performance appears superior to that of the other organizations. The company built or intended to build lines into which power could flow from two or more per kilowatt hours. See W. H. Schlosser to Mayor and Council, 8 June, 1927, S.P.C., Moosomin, Town No. 1. Canadian Utilities rates appear to have been high in most cases. See franchise agreements in S.P.C. Town Files, Duval and Strasbourg, J. A. Whitlock to Thornton, 12 March, 1929, S.P.C., Rosetown, Town No. 1, Memo of Local Government Board, 10 February, 1928, L. C. B. File, Watrous, 1926-1933, Mid-West Utilities Franchise, 26 August, 1926, S.P.C., Kindersley, Town No. 1, The Saskatchewan Valley News, (Rosthern), 27 October, 1927, in S.P.C., Rosthern, Town No. 1. Indeed, Canadian Utilities rates for domestic and commercial customers in the city of Yorkton appear to have been only slightly better than those established by Montreal Engineering in towns. See franchise agreement in Statutes of the Province of Saskatchewan, 1928-1929, Ch. 89. Power Commission rates were approximately equal to those of Montreal Engineering at Humboldt, Tisdale and possibly a few other places. See The Journal, (Humboldt), 4 July, 1929 and franchise agreement, S.P.C., Tisdale, Town No. 1. Elsewhere Commission rates were higher. See S.P.C., Town Files, Bruno, Carmel, Vonda, Prud’homme, Leader and Prelate.
sources in order to possess a reliable system. And finally, one gathers, the firm attempted to establish a system with low capital costs, probably with a view to keeping down electric rates and encouraging consumption. Evidence indicates that only in the case of Weyburn did the company outbid all competitors for an electrical utility. But that city was essential to the firm if it were to possess a fairly strong base from which to operate. The fact that Weyburn chose to retain its plant was a crippling blow to the company, according to Walter Schlosser. In a sense it is not surprising that comparisons should suggest that Montreal Engineering adopted the most businesslike approach to establishing a power system in Saskatchewan. As already pointed out, it was an engineering firm, specializing in constructing electrical systems. From appearances at least, Montreal Engineering knew its business and it was to demonstrate further that such was the case within a very few years.

96. One of its lines ran east from Regina then north, west and south, eventually connecting with the Moose Jaw plant. The company also planned to join Grand Coulee and Regina and build a line from Moose Jaw to Saskatoon via Outlook. Its line from Moose Jaw to Weyburn connected the two plants and its proposed line from Qu'Appelle to Montmartre, which was taken over by the Commission, would have almost completed a loop joining Regina, Moose Jaw and Weyburn. The company also indicated that it might build from Stoughton to Lampman via Benson. Such a line would have enabled the firm by completing an additional short extension to connect all its properties into a single system and to transmit power from the Souris coal fields to the Weyburn-Regina-Moose Jaw area. Largely because of the strategic value of this line Thornton recommended that the Government not permit the company to build it. See map p. 14B, S.P.C. Annual Report, 1930; Memo by Thornton, 5 June, 1930, S.P.C., Canadian Utilities, General, May, 1930 - December, 1946; H. Forbes-Roberts to Thornton, 6 June, 1931, and Thornton to J. A. Merkley, 12 June, 1931, S.P.C., Government Provincial, Power Policy No. 1.

97. When the Power Commission bill was before the Legislature, J. T. Warren, general manager of the firm, claimed that the company had not paid fancy prices for the systems it had acquired. See The Morning Leader, (Regina), 30 December, 1928.

CHAPTER SEVEN

DEPRESSION, STAGNATION AND INDECISION

The period from late 1931 to the mid-'forties was one of great difficulty for Saskatchewan electrical utilities. First came the depression and then the war. The one produced financial setbacks, the other hindered efforts to recoup the losses sustained. Rather than being a time of expansion for utility organizations, these years were highlighted by renewed attempts by the private operators to confine or eliminate the Commission and by schemes which would have radically altered the whole situation had they been effected. For a second then a third time the prospect of integrating electrical facilities arose but was snuffed out. The period ended with the Government, the Commission and the private companies being criticized for policies, attitudes or actions.

Throughout the depression there were practically no funds available for expansion by the Commission. At the same time the deficit on its operations steadily mounted. During 1932, 1933 and 1934 its total revenue declined annually and did not recover to the 1931 level until 1937. The number of Kilowatt-hours generated in Commission plants also reflected the changed conditions. Indeed, for a time even the
number of customers it served actually decreased. The late 'thirties witnessed some improvement of economic conditions in the province. But before there was a really marked change for the better, war broke out in Europe, resulting in restrictions being placed on the use of material and manpower. Thus, even though money became more readily available, the Commission made little progress. As a consequence, many of its hopes and accomplishments during these years can be summed up in a very few paragraphs.

Just as the effects of the world depression began to make themselves felt, the Commission made a major study of the hydroelectric potentialities of the province. During 1930 private interests approached the Government with a view to obtaining permission to develop power on the Saskatchewan River in the vicinity of Fort à la Corne. The Government did not see fit to grant the request; but as a result of it, H. G. Acres and Company of Niagara Falls, an engineering firm, was retained by the Commission to make a thorough study of the proposed site. Upon completion of their investigation the following year, the consulting engineers concluded that it would be possible to construct a dam which would permit the installation of 125,000 horsepower capacity, sufficient, they estimated, to meet all demands of the province until 1944. Such a project, they said, was both "physically and economically feasible, and more particularly so as a public enterprise." In addition, the consultants went on to say, "... in view of the virgin state of hydro-electric power development and

2. H. G. Acres to Thornton, 10 September, 1931, in ibid.
distribution in the Province of Saskatchewan, the project ... has more than ordinary significance. This project, consummated under public auspices, and considered in conjunction with the various ancillary developments to which it would give birth, would exercise a profound influence on the social and economic life of the Province as a whole."

Acres and Company estimated that the scheme would cost approximately $19,000,000, two-thirds of which would be required for the dam and powerhouse and the balance for transmission lines and transformer stations to serve Regina, Moose Jaw, Saskatoon, and Prince Albert. Owing to changes in economic conditions which took place between the inception of the study and its completion, the project was shelved almost immediately. However, it seems to have been ever present in Thornton's planning throughout the balance of his time as Commissioner.

Insofar as actual expansion was concerned, in 1933 the Commission built extensions from its Swift Current system to Eston and from the lines of Montreal Engineering to the resorts at Regina Beach and Lumsden Beach. The primary purpose behind their construction was to put into service stocks of material on hand. Three years later, at the request of the municipality, the electrical utility of the Town of Canora was taken over. The community was having difficulties collecting accounts, had a generating unit on order but could not pay for it, and so turned to Thornton. The following year, partly because of political considerations, the Tisdale

4. Ibid., pp. 14, 17, 23.
7. Memo by Thornton, 23 October, 1936, S. R. Parker to Thornton, 27 November, 1936, Thornton to George Spence, 16 December, 1936, Memo by Thornton, 16 December, 1936, S. P. C., Canora, Town No. 1. The private concern which had arranged to purchase the utility had never taken it over.
system was extended to four communities in the Carrot River Valley. Then, in 1938, when conditions appeared more hopeful, Thornton drew up a list of lines which he proposed to build and submitted it to the Honorable J. W. Estey, the minister in charge of the Commission. The plan included somewhat over a dozen extensions which were to be undertaken on a priority basis in the next five to seven years. According to Thornton, Estey was agreeable to "having some progress arranged each year in a moderate way, with the idea that in a few years' time the additions would represent a worth-while increase ... without creating a serious financial problem in any one year." The Commissioner asked to be permitted to build five of the lines that year but was authorized to proceed with only one, a connection between the Commission's isolated plant at Lanigan and the Watrous - Nokomis system for which a good deal of material acquired in 1931 was available. No progress was made the following year as no funds were made available to the Commission. However, in 1940, largely influenced by the outbreak of war, the Government authorized Thornton to construct a line from Saskatoon to the Watrous - Nokomis system via Dundurn. While the war was in progress the Commission took over the line. 

8. This line was not included in the year's planning. See Thornton to George Spence, 29 April, 1937, S. P. C., Finance and Accounting, Capital Budget No. 3.
9. Memo by Thornton, 28 June, 1938, ibid. For lines planned, see Thornton to J. W. Estey, 4 July, 1938, ibid. Estey was apparently thinking of an expansion program costing about $75,000 per year. At about the same time he referred to this amount in a memorandum to the Honorable J. M. Uhrich, Minister of Public Health, who was supporting a request for a line from Lestock to Kelliher in order that the hospital at the latter place might use X-ray equipment. Estey stated: "Unfortunately, up to the moment, we have not been able to find funds to enter upon this programme." See J. M. Uhrich to J. W. Estey, 15 July, 1938, reply, 20 July, 1938, Uhrich Papers, File No. 35, Misc. Files, A. S.
10. The material for this line was purchased on a deferred payment plan, otherwise the extension from Dundurn to Young would not have been undertaken. See Thornton to J. W. Estey, 17 January, 1941, S. P. C. Finance and Accounting, Capital Budget No. 4. The reason for undertaking the part from Saskatoon to Dundurn was the to supply power to the Dundurn army camp. See J. W. Estey to Thornton, 7 September, 1939, ibid. No. 3.
isolated plants at Kelvington, Rose Valley and Meadow Lake; but from 1941 until 1944, when wartime restrictions were relaxed somewhat and the Humboldt - Watson and Punnichy - Kelliher lines built, all construction projects were designed to provide service to army or airforce installations.

During the same period limited expansion also took place at a number of the Commission's power plants. In the middle of the depression a 1,500 kilowatt steam turbine was installed at North Battleford and, just before the outbreak of hostilities, the boiler capacity of the Saskatoon plant was augmented. Two years later a 15,000 kilowatt turbine was ordered for Saskatoon but it could not be obtained until 1946. Consequently, a second-hand 3,000 kilowatt unit, bought from the Winnipeg Electric Company, was installed to supplement existing equipment. During the war years diesel units totalling roughly 3,000 horsepower were also added to the plants at Maple Creek, Watrous, Swift Current, Tisdale, Wynyard, Canora and Meadow Lake to meet military demands for power or increasing consumption by other customers. At the same time the voltage of several lines was raised from 13,800 to 24,000 volts, and in at least one instance to 33,000 volts, to permit the transmission of greater amounts of energy.

"Get out of the power business." "Throw away these socialistic ideas." These words, reportedly uttered by Norman McLeod in debating the budget of the new Liberal Government in 1935, may very well have been the signal for a renewed attack on official power policy and the Power Commission. In a lengthy speech the Liberal member for Bromhead charged the Commission with obstructing development by the private electric companies,............................
11. S. P. C. Annual Reports, 1931-1944.
with stifling the lignite industry and with losing money for the province in doing so. In the days which followed McLeod was supplied with material on the financial position of the Power Commission by Schlosser. Indeed, it is even possible that Schlosser wrote a speech on the power question for delivery by McLeod in the Legislature. During the first half of February between forty and fifty questions, designed to embarrass the Commission and give publicity to the financial losses it was suffering, were asked in the House by McLeod or by William Ross and John Mildenberger, Liberals from Moose Jaw and Maple Creek respectively. At the same time the private companies pursued various other schemes designed to free themselves from remaining restrictions, consolidate their positions and destroy the Power Commission.

In the fall of 1934, after the Anderson Government had been annihilated at the polls, the private companies began discussing various plans for consolidation. In October Thornton was approached by representatives of Montreal Engineering with regard to trading certain properties. Thornton agreed to consider the matter and believed that economies might be produced by certain rearrangements in ownership. Sporadic discussions on the subject, however, led to only one concrete proposal. Canadian Utilities offered to exchange its isolated plants at Rosetown and Kerrobert for the Commission's Tisdale and Saltcoats transmission systems which

served nine communities. Upon examination, Thornton concluded that the proposition was "all in favor of the Company" and designed more to consolidate its position than to produce economies. In addition, he believed such an exchange "would be viewed by the public at large as a recession ... from the policy of a public ownership plan." When his conclusions were presented to the cabinet the ministers sustained them. Though Thornton's analysis of Canadian Utilities' offer was most likely correct, there was something to be said for the company's arguments. E. W. Bowness, vice-president of the firm, maintained that the existing situation was "a direct contradiction to the principle we all preach of interconnected systems being served from a central plant which can give the service cheapest."

Canadian Utilities indubitably wanted the Tisdale system in the worst way. According to Thornton, shortly after the proposed exchange was turned down, the firm informed the cabinet that "they were really going to take off their gloves and go after us at Tisdale ... ." The company thus made a cash offer for the system the next year and, in order to put pressure on the Commission and the Government to accept it, promised service to some communities in the vicinity. By doing so the firm

18. Memo by Thornton, 10 April, 1936, ibid.
19. E. W. Bowness to Thornton, 29 February, 1936, S. P. C. Canadian Utilities, Property Exchange Proposed No. 1. The firm's isolated plant at Rosetown was connected to the Commission's Saskatoon system and Kerrobert was reasonably close to the Commission's line at Luceland, while the Commission's Saltcoats system secured power from the company's plant at Yorkton and its Tisdale system could be tied to the firm's Prince Albert-Melfort system by a short line.
20. Memo by Thornton, 6 June, 1936, ibid.
secured a fair amount of regional support for a change in the ownership of the line. As a result Thornton and members of the cabinet reassessed the situation in the fall of 1937 and again decided against disposing of the property. However, they were forced to take action. Thornton and George Spence, the latter again minister in charge, toured the area and promised to build some extensions. Consequently, lines were strung to Arborfield, Aylsham and Zenon Park that fall and another to White Fox the following spring. An interesting sidelight on the affair appeared in a letter from Thornton to the town clerk at Tisdale. In it Thornton spoke of the disadvantages of transmission line service, in an effort to discredit Canadian Utilities' proposal to bring in energy from Prince Albert. This was scarcely the method to be used in creating confidence in a province-wide network of lines which the Commission was created to construct.

During the mid-thirties a number of changes were also considered in the ownership of the private companies' properties. In the winter of 1934-35 Canadian Utilities negotiated with a view to selling all its holdings in Alberta and Saskatchewan to the Calgary Power Company. This would have brought the property of Montreal Engineering and Canadian Utilities in Saskatchewan under a single owner. Somewhat later Canadian Utilities took an option on National Light and Power but failed to exercise it. At about the time the option expired Dominion Electric considered purchasing both National Light and Power and Canadian Utilities' holdings east of Regina. Six months later a Winnipeg concern representing

23. Thornton to Town Clerk, 26 June, 1937, ibid.
25. J. A. Taylor, auditor, to Loeb and Shaw, 9 September, 1936, D.E.P. No. 56.
British capital thought of consolidating the properties along similar lines. But the greatest plan of all during these years, and one probably related to some of the others, was a proposal for a transmission system connecting the province's three major cities and implying the ultimate destruction of the Power Commission. It was unquestionably the most significant proposal put forward during the decade as it would have created the integrated tri-city core recommended by Sullivan, Kipp and Chase and implied in the Acres report, and have laid the foundations for a modern power system, though under private ownership.

The beginnings of the scheme can be seen in 1933. That year the Calgary Power Company had surplus energy available in Alberta because of the completion of certain hydroelectric projects. As a means of utilizing the power, the company proposed to build a line and bring a sizeable block of energy to Saskatoon. As a condition of its doing so, the firm wanted authority to retail power to communities enroute, except for North Battleford and Saskatoon, and control of the Saskatoon plant either through purchase or lease. In making the proposal Calgary Power suggested that the Commission might purchase energy from it during part of the year for delivery to Regina, bringing a step nearer the construction of a trunk line connecting Saskatoon, Regina and Moose Jaw. Nothing came of the proposal at the time, possibly because Saskatoon's power requirements were increasing very slowly.

Renewed interest in a somewhat different form of the plan appeared late in 1935. The City of Regina required more electricity and had

27. Memo by Thornton, 12 May, 1933, Gaherty to Thornton, 4 June, 1933, Memo by Thornton, 7 June, 1933, S. P. C., Power Development, Saskatoon Tri-City Interconnection.
to raise over half a million dollars for a new turbo-generator. When the matter was put before the burgesses they sanctioned the expenditure but by a small margin. According to Walter Schlosser, there was considerable opposition to the outlay, while the aldermen elected that fall were not fully in favor of it. Presumably because of this, private operators determined to attempt to supply power to the City. In addition, the Regina Council decided to investigate the state of its power plant and asked Thornton to do so for it. Thornton refused, however, stating that it would be difficult for him to be impartial since the companies were preparing proposals with a view to negotiating with the municipality. Upon receipt of Thornton's reply Mayor Ellison asserted: "That of course, brings to an end any hope we had of a really impartial expert survey of the plant," and Council went on record as "not being interested in proposals of any private company." Under such circumstances it was questionable if private enterprise could expect an impartial hearing.

In spite of the position adopted by the Regina Council, Dominion Electric and Montreal Engineering worked out offers to bring power to the city from Estevan and Alberta respectively, mutually agreeing, it would seem, that should one of them be successful in obtaining the favor of the municipality, the other would assist in carrying out the resulting project. For example, if Dominion Electric's proposal was accepted, the company would be permitted to utilize existing transmission lines of Montreal Engineering south of Regina. At the same time an undertaking may have been reached with National Light and Power of Moose Jaw to bring that firm into any resulting scheme.

29. The Leader-Post, (Regina), 6 March, 1936, in S.P.C., Regina, Town No. 1. Also see ibid, 19 February, 1936 and Thornton to George Beach, 3 March, 1930, in ibid.
30. Memo by S. R. Parker, 17 April, 1936, ibid.
On April 16, 1936 the companies presented their plans to the Regina Council. Briefly, Dominion Electric offered to add a 10,000 kilowatt unit to its Estevan plant and supply the city with a block of power ranging from 8,000 to 10,000 kilowatts. In the process, it was stated, Estevan, Weyburn, Moose Jaw and Regina would be interconnected, with an extension to Saskatoon being built later. Montreal Engineering, on the other hand, proposed to build a transmission line extending from the Calgary Power Company in Alberta to Saskatoon and then on to Moose Jaw and Regina, which would make 25,000 kilowatts available to Regina and remove any necessity for expanding the local plant. Power Commission engineer Parker's initial reactions to the schemes were that the first was economically unsound while the second was unsound both from the economic and engineering points of view, largely because of the amount of money the companies proposed to expend in setting up their systems. However, on the receipt of more information directly from Montreal Engineering, he changed his opinion of that firm's offer. He then concluded that the proposal offered a definite saving to Regina and stated: "... it is difficult to see how Mr. Bull [E. W. Bull, Superintendent of Regina Light and Power] will be able to do anything else but give this proposal the most favorable consideration and study and it now looks as if the Montreal Engineering Co. proposal as submitted cannot be ignored and a most interesting situation is developing." Furthermore, he believed that the savings to Saskatoon would be even more substantial and that "the only fly in the ointment would be in the grade of protection to the service given under the interconnection arrangement proposed."

31. S. R. Parker to Thornton, 16 April, 1936, Memo by S. R. Parker, 17, 18 April, 1936, ibid.
32. S. R. Parker to Thornton, 23 April, 1936, also see same to same, 22 April, 1936, ibid.
On receipt of the proposals, the Regina Council turned them over to Bull for study and, within a few days, he submitted a "tentative report" on their merits. While it did contain a short cost analysis comparing company and city operation, it was by no means complete and, in fact, devoted much space to a somewhat irrelevant discussion of Ontario Hydro and to statements implying that transmission line service was of questionable reliability. More than that, predicted costs of city operation were based on the doubtful assumption that, since there would be more security of service from a local plant, such a plant for purposes of comparison should be charged with only half the capital outlay made in extending it. In conclusion he stated: "Considering both proposals there does not appear to be any course revealed whereby the City can save any considerable sum of money and at the same time assure an adequate power supply."

Each of the companies was supplied with a copy of Bull's report. In rebutting it, Dominion Electric declared that it was simply a tentative report and that, if all the additional fixed charges occasioned by installation of new equipment at Regina were taken into account, their offer would show some economies. In addition, the firm argued that other advantages would also accrue to the City and the province generally.

Montreal Engineering made a much more detailed criticism of Bull's findings, asserting that he had apparently failed to grasp the fundamental points involved in his "extremely hurried analysis." In this regard the company claimed that the purpose of his report was to discuss definite

33. E. W. Bull to the Mayor and Council, 21 April, 1936, ibid.
34. W. H. Schlosser to the Mayor and Council, 23 April, 1936, ibid. The City would conserve its credit while the province would benefit from the increased use of lignite and the employment created by construction of the project.
plans for the provision of power in Regina, rather than to make comparisons with results obtained elsewhere under very different conditions. As well, his predictions and methods of comparing future costs were brought into question, Montreal Engineering alleging that the city load was just within the capacity of the most efficient turbine and that increasing loads would be accompanied by increasing costs. In reference to Bull's predicted costs, the Rouge Electric Plant of the Ford Motor Company, a 200,000 kilowatt steam plant, stated to be of the most advanced design, was cited. Its production costs were said to be fifteen percent higher than those predicted by Bull, in spite of the fact that the Regina plant was producing only one-eighth as much energy.

If Mr. Bull's estimate is correct, [the firm asserted] the Ford Company could have built themselves eight plants similar to that projected by Mr. Bull and could have saved themselves some $700,000 per year. ... The comparison of these operating results suggests that the City should in its own interests pursue its investigations further to make sure that it is not deceiving itself as to the possible cost of its generation in the future. ... The value of our proposal to Regina citizens is based on the fact that interconnecting cities and towns together by means of transmission lines, and pooling their present generating capacities with available waterpower energy, an electricity supply can be provided for some time in the future at approximately the same cost as at present. ... There is, therefore, no reason for individual steam plant extensions involving large sums of money at the present time. Waste does not make a people wealthy. A combination of steam and hydro production, which is carried out in other parts of Canada is a logical solution for our problem here. We would suggest a more complete study be undertaken of the scheme outlined in our proposal and a discussion with other cities in the province that would be interested as well.35

Upon being supplied with all the necessary data on the proposals, S. R. Parker of the Commission made a careful analysis of them, leaning over backwards to be fair to Bull's argument. Yet concerning the latter's predictions he concluded: "... I contend that the figures set up for the trend of the Regina operating costs for the next

35. H. Forbes-Roberts to the Mayor and Council, 23 April, 1936, ibid.
16 years are most optimistic and even on this optimistic basis they do not compare entirely favorably with the offer of Montreal Engineering Company which can be definitely established over the whole period providing the necessary safeguards are inserted in any agreement to prevent an appeal to the Local Government Board without giving the city freedom to immediately cancel the contract." With respect to Bull's method of assessing capital charges against the Regina plant he added: "The major assumption that Mr. Bull makes that he is entitled to charge half his carrying charges on new capital investments as a bonus on the presumed more reliable service that it will be possible to give under these conditions is a debatable point and I think should not be overly stressed against the general interests of a tri-city interconnection and a pooling of resources which will eventually have to come in the interests of the general electrical development of the Province." Parker concluded his analysis of Montreal Engineering's proposal by saying:

There seems to be no question that the situation can be taken care of with possibly slight profits to the city, which should compensate for the slight possibilities of increased interruption, which are reasonably negligible if the Regina plant is always kept floating, which appears necessary for voltage regulation, ... the Saskatoon situation would be subject to more interruption or curtailed service but the profits accruing to the City at that point would be larger and, therefore, the interruptions would arouse less criticism. Further, the postponement of capital expenditures at this time on existing type equipment will allow both situations to take advantage of any improvements on boiler plant and efficiencies due to modifications in existing design or due to completely new design principles as typified by the Velox boilers.

In addition, Parker warned that a major expenditure on the Regina plant would wipe out all benefits which could be produced by such an interconnection for fifteen years and probably prevent major hydro
developments in the province which might otherwise become possible. Thus, the decision of the Regina City Council was one of far-reaching consequence, not only for the city but for the entire province.

With E. W. Bull's tentative report and the rebuttals of Dominion Electric and Montreal Engineering before it, the Regina City Council disposed of the entire matter in very short order. Immediately after Council had examined the documents, Bull stated that unless steps were taken at once to improve existing equipment at the plant a power shortage would occur each year from October to April. When the matter was thrown open to discussion, Aldermen Fines and Toothill moved that the letters be filed and the companies informed that their proposals would not be accepted. About the first man to speak on the question was Clarence Fines, the individual who in eight short years was to take over the direction of the Province's finances. According to the press, his contribution toward solving the energy requirements and financial problems facing the city was to state: "I am convinced we cannot play around with private companies." Alderman Menzies' comments were scarcely more enlightening. It appears he was familiar with Blackburn's Appendix No. 6 in the Power Resources Commission report, being under the impression that all economies in generating power at Estevan would have to be made by savings on freight charges. The only bright spot in the discussion came when Alderman J. H. Taylor and Mayor A. C. Ellison entered the debate. They unsuccessfully attempted to obtain an amendment to the motion rejecting the companies' proposals, authorizing the city commissioners to draw up a

36. S. R. Parker to Thornton, 30 April, 1936, ibid. The reference to the Local Government Board meant that a provision should be included whereby the city could cancel the agreement if the company asked the Board to authorize an increase in rates.
list of experts who could advise Council on the condition of its power plant and probable trends in electrical development in the province.

In commenting on Council's handling of the affair, the editor of The Daily Star accused the aldermen of not acting in the city's best interests. "The treatment handed out to both concerns," the paper charged, "was curt even to the verge of discourtesy." Only Mayor Ellison and Alderman Taylor came in for praise. After pointing out that there appeared to be a lack of understanding of the local problem in the Council, since a bylaw authorizing an expenditure of $600,000 had been passed and it was now proposed to spend only $300,000, the editor rapped the administration for not consulting an expert on the matter. "The main point," he declared, "... is that the City Council turned down both plans, aldermen frankly admitting that they were incompetent to deal with the question because of their lack of technical knowledge. But that was the very reason why the advice of an expert should have been obtained. ... It is obvious that some of the aldermen were influenced by the shibboleth of 'public ownership' ... ."

Thus, without receiving anything like the consideration due them and on the basis of inadequate information, the proposals were rejected. While it is true that it might not have been possible to put either of them into practice, as a good deal of negotiation would still have had to take place, that fact cannot excuse the Regina City Council for its failure to face up to its responsibilities to the people of Regina and to the province of which they were citizens. All in all, it was merely another example, and there were many, of the inability of municipal officials to deal effectively with questions relating to the electrical

37. The Leader Post, (Regina), 24 April, 1936, in ibid.
38. The Daily Star, (Regina), 26 April, 1936, in ibid.
utilities. In this manner the second attempt to establish the core of an integrated power system in the province collapsed and with it went the benefits of such a scheme. Seemingly in ignorance the good citizens continued to wallow in the luxury of an abundance of power plants. At the same time a threat to the Power Commission was removed. But who among the advocates of public ownership could rejoice to see their principle safeguarded at such cost?

A month later Mayor Ellison called on the Power Commission. He pointed out to Thornton that the addition of another unit would give Regina surplus capacity for some time to come, a fact which caused some hesitation about installing it. He wanted to know if it might be possible to find some outlet for the extra energy and wondered if there was any possibility of discussing a tri-city interconnection of Saskatoon, Moose Jaw, and Regina! The Mayor, however, was in all probability speaking only for himself. Thornton informed him that the Commission had always thought in terms of such a system. Indeed, Thornton recorded his response as follows: "It was the recommendation of our Power Resources Commission, and ... the only thing which had prevented ... an earlier completion of some such arrangement was the depression of the last five or six years." No doubt Thornton was thinking of the conferences of May, 1928, and believed that a tri-city system was desirable. However, the inaction of the Commission during the preceding month suggests that he had become as much concerned with shibboleths as with meeting the electrical needs of the province in the most economical manner.

After waiting in vain roughly a year for some favorable reaction on the part of Regina, Montreal Engineering approached the Commission to

40. Ibid.
discover if permission would be granted to extend from Alberta to Saskatoon. On February 8, 1937 the company offered either of two plans to Thornton: it would purchase the Saskatoon plant or lease it for a period of fifteen years during which it would sell power to the City and the Commission in bulk. By integrating the Saskatoon plant with hydro plants in Alberta, the firm estimated that it could save Saskatoon $50,000 to $60,000 per year and furnish power more cheaply to Commission transmission lines which, it maintained, were "at present supplied somewhat expensively by isolated generating plants." Claiming that the proposed arrangement could improve the position of the Commission without any major expenditures on its part and that the system could easily be extended to Regina, Montreal Engineering asserted: "In general, our idea in providing a main source of steam and hydro power with the greatest economy practicable is to co-operate with yourselves and with any of the other systems operating in the province in every way that may appear to be of mutual advantage."

To interest the Government in its proposals the company sent a copy of them to Premier Patterson the same day. In an accompanying letter it declared: "This general principle of interconnecting plants and systems, as you doubtless know, is well established in other parts of this country, in the United States, and in Europe. Saskatchewan has lagged behind, largely due to the distances separating the centres of generation and consumption. It now appears the logical step to proceed with a reasonable amount of interconnection rather than to persist in the pyramid-42

ing of a number of isolated plants."

Upon analyzing the offer Parker recommended that the Commission study it fully to see if some agreement could be worked out. Shortly thereafter

42. H. Forbes-Roberts to Premier Patterson, 8 February, 1937, ibid.
43. Memo by S. R. Parker, 10 February, 1937, ibid.
Montreal Engineering made some changes in its proposed rate schedule, whereupon Parker advised Thornton that expenditures of about $300,000 in the next three years and $100,000 a short time later would enable the Commission to equal or better the offer. The changes in the proposal, he claimed, made it questionable if it was attractive enough to warrant his organization sacrificing its freedom of action.

In less than a month the company submitted a draft agreement. Rates were again modified and other conditions included. Each of the company's proposals, Parker alleged, reduced the savings to the Commission, the last one appearing "to be set up in such a way as to render its rejection a foregone conclusion thus withdrawing the Company gracefully from the ...

situation." Among conditions requested by the firm was permission to build lines from Alberta to Regina and Moose Jaw via Saskatoon, to join together Dominion Electric and Canadian Utilities holdings, to connect the Commission's Qu'Appelle line with its own Lajord line, to connect Nokomis, Lanigan and Humboldt and the Commission's Nokomis and Wynyard systems "provided the Commission itself does not wish to do so." In short, the company proposed to join together almost all electrical facilities in the province. Parker wrote that the condition "could be summed up most pithily by the remark we are selling our birthright for a mess of 47 pottage." The proposal was rejected.

In explaining the Commission's decision to reject the offer to the Honorable George Spence, Thornton alleged that it did not contain sufficient


45. Parker to Thornton, 30 March, 1937, ibid.
advantages to warrant departure from original plans for a publicly owned system. In addition, the line would be interprovincial and might affect provincial control over utility companies in the province, while Alberta might restrict the export of power in the future. Finally, Thornton claimed that its acceptance would postpone any possibility of a hydro project at Fort à la Corne for at least seventeen years. In this fashion the last concrete proposal for integration during the 'thirties, the last chance for major developments in the provincial electrical field for a decade, and the last effort to eliminate the Power Commission passed into obscurity, although the companies did not altogether give up the idea.

When the proposals of Montreal Engineering were not implemented, it became essential for the Commission to make improvements to its Saskatoon plant. Walter Schlosser believed that neither the City nor the Province was in a position to finance the large expenditure which would be needed to increase its capacity. "This," he stated, "may give the Calgary Power Company [Montreal Engineering] an opportunity to go in with their power line from Alberta, and if Saskatoon were taken out of the Commission's hands there would not be a great deal of use in their retaining the rest of the property."

During the summer of 1937, Leo Loeb of Dominion Electric's New York office went so far as to discuss the purchase of the Power Commission with Premier Patterson. Correspondence suggests that Loeb concluded that the moment was not opportune. There was going to be a provincial election the following year. As well, sale by the Province

48. Thornton to G. Spence, 7 April, 1937, ibid.
would be inadvisable unless a general adjustment of its finances took place simultaneously. The Power Commission, by postponing expenditures for maintenance work on its facilities, was not a burden on the Government, and any money received from its sale might be balanced by a loss in Federal aid for relief purposes. Evidence indicates that the four companies may have attempted to arrange for finances to purchase Commission holdings in the fall of 1937 and possibly came to some understanding regarding their division. But their hopes were never realized.

Nevertheless, the efforts of the private operators to undermine or eliminate the Commission were not completely without results. When Gardiner returned to office in 1934, policy as worked out in 1929 and 1930, plus the zoning arrangement, was continued. However, his administration relaxed control over transmission line extensions. During 1935 Canadian Utilities constructed a line from Rocanville to Welwyn, in 1936 another from Star City to Valparaiso and in 1938 lines from Prince Albert to Domremy and from its Grenfell system to Esterhazy. Dominion Electric built extensions in 1936, 1938 and 1941, while National Light and Power extended to Dunkirk in 1937 and on to Mossbank in 1940. Only in a single instance does an option appear to have been taken by the Commission. Furthermore, in 1938 the Commission entered into an agreement

50. Schlosser mentions the discussions between Loeb and Patterson in *ibid.* At the same time he stated that Dominion Electric should cooperate with the other companies in acquiring the Commission's system. He pinned his hopes on a general financial adjustment by the Province and the need for expansion at Saskatoon. E. W. Bowness requested the cooperation of Dominion Electric in acquiring Commission property, "rather than engaging in indiscriminate competition" which might be self-defeating. According to Leo Loeb, Bowness saw Schlosser, Berry of National Light and Power and planned to see an official of Montreal Engineering to discuss the situation. Loeb also requested Bowness to put his conclusions into a memorandum which would serve as a basis for approaching financiers regarding the possibility of financing acquisitions in 1938. See L. Loeb to T. E. Roach, 18 November, 1937, *ibid.* When interviewed on 1 September, 1964, W. J. Patterson stated that the Government had no thought of selling the Commission.

51. An option was taken on the line from Star City to Valparaiso.
with National Light and Power by which the former's line from Moose Jaw to Riverhurst was operated and maintained by the latter. In discussions preceding the arrangement, the Honorable J. W. Estey told Thornton that it had been suggested that the Commission sell the line. Thornton summarized his response as follows: "I said the Government policy of some years ago would have to be altered. I outlined how we had built many of our lines when the policy was to own and operate all lines, rather than to zone the Province into divisions of influence between the Commission and the private companies." Thornton's account of the discussion not only attests to the existence of the zoning arrangement but also indicates that, if the Government wished to convey the impression of adhering to its transmission line policy, it could not sell the line. Finally, the correspondence of Dominion Electric illustrates the disparity between professed policy and actual practice. Replying in 1938 to a letter requesting an extension from Davidson to Girvin -- ostensibly Commission territory -- Walter Schlosser wrote that his company had wished to build the line a few years earlier but had been prevented from doing so by the Commission. He then added: "While this restriction remains in force, I am quite certain that we would have no difficulty in obtaining permission at this time so that the only thing that we need be convinced of is that there is sufficient revenue to justify this line."

52. S.P.C. Annual Report, 1938, p. 3.
54. W. H. Schlosser to A. O. Goodmanson, 17 January, 1938, D.E.P. No. 173. The company built the line a short time later. W. H. Schlosser to W. W. Taylor, Perdue, 14 November, 1939, ibid, indicates that the firm was also considering expanding in the vicinity of Biggar, also supposedly in Commission territory. W. H. Schlosser to J. W. Heartwell, Meadow Lake, 27 November, 1924, D.E.P. No. 125 suggests that the company might also consider entering entirely new areas.
Evidently Schlosser was little concerned about the future of his company under the Patterson Government. Shortly before the 1944 election he wrote: "The Provincial Election this summer will probably determine for a considerable number of years whether or not private companies will continue to operate in the Province." The Liberal Party's election manifesto would scarcely have given him cause for concern. It mentioned that the Commission had "prepared plans for the construction of lines throughout the Province," that the Government was "considering possible sources" of power and that the need for electricity for farm use was "fully appreciated," but made no reference to the private utility companies.

All in all, the manifesto suggested that the Government was working out progressive programs but the facts indicate rather that it was suffering from a depression complex and was ill-prepared to cope with the post-war era. Insofar as the province's electrical utilities were concerned, it had no plans for their integration, had apparently undertaken no studies of possible power sources and had done almost nothing preparatory to supplying electricity to the farm population. While the Manitoba Government, after underwriting a major inquiry into the problems and possibilities of farm electrification, had decided to subsidize it, and while the Calgary Power Company and Canadian Utilities were carrying out area investigations along similar lines in Alberta, Saskatchewan was marking time. Thornton did not believe it was advisable to investigate the subject until the Government had decided whether or not to subsidize. Nor did he discuss it with the private operators. Thus when the matter

had to be taken up, he found it necessary to attempt to adjust the findings of the Manitoba inquiry to cover the local situation. For its part, the Government had made no decision regarding either an investigation or subsidies. In like manner, since Government policy did not contemplate the establishment of a province-wide system at any time in the future, Commission plans for transmission lines were not made on such a basis.

Indications are that Thornton had only a dozen or so extensions under consideration, mainly designed to add to the Saskatoon, North Battleford, Tisdale and Wynyard systems. As far as taking care of the electrical requirements of the province was concerned, Thornton stated that only some of the urban centres not served by major plants could be supplied economically from them. Those which could, he estimated, might be reached in a six-year period during which 150 to 400 miles of transmission line would be built annually. In order to do this, however, he believed it would be necessary 

58. Minister of Agriculture to Thornton, 20 December, 1943, ibid.
The Minister wrote to Thornton as follows: "... it has often occurred to me that it might be cheaper and in many respects more satisfactory to assist farmers in purchasing individual plants rather than to incur the great cost of building transmission lines to serve such a scattered population as we have in Saskatchewan. ... With respect to state subsidies, it would seem to me we would not be justified in entering on a programme of this kind in this Province unless we were also prepared to subsidize the purchase of individual power plants for those thousands of farmers who could not be reached by transmission lines." However, there is no indication that the Government made any decision on either subject.
59. Interview with W. J. Patterson, 1 September, 1964. The ex-Premier stated that the companies would have continued to operate had his party retained office. Property would have been exchanged, however, to make operations more economical.
60. Thornton to J. W. Estey, 4 July, 1938, S.P.C. Finance and Accounting, Capital Budget No. 3; Thornton to L. F. McIntosh, 15 August, 1944, Thornton to J. L. Phelps, 29 August, 1944. Phelps Papers, S.P.C., A.S. The extensions contained herein appear to be the only ones the Commission had considered.
to obtain funds at low interest rates. Finally, it is doubtful if Thornton fully appreciated the importance of lignite as a source of power.

To the extent that the Government had taken any steps concerning the province's electrical utilities, it seems to have done only three things. First, in the spring of 1944 it had passed a resolution calling for Dominion-Provincial cooperation to extend rural electrification. Secondly, during the same session it had passed an amendment to the Power Commission Act outlining procedures for expropriating property. And thirdly, the most significant step, it had appointed the Saskatchewan Reconstruction Council in the fall of 1943 to formulate a post-war reconstruction and rehabilitation program.

The investigation of the Reconstruction Council brought out many of the shortcomings of the province's electrical developments and the inadequate nature of official power policy. In short, the Council found that the use of electricity was confined almost exclusively to urban areas and thus gave service to only about one-third of the population. More than that, it discovered great differences of opinion concerning the sources of cheap power, faulty regulations governing the location of transmission lines, a

62. Ibid., also see Thornton to J. R. McNicol, M.P., 7 March, 1944, ibid., in which Thornton stated that steam plants "... have nearly reached a point where further saving in cost of production is not to be expected. I feel that the wise development is to avoid further large expenditures for steam plant extensions but to place the same investment in the river works, maintaining one or two of the steam plants as ready to serve standby and peak load demands."
64. Statutes of the Province of Saskatchewan, 1943, Ch. 7. This act may have been passed primarily to assist the City of Yorkton in repurchasing its utility from Canadian Utilities. See Thornton to J. L. Phelps, 8 August, 1944, Phelps Papers, S.P.C.
lack of planning for expansion, and isolated lines owned by the Commission which could be justified only when considered as part of a long-range plan for province-wide coverage. Expansion by private companies, it found, had been "very drastically curtailed." The Council concluded that the demand for electricity could not be ignored and the "completely unsatisfactory condition" permitted to continue. As well, the Commission was condemned for following too cautious a policy regarding transmission line extensions, and both it and the private companies for their attitude toward rural electrification. In regard to the latter subject, the Council stated:

"Up to the present time the general attitude of both public and private utility agencies toward rural electrification has been extremely passive. For example, the Saskatchewan Power Commission has 1,500 miles of transmission line, all of which is constructed along road allowances. At this date, they have 130 rural customers or about one for ten miles of line. Their policy has been to accept applications for service from rural customers adjacent to their lines, but no effort to expand this field has been made. This attitude is identical with that adopted by other agencies in the Prairie Provinces."

In order that planned electrification of the province might take place, the Council recommended that a study of the relative merits of developing power from lignite and waterpower sites be undertaken, that committees be appointed to examine regulations respecting the location

66. Ibid., pp. 148-152. Thornton denied the charge that provincial policy had always been restrictive and had prevented expansion by the private companies at all times. See Thornton to J. L. Phelps, 29 December, 1944, S.P.C. Power Development, Post-War Reconstruction. The Council apparently based its statements on evidence presented by Walter Schlosser at the Estevan hearing. This evidence appears to have involved the years 1930 and 1931. See Saskatchewan Reconstruction Council, File 1, Estevan Briefs, Sitting March 16, 1944, A. S.

67. Saskatchewan Reconstruction Council, File 12, Supplement to Public Hearings, A. S.
of transmission lines and to investigate the whole field of farm electrification, that the Local Government Board be given the responsibility of handling applications for transmission line extensions, and that public ownership of power be the ultimate goal of the Government. Regarding the last of these the Council suggested that if the Power Commission did not proceed to expand throughout the province permission be granted for extensions by the private operators under definite agreements whereby the Government could take over such lines at a reasonable price when conditions warranted it.

The Report of the Saskatchewan Reconstruction Council clearly indicated that something had to be done if Saskatchewan was to possess an adequate electrical system. In the interests of the province, a decision had to be made either to dispose of the Commission to the privately owned companies and encourage those firms to operate as a single utility or to take over the holdings of such concerns and establish a province-wide publicly owned monopoly. The Cooperative Commonwealth Federation, elected in 1944, chose the latter course; and during the 'fifties the high-voltage grid and generating stations necessary for a province-wide, integrated power system were established. But did application of a definite policy of public ownership quickly end the waste of a divided utility field? No. Subsequent chapters will indicate that the Douglas Government was quite willing to make the decision that Saskatchewan should have a province-wide, integrated power system but that it had little fortitude when it came time to apportion the costs of such a system on a province-wide basis or to make certain decisions which might prove politically unpopular. In short, through failure to act decisively the

68. SRC, p. 152.
Gardiner, Anderson and Patterson administrations had silently followed a policy which could be described as little more than one of waste; through failure to act decisively the Douglas administration was only gradually to eliminate it and through means scarcely describable as fair.
The story of electric power in Saskatchewan is a tale of many individuals whose efforts created the publicly owned utility which exists today. During the four and a half years which followed the 1944 provincial election two persons were particularly prominent: Joseph L. Phelps and Halma F. Berry. The former had certain objectives in mind while the latter possessed the experience and practical knowledge to lay much of the basis for achieving them. Though the visible results of their efforts were dwarfed by what took place after they had left the scene and though neither achieved all his objectives, the importance of their decisions concerning such matters as the purchase of private utility companies, rate reductions and the terms under which service would be provided to municipalities ought not to be overlooked.

Phelps, a farmer from the Wilkie district placed in charge of the Power Commission and named Minister of Natural Resources in the Douglas Government, was a strong believer in public ownership of power. He was convinced that in order to establish an adequate power system for Saskatchewan, the holdings of the private companies had to be taken over by the Province. Moreover, he had had the problem of rural electrification much at heart for a long time. He maintained that as a means of improving
farm life and stabilizing the agricultural economy, rural electrification ranked in importance with year-round transportation and proper utilization of land.

In certain respects, Berry's views were complementary to those of Phelps. He believed that the post-war era would see much emphasis on the widest possible distribution of electrical energy and that such distribution would be one of the top ranking items in all reconstruction programs. On the other hand, it is very improbable that he agreed with Phelps on the question of ownership of electrical facilities. Berry had been born in the State of Wyoming. As a young man he attended university in Iowa where he specialized in accounting and received a Bachelor of Arts in business administration. Following graduation he joined the Iowa Southern Utilities Company, eventually rising to the position of assistant secretary in the organization. Shortly after the company purchased the Moose Jaw utility, he was sent to that community where he became president and general manager of National Light and Power during reorganization in the 'thirties. This was the position he left when Phelps prevailed upon him to become Power Commissioner in January, 1945 and to which he returned in 1949.

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2. "H. F. Berry Appointed Commissioner," 2 January, 1945, Phelps Papers, S.P.C. National Light and Power of which Berry was president had been sharply attacked by Clarence Stork, a C. C. F. Member of the Legislature in 1936. Referring to the reorganization of the company, he had said there was a possibility of the stock being watered, the common stockholders fleeced and the electrical consumers obliged to pay for it. See The Leader-Post, (Regina), 3 March, 1936, in S. P. C., Regina, Town No. 1. There does not appear to be any evidence that such events took place. However, it is doubtful if the attack or the C. C. F. position on electric power made Berry friendly toward the party.
Shortly after the results of the 1944 provincial election were known but before the reins of office had been transferred to T. C. Douglas and his C. C. F. running mates, Walter Schlosser directed the following lines to his firm's New York office: "... while the question of policy relative to power development was at no time an issue during the campaign, it would seem to me that we can quite reasonably expect the new Government to take steps to take over the private power companies as soon as they take office. I may be wrong in this prediction, and they may not take action for several months or possibly for a year, but it would appear inevitable if the platform on which the new Government was elected means anything." As already noted Schlosser had considered the outcome of the election important insofar as the future of his company was affected, and his concern was not without foundation. The program drawn up by the C. C. F. at its first annual convention in 1933 read: "Transportation, communications and electric power must come first in a list of industries to be socialized." Furthermore, one of the last moves of the party while in opposition was to bring in a resolution calling upon the Government to acquire the main existing power sites and develop new ones in order that electricity might be mass produced for distribution at low cost to rural areas and for industrial and northern development. In addition, the gentlemen's agreement zoning the province would not influence the new administration since it was apparently unknown outside a select circle composed of members of the Patterson Government and officials of the Commission and private utility companies.

4. C. C. F. Program, 1933, Gardiner Papers, X, VI, 2.
6. In an interview on 21 May, 1966, J. L. Phelps stated that he never learned of the existence of such an agreement, though in charge of the Commission for four years.
Almost immediately upon being placed in charge of the Commission, Phelps announced that it was the Government's desire to acquire the holdings of the private companies at the earliest opportunity with the ultimate goal of establishing a power system to serve the entire province. Perhaps one firm per year would be purchased in view of the difficulties involved in financing such a program. In the process, the companies would be fairly treated. "We believe in compensation not confiscation," he reportedly declared. Phelps also indicated that the Government would investigate the possibility of utilizing lignite for power production and went on to express the opinion that rural electrification would require subsidization. In respect to such financial assistance, he indicated that it would not be available to private operators and asserted: "I only think, speak and act in terms of social enterprises these days - social enterprises in terms of the Saskatchewan Power Commission."

Phelps had in mind what might very generally be described as a six point program for the Commission. It would take over the holdings of the private operators. It would actively encourage the production and distribution of electric power. Plans would be drawn up at once for expanding its transmission system to provide complete coverage of all urban and rural areas in the province. The capacity of its generating stations would be increased to supply the energy requirements of the Government's industrial development program. All power lines constructed would conform to certain standards and coordinate in an overall plan for electrification of the province. Lastly, its rates and contracts would be rearranged on the principle that urban users of power would absorb some of the costs of providing service to rural areas.

7. The Leader-Post, (Regina), 15 July, 1944.
8. V. Hogg to J. L. Phelps, 11 September, 1944, Phelps Papers, S. P. C.
In a letter to F. J. James, Honorary President of the "On-To-The-Bay" Association, Phelps gave some indication of the stages in which the program would be carried out. "I am hoping," he wrote, "that in the not too distant future we can have developed in our province a real provincial hook-up for supplying electrical energy at a minimum cost to all our urban centres, and, as soon as same is feasible, to extend to the rural areas as well."

In accordance with his aims, Phelps launched a two pronged attack on the problems immediately before him in the late summer. An investigation of the Power Commission was instituted, and negotiations with a view to purchasing National Light and Power were opened. The former revealed some of the shortcomings of the Commission which have previously been indicated. The latter brought Phelps into close contact with Berry, who, he soon decided, could put the Commission on a much firmer basis if secured to succeed Thornton, due for superannuation in January.

A brief investigation of the Commission by Vern Hogg, Deputy Minister of Natural Resources, disclosed such mechanical inadequacies as the inability of the Nipawin plant to meet the demands of regular customers while the Tuberculosis clinic was conducting a survey there and the insufficiency of the Meadow Lake plant to handle a certain arc welder, making it necessary for the Commission to recommend the use of a smaller type which had already been found unsatisfactory. In his report Hogg stated:

It is evident ... that the organization suffers from the lack of a well defined policy and program. This is no doubt

9. J. L. Phelps to F. J. James, 24 August, 1944, ibid. There appears to have been unanimous agreement that urban areas should be supplied first after which expansion into rural areas would take place.

10. V. Hogg to J. L. Phelps, 11 September, 1944, ibid.
responsible for the very cautious and conservative attitude which is evident throughout. Specific instances were noted where decisions had to be reversed in regard to extension of services. ... It is also responsible in part at least for the indifferent attitude of the commercial department in regard to the extension and sale of electrical services. Part of the problem may resolve itself into a question of personnel, however, with one possible exception this may be left in abeyance, as the general attitude may change under the stimulus of a well defined policy and program.11

As a means of overcoming the situation Hogg urged Phelps to arrange a conference of the Power Commissioner, solicitor and heads of the accounting, engineering and licensing branches, together with certain superintendents and others, in order to acquaint them fully with the policy and program the Government intended to pursue. "Ask for recommendations, suggestions, etc., and generally create an attitude of cooperation. This may be beneficial in breaking down the present autocracy which exists in the commission," Hogg went on to state. In order that more information might be obtained, he advised Phelps to request the Commission's engineering department to draw up reports on, among other things, the costs involved in expanding the system on a province-wide basis and the relative merits of developing power from natural gas, lignite and hydro. He also urged Phelps to discuss the Reconstruction Council's recommendation for an immediate survey of the whole field of rural electrification, and the necessity of an extensive program to educate farmers on the use of electricity before instituting such a program. While acting on these suggestions Phelps engaged periodically in discussions with National Light and Power.

11. The author gathered in conversation with J. L. Phelps that the one possible exception mentioned by Hogg was Commissioner Thornton. No action was taken, however, possibly because Thornton was due to retire in a short time.

12. V. Hogg to J. L. Phelps, 11 September, 1944, Phelps Papers, S.P.C.
In commencing negotiations with the Moose Jaw firm, the Government evidently had in mind purchasing its common stock for roughly $1,000,000. Under such an arrangement the mortgage bonds and other debts of the concern would have been unaffected except that the Government would have assumed responsibility for their repayment. Walter Schlosser doubted that the physical value of the utility was that great, except in replacement costs, but believed that purchase would be profitable to the Government from the point of view of revenue. Provincial authorities would not only acquire the profits of the company but roughly $90,000 annually which would no longer have to be paid in taxes to the Federal Government. Berry himself may have been optimistic that such an arrangement would be worked out, but the Government soon changed its mind.

Shortly after opening discussions arrangements were made by the Commission to have the Moose Jaw plant evaluated. Appraisals were conducted by E. W. Bull, formerly of Regina Light and Power, and A. L. Cole, superintendent of the Commission's Saskatoon plant. Both arrived at the conclusion that the generating station had an actual value of slightly over $1,000,000 but that a more thorough investigation should be undertaken before a decision to acquire it was made. Added to the above sum was the value of the distribution system and the transmission line to Mossbank, estimated at approximately $500,000, and against the total were debts of roughly $3,000,000 represented by stocks and bonds. Arthur Hayworth, Commission secretary, advised Phelps that the disparity between tangible assets and debts would appear to preclude purchase of the stock.

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These considerations may well have influenced the planning of the Douglas administration insofar as buying the company was concerned. But there were other factors which bore particularly on and were possibly already operating to modify the course Phelps himself first wished to pursue. Before the appraisals were completed Schlosser indicated that the Government's attitude had changed. In this respect he stated that there was about $8,000,000 in the treasury when the C. C. F. took office, adding:

... it was Mr. Phelps' idea that this ... could be used in purchasing utility properties. It appears, however, that the other members of the Government have other ideas and some feel that this money could be used to better advantage in increasing social services or in launching new industries rather than taking over something that is already established.

According to a friend of ours who is quite close to the Government, the course that will be pursued by the new Provincial Government is absolutely unpredictable and that [sic] there are many conflicting ideas among cabinet members as to what should be done.16

Differing opinions in the cabinet may have applied the financial brakes to the program Phelps had originally visualized. At the same time, however, his own thoughts on the course to be followed had been undergoing change. Shortly after instituting negotiations he began to believe that it might be best to leave the Moose Jaw firm as it was, at least temporarily, as it was operating as an economic unit and alone among the various companies formed a unified holding. This line of reasoning was probably reinforced through discussions with Berry. The latter argued that purchase of his company would not increase the number of electrical consumers, whereas the same money spent on transmission lines would. In

17. Interview with J. L. Phelps, 21 May, 1966.
addition, to cooperate with the Government, Berry offered to supply energy to the Commission on terms similar to those contained in its agreement with Saskatoon. During these discussions Phelps became convinced that Berry was the man to become the next Power Commissioner, but it required some negotiating to obtain him. According to Schlosser, when Berry was offered the position he agreed to accept on two conditions: first, that the Government decide whether or not it would purchase or expropriate his company as soon as funds became available and, secondly, that he could locate a suitable man to assume his own position. Shortly thereafter, Phelps resolved to postpone acquisition of the firm. And Berry, having found a replacement, agreed to become Commissioner, though apparently none too anxious to do so, and probably with the understanding that it would be for only a few years.

The reactions of Walter Schlosser, perhaps typical of private utility officials, were very favorable to Berry's appointment. Shortly after learning of the possibility he stated that if Berry did not accept, someone from Ontario Hydro would be brought in, to which he added: "I note that Mr. Phelps would much prefer having someone who is familiar with operations in this province and I think that he is to be complimented on having made this offer to Berry." With regard to Berry, Schlosser asserted: "He at least should be sympathetic to the problems of the private companies and there should be no question but that he would respect the investment that the companies have in any negotiations which the

............... 18. H. F. Berry to J. L. Phelps, 26 October, 1944, Phelps Papers, Moose Jaw Power.

19. Schlosser first mentioned the offer to make Berry Power Commissioner. See W. H. Schlosser to L. Loeb, 28 September, 1944, D. E. P. No. 227. When interviewed, J. L. Phelps informed the author that he also considered Schlosser for the position.

Government might institute later." One can only speculate on what Schlosser's comments might have been had he suspected that Berry would give Dominion Electric top priority among acquisitions by the Commission.

It is quite possible that the selection of Berry was also well received in financial circles. Early in October Eric Morse of W. C. Pitfield and Company of Montreal, a large financial institution which had been keeping Saskatchewan under observation, remarked: "The Saskatchewan Government since it came into power appears to have conducted its affairs along fairly conservative lines and, contrary to earlier views, we are inclined to believe the administration may turn out to be sound." The appointment may have strengthened the belief, for Berry had had dealings with Pitfield and Company in the past.

In 1944, as had happened before in Saskatchewan, a change in government momentarily halted planning for expansion of electrical utilities. At the same time, it placed Dominion Electric in a somewhat embarrassing position and possibly set the stage in more ways than one for its passage into the realm of defunct corporations. At about the time the election took place, the company learned that a new industry was being established at Melville for which additional energy would be required. Two courses were open to the firm: the capacity of its local plant could be increased or a connection could be built from Melville to Canadian Utilities' transmission lines at Neudorf. The company hoped to do the latter but such an arrangement proved difficult to work out and illustrated

22. E. C. Morse to Paul E. Peltason, 6 October, 1944, ibid.
remarkably well the absurd state of the provincial transmission system. Schlosser explained how complicated the transaction would be:

"... the current that we would interconnect with is generated by the municipal plant in Regina and sold to the Prairie Power Company, and they in turn sell to Canadian Utilities and we would have to make our deal with the Canadian Utilities." However, neither Canadian Utilities nor Prairie Power seemed very interested in working out arrangements to facilitate the connection. Schlosser was somewhat concerned, since he realized that failure to supply the required energy would make it almost mandatory for the Government to take over. Then came Phelps' policy statement. In view of it Schlosser was hesitant to make any major expenditure whatsoever for fear that his firm might be taken over on unsatisfactory terms. Consequently, he approached Thornton to see if the Commission would build and lease out the proposed line, whereupon the latter brought the matter to Phelps' attention. In doing so Thornton stated that owing to the number of interests involved it was evident that the price at which power would have to be delivered to Melville would be insufficient to pay any part of the investment in existing power lines. There can be little doubt but that the episode brought home to Phelps the need for action.

Perhaps with the foregoing situation in mind, Schlosser stated in a letter to Paul E. Peltason of the Peltason, Tenenbaum Company of

25. Thornton to Phelps, 24 August, 1944, Phelps Papers, S. P. C. By late August Canadian Utilities was prepared to arrange for the connection, believing the Government would not take over for some time and that it would be preferable for the companies to build the line than bring the Commission into the area. See Leo Loeb to Walter Schlosser, 21 August, 1944, D. E. P. No. 227.
St. Louis, Missouri, holders of all common stock in Dominion Electric:
"In view of the expressed determination of the Government to take over the private companies I am wondering if the best thing for us would not be to try to assist them in financing the purchase and have the whole thing brought to a head as quickly as possible. There is not much interest in operating a property that has the threat of its expropriation hanging over its head." Peltason agreed with Schlosser's conclusions, asserting that to get out of Saskatchewan would facilitate planning with respect to properties located elsewhere. In offering his suggestion Schlosser advised Peltason to get in touch with Pitfields of Montreal. This Peltason seemingly did, for Pitfields made other recommendations. Pointing out that Dominion Electric's property outside Saskatchewan would complicate expropriation and necessitate retiring all the company's debts if it were taken over, Eric Morse maintained that the Douglas administration would attempt to acquire National Light and Power first. Also stating that the market for Saskatchewan securities was narrow and that financing would be difficult without paying excessive interest rates, he urged Dominion Electric to wait and not do anything to precipitate the disposal of its properties. Schlosser accepted the arguments and shortly thereafter was advised by Morse to concentrate on operation and public relations while curtailing expenditures until Government policy appeared to be clarified. But Peltason, it would seem, was unswayed in his convictions, and the fate of the company was sealed.

27. Reply, 2 October, 1944, ibid.
28. E. C. Morse to P. E. Peltason, 6 October, 1944, Eric [Morse] to P. E. Peltason, 18 October, 1944, L. Loeb to P. E. Peltason, 7 October, 1944, ibid.
Perhaps Schlosser himself contributed to it by informing Berry of Peltason's beliefs; the two were apparently in close touch during these weeks.

In the latter part of 1944, prior to assuming his new role, Berry conducted surveys in various parts of the province to acquaint himself better with the overall situation. During these weeks he doubtless reached certain conclusions regarding how best to proceed in joining the various properties into a more or less continuous network, for within ten days of becoming Commissioner he recommended the purchase of Dominion Electric. "I believe it would be possible," he stated, "to buy the common stock of this Company for a figure somewhere between $400,000.00 and $450,000.00. This would represent a cost of approximately 60% of the book value." Berry estimated that the earnings of such stock, plus federal income and excess profit taxes which would be retained by the Province, would pay for the stock in three years. By obtaining a bank loan and conducting a number of other financial transactions, Berry predicted that the property could be acquired without any expenditures except "payments advanced from the Company's own earnings." If there was opposition in the cabinet to purchasing the firm, it is doubtful if any of the ministers raised serious objections to the proposed arrangement, for within less than a month agreement had been reached along these lines.

Existing statutes did not cover such transactions. Consequently, at its next session the House passed retroactive legislation permitting the

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29. H. F. Berry to J. L. Phelps, 23 January, 1945, Phelps Papers, S. P. C.
30. The price paid for the stock was $420,000, sixty percent of the par value of the common stock. See Peltason, Tenenbaum Company - Agreement, 24 February, 1945, Sessional Paper No. 56, made available to the author by the Clerk of the Legislative Assembly.
Commission to purchase capital stock in incorporated electrical utility companies operating in the province, provided such shares gave it the controlling interest. Thereafter and until amalgamation took place on January 1, 1947 the company was operated as a wholly owned subsidiary of the Commission.

In a memorandum to Phelps three days after final arrangements were made to purchase Dominion Electric, Berry outlined his plans for the newly acquired property: "The Dominion Electric Power Limited Plant at Estevan purchases fuel for less than one-third the cost on a B. t. u. basis of cost for fuel at any other location in ... Saskatchewan. The Province, in endeavouring to build up a base power supply in the Estevan area, will be securing the cheapest source of power in the Province and, in addition, will be furnishing employment to its own citizens and using a natural resource of the Province." A short time later he described the existing situation, a result of the splintering of the electrical utilities field. For several years coal

31. Statutes of the Province of Saskatchewan, 1945, Ch. 15.

32. Operation of Dominion Electric as a subsidiary of the Commission permitted the Government to leave the debts represented by preferred stock, $493,000, and bonds, $1,100,000, undisturbed until such time as it was in a better position to redeem or refinance them. During 1945 the preferred stock was redeemed, using funds received for the company's property in Manitoba, Alberta and British Columbia, together with a bank loan. See S. P. C. Annual Report, 1945, p. 4. This form of operation also permitted the Government to postpone settling the problem created by its acquisition of property on which municipal taxes were being paid. Such taxes continued to be paid under the arrangement, whereas the Commission paid none. With respect to the properties located outside the province, Berry urged disposal of them for a number of reasons: they were scattered and difficult to supervise, they laid the Commission open to criticism for external operations and to attacks based on political motives. Furthermore, he believed that the funds they represented could be used to better advantage and that a profit could be made on their sale. See H. F. Berry to J. L. Phelps, 7 May, 1945, Phelps Papers, S. P. C.

33. H. F. Berry to J. L. Phelps, 27 February, 1945, Phelps Papers, S. P. C.
had been hauled 165 miles and used to generate power which was transmitted back to within forty miles of the mines. "This," Berry asserted, "is certainly a wasteful and economically unsound method of furnishing electrical energy to the citizens of our Province." Under consolidated management Estevan, Moose Jaw and the southwest would be interconnected at the earliest possible date, while long range planning provided for making Estevan the base load centre for all transmission lines in the southern and eastern portions of the province. Berry also pointed out that some of Dominion Electric's holdings were already connected with those of the Commission and that a number of communities in the southwest could be easily joined together. Here Dominion and Commission diesel plants at Leader, Swift Current, Herbert, Gull Lake, Maple Creek, Eastend, Shaunavon and Assiniboia and the National Light and Power steam plant could all be tied together. This would permit closing down several expensive and inefficient diesel generating stations. "The greater efficiency and reduced cost following such consolidation is apparent," he declared.

To consolidate the properties, plans for a number of transmission lines were drawn up and approved. As a preliminary step Berry decided to connect the Dominion Electric Gull Lake and Shaunavon-Assiniboia systems with the Commission's Swift Current-Leader system and its isolated plant at Willow Bunch. These projects would permit the closing of plants at Gull Lake and Willow Bunch, while the plants at Carrot River, Rose Valley and Kelvington would be shut down through extensions in other parts of the province. Also approved for construction was the Estevan-Stoughton connection, a milestone in provincial electrical development.

34. H. F. Berry to J. L. Phelps, 15 March, 1945, ibid.
35. H. F. Berry to J. L. Phelps, 27 February, 1945, ibid.
This transmission line designed to operate at 66,000 volts was the first line to function at that voltage in Saskatchewan. With its completion it became possible to transmit a large block of power from the coal fields to various load centres. Berry proposed to utilize it initially at 22,000 volts to make Estevan power available across the southern part of the province. This would enable the Commission to reduce the quantity of power purchased at Moose Jaw and Regina with resultant economies, as Estevan generating costs were expected to be only half the prices paid. Later he intended to extend the line northward to Melville, Yorkton and Canora.

With the decision to build the Estevan-Stoughton line, Schlosser's dream of 1927 was in the process of realization. The first step toward an integrated power system for the area was about to be taken. A number of years would elapse, however, before such a system covered the entire province. For 1945 all projects were designed essentially to join together existing properties. No consideration was given to the acquisition and connecting up of unnecessary isolated plants. For that matter purchase of isolated units was not regarded as desirable during Berry's term of office because of shortages of construction material, the diesel fuel situation and the high operating costs of such plants.

While negotiations to purchase Dominion Electric were in progress, Phelps obtained a brief evaluation of the holdings and may have held

36. H. F. Berry to J. L. Phelps, 23 June, 1945, _ibid_. H. F. Berry to J. L. Phelps, 13 November, 1947, _Davies Papers_, S. P. C., 1947-1948, A. S. Lines of 66,000 volts were later designated as 69,000 and then 72,000 volts.
informal discussions with officials of the Prairie Power Company with a view to taking over that firm. The Estevan-Stoughton line, which Berry shortly thereafter proposed to build, would connect the newly acquired Estevan power plant with Prairie Power's major transmission system. Other connections already existed and, in addition, energy from Estevan would utilize the company's transmission lines on its way to western Saskatchewan when such transmission began. Thus when plans were drawn up for lines in the area served by the company which would have to be energized with power purchased from it, Berry informed Phelps that it would be advisable to begin making preparations in case the Government should decide to consolidate the holdings of the firm with the Commission. The following morning Phelps arranged for increased appropriations for the Commission and evidently also obtained authorization from the cabinet to institute negotiations. Shortly thereafter he and Berry opened discussions, but this time purchase took longer. Indeed, before settlement was reached the Government was considering expropriation. The company did not set a price for some time, after which it asked for $2,000,000. The Commission countered by offering roughly $1,250,000, whereupon the company lowered its figure. Stating that the Government preferred to reach a negotiated settlement rather than expropriate, Phelps suggested splitting the difference. Thus a price of $1,462,000 was agreed upon, and paid, and the property was absorbed into the Commission at once.

40. A. Blackwood, Deputy Attorney-General, to A. Hayworth, 7 November, 1945, S. P. C., Prairie Power Company, Purchase of.
For the years immediately following 1945, Berry had plans drawn up for expanding the Estevan generating station, for converting the North Battleford plant to natural gas if such fuel became available, and for replacing diesel engines in the Unity area with natural gas equipment. New estimates on the Fort à la Corne hydroelectric project, undertaken the year before, were also obtained; and in addition, plans for transmission lines as material became available were developed and preliminary surveys of other prospective routes conducted.

However, the Commission's 1945 construction program had scarcely commenced when the difficulties involved in obtaining material and equipment were brought sharply to Berry's attention. Boilers were required at Estevan and North Battleford. When consideration was given to the placing of orders, it was learned that Russia had contracted for ninety large units. This meant that such equipment could not be obtained for the better part of a year. At the same time it was discovered that organizations in Ontario, Manitoba, Alberta and British Columbia

by the Local Government Board the value of the property was $1,661,785.69 less an unspecified amount of depreciation. See A. S. Sibbald to J. L. Phelps, 29 January, 1945, ibid. Schlosser apparently believed that $2,000,000 would have been high. See W. H. Schlosser to L. Loeb, 17 October, 1945, D. E. P. No. 227.

42. In the fall of 1944 Acres and Company of Niagara Falls was retained by the Government to bring its 1931 report on the Fort à la Corne site up to date. In May, 1946 the firm reported that the project should not be undertaken until such time as power generated there could be delivered to load centres at a cost definitely below the cost of power produced at the steam power stations at the main load centres in the province. See H. F. Berry to J. L. Phelps, 20 July, 1946, S. P. C., Power Development, Fort à la Corne No. 1. Thus the project was not undertaken. During the years 1944 to 1946 the Commission also studied the possibility of using natural gas-fuelled generating equipment. Consideration was given to its utilization at North Battleford, Unity and in the Lone Rock area, following which it was decided to erect a natural gas-fuelled plant at Unity. See The Leader-Post, (Regina), 8 February, 1945, and H. F. Berry to J. L. Phelps, 18 June, 1945, Phelps Papers, S. P. C.
were placing orders for thousands of poles, much line hardware and large quantities of wire for future delivery. The Commission had to do likewise or face long periods of waiting. Nevertheless, delays and shortages produced postponement after postponement until by July, 1947 the Commission was a year to eighteen months behind schedule in its expansion program.

Of the projects slated for the year, the Commission completed only the Aylsham-Carrot River and Wadena-Rose Valley-Kelvington extensions. The annual report predicted completion of the lines in the Swift Current Area during 1946 and stated as well that the Estevan-Stoughton connection would probably not be in service until the latter part of that year. Indeed, start of construction on one of the larger projects was made possible only by acquisition of surplus equipment from the War Assets Corporation. Material salvaged from airfields in the vicinity of Weyburn was used to commence building a line there. Arrangements were also made for conversion of military equipment to serve civilian needs in the Yorkton and Moose Jaw areas. The only addition to generating equipment during the year took place at Nipawin, where a start was made on the installation of a diesel unit. In summing up developments during 1945 and making a forecast regarding 1946 the annual report stated: "... our difficulties in securing material and equipment have increased rather than diminished and we may be

43. H. F. Berry to J. L. Phelps, 23 July, 1945, Phelps Papers, S. P. C.
restricted to a considerable degree ... because of slow deliveries of
construction material ... this may reach such proportions as to curtail
our projected construction program for 1946."

True to predictions, in many respects 1946 proved to be a repetition
of the preceding year. Three completed transmission line projects
resulted from the acquisition of material from the War Assets
Corporation, three others began in 1945 were finished, though one of
them not until December, while a fourth, left over from that year's program,
remained to be completed in 1947. Only three new projects undertaken in
1946 were finished that year, their total length being eight miles. In
short, practically the entire program had to be postponed. Poles and to
a lesser extent wire were in extremely short supply. Strikes in the
steel and coal industry further complicated the situation. Many
manufacturers refused to quote prices on orders for future delivery or
to make promises regarding delivery dates.

On the power production front progress was made at roughly the same
pace. The 15,000 kilowatt turbo-generator, ordered for Saskatoon during
the war, arrived and was practically ready for service at the end of
the year. The Estevan generating station was also enlarged and boiler
equipment installed preparatory to expanding its capacity. However,
expansion of other plants was delayed awaiting the necessary machinery.

Perhaps the highlight of the annual report was the announcement that
for the first time in its history the publicly owned utility was out of
the red. During the year the Commission had converted an accumulated

46. Ibid., pp. 8-9.
47. Ibid., 1946, pp.6-9.
48. H. F. Berry to Mrs. Beatrice Trow, M. L. A., 9 May, 1946,
S. P. C., Piaapot, Town No. 1.
deficit of about $75,000 to a surplus of approximately $340,000. A second significant item was the announcement of the results of negotiations, carried out during the latter part of the year, by which the Saskatchewan holdings of Canadian Utilities Limited were acquired by the publicly owned system on January 1, 1947.

The purchase of Canadian Utilities' properties was no doubt undertaken to facilitate Commission expansion northward from the Estevan area. Development in that direction involved the establishment of a number of additional connections between Commission lines and the company's Indian Head-Grenfell and Yorkton-Saltcoats systems. In any event, purchase was desirable before very long. H. R. Milner, president of the firm, stated in a letter to Berry: "We quite appreciate that in order to round out the Commission's system, our properties are essential . . . ." Discussions began in August and dragged on into January. Berry's familiarity with the various companies and possibly personal knowledge of Milner's negotiating methods enabled him to obtain the firm's holdings, except Lloydminster, for $3,600,000, despite the fact that Milner initially asked $5,500,000 for all property in the province.

In 1947 the material and equipment situation eased slightly, although long poles and insulators remained very difficult to obtain. In some cases stocks for projects lay on sites for up to fourteen months awaiting the arrival of these items, while other lines were completed

51. H. R. Milner to H. F. Berry, 16 October, 1946, Ibid.
52. H. R. Milner to H. F. Berry, 22 August, 1946, H. A. MacPherson to H. F. Berry, 29 January, 1947, Ibid. From earlier dealings between the Commission and Canadian Utilities and from comments concerning Milner the author has concluded that he drove hard bargains.
thanks to borrowed material. Yet during Berry's last two years as Commissioner, the expansion program carried out under his supervision did much to convert the province's electrical utilities from a maze of unconnected transmission lines, isolated plants and dead-end lines into a series of loops and lines through which energy could flow from two or more generating stations, thereby reducing the possibility of interruptions to service and, in some cases, permitting the movement of more power from the larger plants. A large loop was formed in the southwest by construction of a line from Swift Current to Moose Jaw via the Herbert-Morse system, another by joining Eston on the Swift Current system with Rosetown on the Saskatoon system, a third by a short connection between Odessa and Francis, and a fourth by connecting Watson and Lanigan. Other lines tied together the Saskatoon, Prince Albert, Tisdale, North Battleford and Wynyard systems, while construction of additional 69,000 volt line, began during 1948, was designed to join Melville and the Yorkton system immediately with lines extending east from Regina and with Estevan the following year. The Commission also undertook a major project in the northwest, a badly neglected area. Here the isolated plants at Unity, Kerrobert, Wilkie and Kindersley and the Macklin-Luceland system were all joined together. All told, during these two years the isolated plants of the Commission were reduced from thirteen to six and its isolated transmission systems from seven to two, both of which were to be connected with the main system the following year. As a result, the creation of the province's primary grid, begun by Thornton and the private companies, was well on the road to completion.


During 1947 and 1948 the generating capacity of Commission stations also increased significantly. Commencement of operation of the 15,000 kilowatt unit at Saskatoon permitted the overhauling of equipment which had been running almost continuously for ten years. Acquisition of a 5,000 kilowatt turbo-generator from the United States War Assets Corporation facilitated the immediate establishment of a larger base load plant at Estevan than had been originally contemplated, and purchase of suitable equipment from the same source enabled the Commission to establish a three unit, natural gas-fueled generating station at Unity. The latter development was perhaps timely as diesel fuel, never a source of cheap power for a large system, was not only in very short supply but rapidly rising in price -- forty-five percent during an eight month period in 1947-48. The Prince Albert steam plant was also expanded by 7,500 kilowatts when a unit ordered by Canadian Utilities arrived. In addition, significant expansion took place at the Swift Current and Wynyard diesel plants while a new station was erected at Moosomin for peak load, emergency and voltage regulation purposes. Useful machinery, released by construction of transmission lines, was also moved from place to place within the province in an effort to meet the rapidly expanding demands for electricity. Yet in spite of everything that was done there never was enough capacity to go around and provide anything like a satisfactory reserve. Requests for service came almost daily, while complaints like that of Eston -- "This town pays

55. Ibid., 1947, pp.8-10, 1948, pp. 8, 10. See H. F. Berry to City Clerk, Swift Current, 25 July, 1947, S. P. C., Swift Current, Town No. 3, in regard to diesel fuel prices.
you over $2,500.00 a year for service charge alone but we are not getting the service" -- were only slightly less regular.

To a certain extent financing was also a problem. As in the past funds were seldom as readily available as the Commission wished. Then too, almost everything rose in price between the time budgets were prepared and stocks delivered.

The last four years in which the publicly owned utility operated as a Commission -- it became a Crown Corporation in 1949 -- also witnessed the first general rate reductions granted by it. Four reductions, one each year, lowered the maximum charge per kilowatt hour from as high as fifteen cents to eight cents and also reduced monthly service charges. These changes were partly designed to bring uniformity to the organization's rate structure. In the future all communities were to be considered as part of a single system. Previously various sections of the territory served by the Commission had been dealt with as separate units with respect to rates, reductions being dependent upon the particular unit of which a community formed a part showing an excess of revenue over expenditures.

The changes also made for simplicity in billing and accounting. Berry's reasons for granting them were disclosed in connection with the 1946 reduction. In recommending it to Phelps he stated that Commission rates were abnormally high compared with those of private companies in the province and with rates in neighboring provinces, that reductions would increase consumption, improve revenue and offset themselves in a short

56. Eston Town Council to J. L. Phelps, 11 August, 1945, Phelps Papers, S. P. C.
58. S. P. C. Annual Report, 1948, p. 5; H. F. Berry to J. L. Phelps, 10 September, 1945, Phelps Papers, S. P. C.
time, and that they would improve public relations and forestall petitions for such adjustments. Berry's finesse in public relations appeared in the timing of the reduction: "It is our intention," he stated, "... to make it effective with the May or June readings, as the reduction will come more forcibly to the attention of the consumers at a time when electric bills are dropping through smaller consumptions due to longer hours of daylight."

While he was Power Commissioner, Berry also took the first steps in opposition to the Commission's practice of selling electricity wholesale to municipalities.

By the mid-'forties Moose Jaw, Prince Albert and Yorkton, together with certain towns, Melville among them, noting the profits some cities were making on electricity, regretted having sold their utilities, especially their distribution systems. Discussions with a view to resuming ownership were conducted between Prince Albert and Yorkton and the Commission prior to and during the war, but for various reasons the matter was dropped. Early in 1945, shortly after the Government purchased Dominion Electric, Melville broached the subject. From conversations with municipal officials Berry judged that their main concern was the possible loss of taxes being paid by the company. Thus, in briefing Phelps on the subject he summed up his opposition to municipal operation, implying that it was wasteful, inefficient and would become impractical. Under complete Commission operation, the Melville staff could handle an

59. H. F. Berry to J. L. Phelps, 22 March, 1946, Phelps Papers, S. P. C. The author gathers from references to Berry's management of National Light and Power that he was very capable in dealing with the public.
adjacent area as well as the town. Municipalities retailing current had a tendency to forget service at cost and to use the utility as a device for raising revenue in preference to collecting higher taxes. This resulted in excessive rates, restricted the use of electricity and produced complaints that rates were high where the Commission furnished power, though the real fault was the municipality's tax collecting methods. More than that, load building could not be carried out advantageously. The Commission would take off-peak loads at low rates in order to utilize equipment to best advantage, whereas a municipality, concerned with profit only, would have no interest in doing so. Last but not least, with transmission lines supplying current from a number of sources, it would be difficult to determine the actual cost of power delivered to an individual municipality. On the basis of these considerations Berry advised Phelps that he had discouraged Melville from seeking its distribution system, a move in which Phelps concurred. The matter, however, was not urgent at the time as Dominion Electric which served Melville was operated as a subsidiary of the Commission and continued to pay taxes.

The acquisition of Canadian Utilities' holdings reopened the whole question since the firm had served both Prince Albert and Yorkton. Immediately following announcement of the purchase, officials of the two cities expressed fears that tax revenue would be lost. The Government thus appointed a committee to study the subject. As a result, it reached a decision to empower the Commission to collect a surcharge of five percent on all electrical accounts of customers in a municipality

60. H. F. Berry to J. L. Phelps, 20 February, 1945, ibid.

61. The Prince Albert Herald, 4 February, 1947, in S. P. C., Prince Albert, Town No. 3; Mayor C. A. Peaker to T. C. Douglas, 18 February, 1947, Douglas Papers, File 4-34, A. S.
for any municipality requesting it as a payment in lieu of taxes.

On this basis, new agreements were offered to the two cities during the summer.

The proposals made to Yorkton were quite straightforward. Essentially the City was offered the surcharge arrangement plus the standard Commission rate schedule which would reduce rates by about fifteen percent. The municipality, however, would not accept the terms. Rather, before long it served notice that it would take over the distribution system the following year. Convinced that Yorkton officials were bluffing, Berry, it would seem, set out to maneuver them into the type of agreement he thought best, one whereby the Commission would retain distribution.

That Berry was able to gain his ends was due in part to the terms governing repurchase written into the 1928 agreement between Yorkton and Canadian Utilities. According to the agreement the City could repurchase the distribution system with or without the power plant. In either case the price was to be actual replacement value as a going concern plus ten percent after allowing for depreciation and obsolescence. Such conditions would have worked to the City's disadvantage since appraisal would probably have set replacement values high owing to scarcity of electrical equipment. Furthermore, according to the Commission's legal adviser, another clause in the agreement practically nullified the provision whereby the City could purchase only the distribution system. By it the City agreed that if it took over distribution, it would not take advantage of any legal action to force the company to supply power.


63. The Leader-Post, (Regina), 2 July, 1947, in S. P. C., Yorkton, Town No. 3.
in bulk. Thus if Yorkton wished to resume distributing, it could find it
self forced to buy the entire utility or construct a new generating
64
station.

Knowledge of the implications of the terms contained in the agree-
ment no doubt strengthened Berry's conviction that Yorkton would not do
what it said. Consequently, after consulting the Government, he informed
the City that steps would have to be taken at once to have the utility
appraised by a competent party, preparatory to take-over by the
municipality. City officials were also advised that the Commission
was providing for a new unit for the local plant in its estimates but
would be unable to place the order until the fate of the utility was
65
known. Shortly thereafter he added that nothing in existing agree-
ments obliged the Commission to furnish the City with power. Yorkton
responded sharply, charging that it appeared as though the Commission
did not have a definite, uniform policy covering all cities. Their
suspicions were correct; a beginning was being made in establishing a
new one. Simultaneously the Council asked a number of point blank
questions. If the City took over distribution, would the Commission
supply the required energy? Is it the policy of the Commission to supply
power at cost? Will the Commission extend the franchise agreement
66
according to the terms contained in it?

Berry's approach softened and a compromise was offered. In replying
he stated that although no provision was made in the agreement whereby
the Commission would supply power in bulk, this would be done at a price

64. A. Hayworth to H. F. Berry, 4 December, 1947, ibid.
65. A. Hayworth to H. F. Berry, 1 December, 1947, H. F. Berry to
H. M. Jackson, city clerk, 11 December, 1947, ibid.
which would "include all expenses in connection with the operation of
the Yorkton generating station as determined by the Commission." Berry's
condition would have placed the Yorkton generating station and energy
costs to the City under complete Commission control unlike the situation
existing at Saskatoon, Swift Current and North Battleford. Negotiations
continued until May when agreement was reached, the City accepting a
fifteen percent rate reduction, the surcharge, and five percent of the
gross revenue earned in the municipality by the Commission. In addition,
the City retained its former right of repurchase which could be exercised
at the end of each ten year period on previous conditions. Berry judged
the agreement to be fair, believing that unless circumstances changed
considerably there was little likelihood of the City repurchasing.

The full significance of the agreement, however, was not so much the
terms worked out in the settlement itself as the principles involved and
the effects of the agreement. Yorkton was the first city in the province
to accept a retail contract with the Commission. Likewise, Berry's
attempt to redefine "service at cost" was the first step in the direc-
tion of arrangements which were eventually worked out when new agree-
ments were signed with Saskatoon and Swift Current in the mid-'fifties.
As a result of the agreement, Yorkton entered the Commission as a full
partner, not only receiving the benefits of a growing power system but
also contributing towards its costs. This was a very important step

68. The Yorkton Enterprise, 6 May, 1948, in ibid.; H. F. Berry to
task of retaining distribution may have been complicated by a possible
lack of communication between the Commission and the cabinet. In the
course of negotiations the Mayor of Yorkton stated that he had seen
Premier Douglas and was informed that the Government was not interested
in distribution, wanting only generation. See "Council to Review Electric
Contract," 1947, S. P. C., Yorkton, Town No. 3. The Premier may also
have been playing politics.
toward integration of power facilities. Among the cities served by the Commission at the time Saskatoon, North Battleford and Swift Current had complete control of distribution. Much worse, the last city has long been "free loading" on the Commission, while the others were reaping the benefits of expansion yet scarcely paying their own way.

During his term of office Berry was unsuccessful in reaching agreement with Prince Albert. However, his handling of the question may have prepared the way for future settlement. In opening negotiations, the Commission offered terms similar to those granted to Yorkton, but proceedings bogged down on the question of repurchase of the utility by the municipality. Under the Canadian Utilities agreement the City had the privilege of repossess on January 30, 1951 and wished to retain it in view of the fact that agreements with Saskatoon, Swift Current and North Battleford would have to be re-negotiated in the not too distant future. The Prince Albert Council regarded the repurchase clause as a trump card to be played at the most opportune moment in an effort to improve the City's financial position. Attempts were therefore made by the Commission to keep relations with municipal officials as cordial as possible. The municipality was promptly paid the portion of gross revenue due it under previous agreements. In addition, at the request of the City Council the Commission instituted its proposed rate reduction in 1947 and, of its own accord, reduced rates again the following summer. Indeed, at the City's request a five percent surcharge was added to bills and turned over to the municipality, though such a practice lacked legal status in the absence of an agreement between the City and

the Commission. Thus while Prince Albert was being served on a retail basis and the way kept open for retention of the distribution system by the Commission, good will was being built up for the future.

Berry's contacts with the other cities were more limited and partly the result of determination to make those associated with the Commission contribute toward the benefits they were receiving or to prevent unfair advantage being taken of his organization. When Prairie Power was purchased, the Commission obtained a connection with Weyburn by means of which power was exchanged. The practice was discontinued as Berry discovered that the municipal utility, short of capacity at its own plant, drew heavily on the Commission during peak load periods, endangering equipment at Moose Jaw and forcing the interruption of service from there to Estevan for safety reasons. Then rather than pay for the service taken, it would feed energy into Commission lines during off-peak hours, reducing the use the Commission could make of its own facilities. Action was also taken on the administration charges payable by North Battleford, Saskatoon and Swift Current. In discussing the matter with Phelps Berry stated: "We believe that it is unreasonable to permit these cities to make large profits when the Commission assumes all the investment risk and responsibility for operating the plants and when any deficiencies in the charge to the three cities must be borne by consumers in towns, villages, hamlets and rural areas." To avoid arousing the councils, Berry increased the assessments by amounts somewhat less than he believed proper. Nonetheless, the grumblings of the Swift Current

70. Ibid.
Council were of a tone which suggested that the municipal treasury was being looted.

By Order-in-Council on February 1, 1949 the period during which the Saskatchewan Power Commission functioned as both an operating and regulatory body came to a close. The Commission was retained but confined to purely regulatory duties, looking after the interests of communities not yet served by the publicly owned system. Operation of the utility was turned over to a Crown company, the Saskatchewan Power Corporation. At the same time Berry resigned as Commissioner to resume management of National Light and Power. In doing so, however, he became and remained a member of the Board of Directors of the new corporation until the fall of 1950, assisting in giving continuity of policy and purpose to the organization. Phelps lost his seat in the Legislature in the 1948 provincial election. However, he too remained with the utility as a second Power Commissioner and then as a member of the Board of Directors, but only long enough to assist in drafting a policy on rural electrification

73. Though the Swift Current Council knew it was purchasing power below cost, for a number of years the City refused to pay the increased administration charges. Council asked the Commission for the basis for these charges, though the agreement between the City and the Commission stated that the City would pay a fair portion. See F. J. Ashford to S. P. C., 3 March, 1948, S. P. C., Swift Current, Town No. 3. Swift Current's actions during the dispute also bore out some of Berry's arguments in opposition to municipalities handling distribution. The City raised its electric rates. The new rates, Berry stated, meant that commercial bills would be double the amount paid for the same service under the Commission. In addition, he claimed that the new rates were "the highest of any city, town or village in the Province ... ." See H. F. Berry to J. L. Phelps, 23 April, 1948, ibid.
which was embodied in the Rural Electrification Act of 1949. During
their terms of office significant starts had been made in a number of
directions; nevertheless, as was indicated during the interval, much
remained to be done.

In the summer of 1945 Professor David Cass-Beggs, electrical
engineer, consultant and a member of the faculty of the University of
Toronto, was engaged by the Commission to conduct studies to prepare
the way for action on a program of rural electrification after the
properties of various private companies had been acquired and consol-
olidated with the publicly owned system. In the course of completing
the assignment Cass-Beggs not only dealt with rural electrification
but also developed basic plans and made recommendations concerning a
province-wide, integrated power system, at the same time analyzing activ-
ities in the provincial electrical field during the preceding generation.

Looking back from 1947, he pointed out that it was twenty years
since the Saskatchewan Power Resources Commission had been appointed
with the objective of inquiring into the economic practicability of
generating power at central stations and water power sites and dis-
tributing it throughout the province to eliminate the multiplicity of
uneconomic small plants. During the interval a fairly extensive
distribution network had been constructed by the Commission and private
companies, spreading out from selected cities or areas. A number of
towns were served by transmission lines, but many isolated plants
remained. The loads of the three major cities had been developed

74. From conversations with J. L. Phelps the author gathered that
he left the Power Corporation because he believed that rural electrification
was not proceeding as rapidly as he thought it should. In addition, there
were apparently differences in the cabinet regarding the matter.
Provincial Treasurer C. M. Fines and possibly others were not very favor-
able to such a program.
so that relatively cheap power was supplied to their inhabitants, but they remained separate urban units, with the result that the advantages of the lower distribution costs obtainable in densely populated areas accrued not to the province as a whole but simply to the cities of Regina and Saskatoon and the owners of the private company at Moose Jaw.

The Saskatchewan Power Commission declared does not appear to have followed any distinctive policy and in its activities it could be regarded simply as one of the power companies operating in the Province and serving what loads it could conveniently serve. There was apparently no attempt at an overall plan for low cost power supplies to all the important populated areas of the Province. ... The policy of private companies in the power field is to supply the most profitable loads with the minimum capital cost. This policy does not provide for long-term planning nor for construction of line capacity to supply all future loads. It leads to the practice of putting in the cheapest line of low capacity and connecting the most profitable loads up to the capacity of the line. New loads are only added if it can be shown that each one will in itself be a paying proposition after it has been charged with all the extra costs ... to supply it. The usual result is that a limit is reached beyond which no further extension is considered economic. That part already supplied is small, too small for efficient service, so its rates remain high, consumption is small and growth is very slow. This is generally speaking the policy which has been followed by the companies operating in Saskatchewan, the Saskatchewan Power Commission included.

Cass-Beggs went on to assert that the desirable policy for public enterprises was long-term planning for the needs of an entire area in which each unit of construction would be designed as part of the ultimate development. All loads in the area would be provided for and connected up irrespective of whether each one individually would be profitable. The much larger load of the complete scheme would permit maximum economy in generation, while reduced rates would produce greater loads, further economies and further rate reductions. "It is not clear,"

Cass-Beggs stated, "whether the Saskatchewan Power Commission ever had the opportunity to plan in this fashion, it is certain that no such planning has been done. The depression followed by the war occupied most of the 20 years since the start was made, but it is by no means clear that the picture today would have been appreciably different had these factors not intervened."

Coming to the immediate past, he pointed out that since the absorption of most of the private companies a beginning had been made in a policy of rate reductions with satisfactory results but that the extent of reductions was small and further progress severely impeded by the general state of generation and transmission facilities. Any such policy had to be backed by a complete power plan for the province, designed to utilize fully the cheapest power resources and to transmit power in adequate amounts to the load centres.

That continued application of the policy was impractical under existing circumstances was clear. Continuing, with respect to the Commission and its system, he asserted:

... there remain many small and inefficient plants on the network. ... While the Power Commission is aware of the desirability of eliminating these smaller plants, especially with the rising costs of diesel oil, the plants at load centres are essential at the present time since the network has not the capacity to transmit the required power from the more efficient plants. Very considerable reinforcement of the network will be necessary before these smaller plants can be eliminated and indeed before any appreciable new load can be added. The present position, because of this dependence on small plants for extra power (at peak load) is that the cost per unit of supplying more energy is increasing rather than decreasing as would normally be the case with adequate transmitting facilities. This sets a very definite limit to the progress that can be made in rate reductions, since the extra demand created can only be supplied from the local, more expensive

76. Ibid., pp. 2-3.
energy sources. It is impossible to consider the connection of the new load that any general scheme of farm electrification would involve, or even the normal growth of existing loads, without undertaking a thorough revision of primary power supplies and the distribution network.77

Enlarging upon and clarifying his discussion of the province's transmission and distribution facilities, Cass-Beggs described them as essentially a low-voltage network designed to distribute small amounts of power over relatively short distances. "The fact that there is ... a line running 150 miles or more east from Regina to the Manitoba border does not mean that power can be transmitted to all points on this line." Regina power served only the first thirty to fifty miles, while a plant at Grenfell, to be replaced by one at Moosomin, provided for the balance. "This is typical of the system," he declared, "The present situation of the ... network is that it is essentially fully loaded, with the existing diesel plants fully loaded and insufficient in number to maintain adequate voltage standards for any considerable increase in load. While more power is available at central stations, such as Saskatoon, Moose Jaw, Regina and Estevan, it cannot be used in the network since there is no means of transmitting it to the points where it is required." The only long-term solution was the construction of a high-voltage network "radiating from and interconnecting the main power stations, crossing the existing lines and feeding power to them through substations at many points of intersection." Like Sullivan, Kipp and Chase, Cass-Beggs called for large plants and integration. This time the call was to be heeded. Among the responsibilities of the Power Corporation, one of the most important would be that of building facilities envisaged by Cass-Beggs and creating a high-voltage

77. Ibid., pp. 4-5.
78. Ibid., pp. 56-57.
grid capable of transferring energy in large quantities as required throughout the province. To the extent that a master plan for expansion by the Corporation may be said to exist, the Cass-Beggs report appears to deserve the title.

Establishment of the Power Corporation was followed by a fairly extensive reorganization of staff. The engineering department, headed by William B. Clipsham, was revamped to include design, estimating, construction and operation of the transmission and distribution systems throughout the province. The financial department was reorganized with supply and personnel being placed under the comptroller. The latter position, a new one, was filled by Frank Copithorne, formerly control manager for B. C. Electric. A separate commercial department was established to foster good customer relations, encourage increased use and more fully acquaint the public with the value of electric service. J. R. Sarsfield, formerly assistant business manager of the Manitoba Power Commission, was named business manager to oversee the department. Sarsfield was a welcome addition to the Corporation as he had played an active role in rural electrification in Manitoba. Changes also took place in the power production department under A. L. Cole, superintendent. For a short time following the resignation of Berry, Cole doubled as acting general manager prior to the appointment of John W. Tomlinson, formerly assistant general manager and chief engineer with the Manitoba Power Commission. Finally, the shuffle added a public relations officer, Joseph W. Burton, to the staff. All in all, the utility was put in shape for expanded activities.

Coinciding quite closely with the establishment of the Power Corporation, the available supply of electrical equipment and construction

material increased significantly. Checks on expansion took on other though less restrictive forms. Shortages of skilled labor created difficulties of a temporary nature, while the amount of funds placed at the disposal of the Corporation acted as a continuing restraint. Nevertheless, unprecedented developments occurred during the next decade and a half in the field of rural electrification, integration of the province's power facilities and in the distribution of natural gas. Because of the complexity of these developments and the rapidity with which events occurred, it has been deemed advisable to switch to a topical approach in dealing with them.
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CHAPTER NINE

INTEGRATION I: THE HOUSE OF DAVID

As a result of the program conducted by the Power Corporation, the electrical system serving Saskatchewan today is almost fully integrated. Urban and rural distribution systems and sub-transmission lines from which consumers draw their electricity are energized at numerous locations by a province-wide, high-voltage grid. Consisting of a continuous network of 72,000, 138,000 and 230,000 volt transmission lines interconnecting generating stations and passing through load centres, this grid has transformed the province into a single, large market insofar as electrical energy is concerned. No longer are limited areas or individual communities supplied with power produced in small generating stations the operating costs of which were usually and of necessity high and the service provided all too often of questionable reliability.

1. David Cass-Beggs, who evidence indicates was responsible for formulating the basic plan which was followed in establishing the S. P. C.'s integrated power system. As well, he was frequently consulted by the Corporation prior to his appointment as general manager in 1955. This chapter consists essentially of a description of the integrated system and the stages in which it was built. To avoid confusion it has been deemed advisable to acquaint the reader with the system itself before discussing its financing or negotiations associated with its creation. Among other things, it will become evident that while a power system was being constructed for the benefit of the whole province, its initial costs were not distributed on that basis.

2. The cities of Saskatoon and Swift Current as well as the towns of Battleford and Waskesiu still operate their own distribution systems.
Rather the unification of the market through the development of the grid has made possible the movement of low cost energy throughout the province. In addition, and of no minor significance, Saskatchewan's provincial utility is linked with its counterpart in Manitoba, permitting the two systems to cooperate on a mutually beneficial basis.

For the most part, present demands for electricity for domestic, commercial and industrial purposes are met by three major generating stations constructed within the last decade. Situated near Estevan on Long Creek, a tributary of the Souris River, and supplying base load power to a large area is the 132,000 kilowatt Boundary Dam Power Station. Surrounded by Saskatchewan's most important coal field, the plant was designed to burn powdered lignite which is mined close by at very low cost. Thanks to abundant supplies of readily accessible cheap fuel and the great expansion of its capacity now under way, this is probably the Power Corporation's most important generating station from the long term point of view. The second major power plant is the Queen Elizabeth Power Station located adjacent to the South Saskatchewan River at Saskatoon. Like the Boundary Dam plant it is primarily a base load station and also consists of two 66,000 kilowatt generators. However, it was designed somewhat differently. Though better situated with respect to the load on the system, the Queen Elizabeth is in an area of higher fuel costs. Thus it was constructed to utilize powdered coal, bunker oil or natural gas in order to take advantage of varying

3. The plant is at present being expanded to 432,000 kilowatts by the installation of two 150,000 kilowatt units. One unit is expected to go into operation in 1969 and the other in 1971.

prices and availability of such fuels. The Corporation's third major plant is the Squaw Rapids Hydroelectric Power Station situated on the main stem of the Saskatchewan River northeast of the town of Nipawin. With an installed capacity of 281,000 kilowatts, this is at present the only hydroelectric station operated by the Power Corporation. By and large, its use is determined by flow conditions of the river. When much water is available the plant is utilized as a base load carrier for a large portion of the province, whereas at other times it functions more as a peak load station.

Supplying lesser amounts of base load power, generating additional energy during peak load periods, filling the role of system reserve and stabilizing the transmission system are a number of other generating stations. All told, there are seven such plants. A short distance from the Boundary Dam station is the older, lignite-fired Estevan Power Station with a capacity of 70,000 kilowatts. At Saskatoon is the A. L. Cole Power Station, a 108,000 kilowatt plant which evolved from the Power Commission's first power station there. Located at Regina is the 91,000 kilowatt plant erected by the municipality and acquired by the Corporation in 1965 and at Moose Jaw a 25,000 kilowatt plant formerly owned by National Light and Power. The generating equipment in these plants, like that located in the Boundary Dam and

5. The plant was brought into service in two stages, 201,000 kilowatts of capacity being installed in 1963-1964 and 80,000 kilowatts in 1966.

6. Named in honor of Albert L. Cole who died in 1952 while occupying the position of power production superintendent. He had played an important role in the provincial utility and had gained wide recognition through writings published in Power Magazine.
Queen Elizabeth stations, is all steam driven, except for a single natural gas turbine at Regina. However, these generating stations comprise smaller, less efficient units.

The Corporation's three remaining plants are situated at Swift Current, Kindersley and Success. Though more modern, only the one at Success is larger than the Moose Jaw plant. All are natural gas-fueled stations, the one at Swift Current being designed to utilize diesel fuel also. Located in areas where cooling water necessary for steam generating equipment is not readily available but supplies of natural gas are close at hand, these plants were developed as an economical means of meeting demands in their respective areas and stabilizing the long transmission lines necessary to reach those portions of the province.

All ten generating stations of the Power Corporation are tied into the high-voltage grid and have been integrated to a degree where it is possible, by means of controls installed in the Boundary Dam and Queen Elizabeth stations, to operate them almost as if they were all housed under a single roof. Thus within certain limits the varying demands for electrical energy throughout the day or year can be met by bringing units into service or taking them out on the basis of their generating costs. Reserve equipment is no longer required for each individual generating station; rather a system reserve has been established for the Corporation as a whole. More than that, when new capacity is required it can be planned and installed, taking into consideration the total needs of the province and the most economical and desirable use of available energy resources.

Numerous questions at once arise concerning how the provincial system evolved from the various utilities in existence in 1949.
It is hoped that in due course the most important of these effects satisfactorily answered. However, since this chapter deals essentially with the physical aspects of the integrated system, no attempt will be

**Fig. 1**  **SUSPENDED MARIONETTES**

Source: The Star Phoenix, (Saskatoon), January 24, 1962.
It is hoped that in due course the most important of these will be satisfactorily answered. However, since this chapter deals essentially with the physical aspects of the integrated system, no attempt will be made to do so for the moment. Instead only one of the basic factors which led to and necessitated its creation need be mentioned. That factor is the great rise in consumption of electricity in Saskatchewan which began in the 'forties and is still continuing. In general, consumption has been doubling every four years. Without development of an integrated system it is very doubtful if such demands could have been met.

To the extent that it is possible to describe the construction of an integrated power system in a few words, it would perhaps be best to call it a dynamic operation. This is so because such a system can only be created over a period of time during which various factors may exert profound influences on the course of events. In other words, a plan for a system, conceived at the beginning, may, through the continuous reassessment of variables, be substantially modified in a few years. Some illustrations of this may be given. An extremely decisive factor in shaping developments can be the cost of borrowed money. Hydroelectric installations are characterized by high capital costs and low operating costs. Rising interest rates therefore tend to encourage expansion of thermal rather than hydro facilities. On the other hand, increasing fuel and labor costs, since both affect thermal more than hydroelectric operations, will produce a tendency in the opposite direction. On the basis of the foregoing and other considerations decisions to develop certain power resources in preference to others are taken. Such decisions or the appearance of large unexpected loads can produce significant effects in the transmission system. Should it become necessary to transmit larger
amounts of energy or to transmit over greater distances, higher voltage lines must be built. For reasons such as these, system planning must be flexible.

Viewed in terms of power plants and transmission lines, integration in Saskatchewan, though it was a continuous process, may somewhat arbitrarily and very broadly be considered as having taken place in four stages: expansion of old plants to their maximum capacity, construction of integrating power lines in the north and northwest (where the Corporation had the greatest measure of control over the electrical utilities situation), establishment of new plants, and building of transmission lines necessary to integrate the remainder of the province. In addition, again in general terms, it may be said that the two stages first mentioned preceded the others.

As the 1950s began the Power Corporation was in the process of increasing its generating capacity and concentrating it at a limited number of sites. Of somewhat over twenty-five power plants those at Estevan, Saskatoon, Unity and Prince Albert were undergoing expansion, a process which continued, particularly at the former two locations, for a number of years. However, none of the four could as yet be considered large. Their total capacity, about half of which was installed at Saskatoon, was roughly 45,000 kilowatts. As well, though the utility had grown significantly during the preceding few years, it was operating only 4,600 miles of transmission lines, serving approximately 58,000 customers and, during the year just ended, had sold slightly over 200,000,000 kilowatt hours of electricity.

7. S. P. C. Annual Report, 1950, p. 5. Also see Table 1, p. 286.
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</table>

Source: S. P. C. Annual Reports

1. Provision of service to almost all hamlets completed
2. Provision of service to almost all communities completed
3. Includes power purchased
4. Includes capital expenditures on natural gas system

1949-1964

Table 1: Growth of the S. P. C. Electrical System
During the years 1950 through 1954 the Corporation completed plans and did much of the work to finish what may be called phase one of integration. Its Prince Albert plant was enlarged once, being almost doubled in size by the installation of a 10,000 kilowatt steam turbine. Its plant at Unity was increased to 6,500 kilowatts by the addition of natural gas-fueled units totalling approximately 4,000 kilowatts in 1950, 1952 and 1953. Meanwhile expansion on a much larger scale took place at Estevan and Saskatoon. At Estevan a 15,000 kilowatt turbine was added in 1951 and one of 20,000 in 1953, while at Saskatoon a 25,000 kilowatt unit was installed in 1952 and another in 1953. Finally, in 1954 the Corporation decided to add a further 33,000 kilowatts at Saskatoon and 30,000 at Estevan for service by the end of 1956. Installation of these units carried expansion of the two plants to the limits laid down by physical conditions: limitations of space and site at Saskatoon and of water supply at Estevan. When completed the plant at the former community had attained the size of 108,000 and at the latter 72,000 kilowatts.

Complementing expansion of generating stations was construction of the high-voltage grid. During 1950 a 69,000 volt line -- capable of being converted to a much higher voltage -- was built from Prince Albert to Tisdale. The following year it was extended to Nipawin and an extension constructed from it at Beatty to Watrous via Humboldt. During 1952 a similar sized line was strung from Saskatoon to Wynyard, hooking up with the Watrous extension at Wolverine. The Saskatoon and Prince Albert plants and the areas served by them were thus integrated.

Before this last project had been completed others were

commenced elsewhere. In 1952 the North Battleford and Unity plants were joined together by a 69,000 volt line which was extended to Kindersley the next year. Then with construction of additional high-voltage line linking Saskatoon and North Battleford in 1953, all major plants in the north and northwest were tied together in an integrated system.

Though integration took place mainly in the north and northwest during the early 'fifties, some progress was also made in the south and southeast. During 1952 and 1953 the Corporation built a high-voltage line from Estevan to Weyburn, extending it to Assiniboia the following year, at which time it also partly completed a second heavy transmission circuit between Estevan and Yorkton.

From the foregoing it is quite obvious that by the end of 1954 the Corporation's integration program was fairly well advanced. As well, it had already been productive of quite substantial results. Generating costs had fallen, larger quantities of economically produced power from major steam and natural gas plants being made available over a much wider area. Diesel plants at Tisdale, Moosomin, Watrous and Biggar, among others, had been closed down and those at Wynyard, Humboldt, Kindersley and Assiniboia placed on a stand-by basis. In addition, the Corporation had gained flexibility with respect to installation of machinery. For example, delivery of equipment to meet demands for power at Saskatoon during the winter of 1951-52 was delayed. Without integration a temporary unit might well have been installed only to be removed when the one on order arrived. However, since Saskatoon and Prince Albert were then

being integrated, it was possible to install a unit at Prince Albert and transfer part of the Saskatoon rural load to it.

The first five years of the 'fifties were also significant for other reasons. It is doubtful if any period in the provincial utility's life has witnessed as much planning and reassessment of proposed projects as it did. In addition to such work conducted in connection with rural electrification and distribution of natural gas, much study was given to developing alternative power resources. And it was on the basis of such studies that the decisions underlying stages three and four of integration were made.

As the decade commenced it was not at all inconceivable that the province's power system might soon rely on hydroelectric plants as a very important source of energy. Ever since the 'thirties there had been periodic discussion of harnessing the South Saskatchewan River for power and irrigation and the main stream of the Saskatchewan at Fort à la Corne for power. Shortly after the war the H. G. Acres Company, which had investigated the Fort à la Corne site for the Power Commission in 1931, was retained to bring its report up to date. In doing so in 1946 the firm recommended that the project be not undertaken until power consumption had increased sufficiently to permit the transmission of energy from there to load centres at costs below those obtainable by steam generation. Four years later it was judged that construction of the project for operation by the end of 1955 might be economically practical.

10. Memorandum, 27 October, 1953, Brown Papers, PC 16-3, City of Saskatoon, Power Agreement, A. S.
11. Memorandum re Fort à la Corne by W. B. Clipsham, 13 April, 1953, ibid., PC 17, Fort à la Corne Project; H. S. Lee to All Ministers 26 April, 1951, ibid., PC 10, Rural Electrification, Saskatchewan.
On the basis of such a belief the Honorable J. A. Darling, minister in charge of the Corporation, announced in the legislature in March, 1951 that preliminary studies would be instituted. Power consumption in the Saskatoon, Prince Albert and North Battleford region, he stated, would reach 400,000,000 kilowatt hours per annum by 1955, making it possible to meet the condition set forth by the Acres Company. The cost of the undertaking, Darling asserted, had been estimated at $17,000,000 to $18,000,000. Hopes, however, were soon dashed. Further investigations by Acres and the Shawinigan Engineering Company placed the costs between $30,000,000 and $34,000,000 due to rises in the prices of steel, concrete and labor. Thus the scheme had to be temporarily shelved. On the basis of the new estimates it appeared that the northern region would be able to absorb enough energy to make it practical in 1958; however, there were many "ifs" and "buts" concerning construction costs, interest rates, and availability of capital which would have to be periodically reviewed.

During much of the time the Fort à la Corne project was being seriously considered, the South Saskatchewan power and irrigation scheme was receiving attention. From the point of view of power development the latter scheme was important not only for the energy which would be generated at the dam site but also because it would stabilize flow

12. The Prince Albert Herald, 7 March, 1951, in S. P. C. Clippings, Fort à la Corne Project. The Acres Company had estimated that the project might become economically feasible when annual consumption of power within reasonable distance of the site reached 370,000,000 kilowatt hours.

conditions of the river somewhat with resultant improvements in the 
14 economics of Fort à la Corne.

Early in 1947 the Right Honorable James G. Gardiner, federal 
Minister of Agriculture, announced that a site for a dam on the South 
Saskatchewan River had been located about twenty miles north of 
Elbow and expressed the hope that he might be able to report upon 
it further before long. Within six months an interim report on the 
project by the Prairie Farm Rehabilitation Administration was tabled 
in the House of Commons. It indicated that construction of a huge earth 
fill dam would provide for the irrigation of 500,000 acres of land and 
make available a large block of electricity. Ten years were deemed 
necessary to carry out the scheme and, the P. F. R. A. stated, two 
years would be required to complete studies and draft plans.

Roughly three years later, in June, 1950, investigations having 
been completed, Gardiner suggested that it might be possible to 
proceed with the dam when the provincial and federal governments had 
reached agreement on its financing. Estimated costs were $102,000,000. 
17 Negotiations between Regina and Ottawa commenced immediately. Early 
the following year Saskatchewan signified its readiness to accept responsi-

14. In 1953 it was estimated that the South Saskatchewan River dam 
would increase output of power at the latter site by about 100,000,000 
kilowatt hours per annum and increase the firm capacity by about twenty 
percent. See Memorandum re Fort à la Corne by W. B. Clipsham, Brown 
Papers, ibid.
15. The Leader Post, (Regina), 21 January, 1947, in S. P. C. 
Clippings, South Saskatchewan River Development.
16. Ibid., 8 July, 1947, in ibid.
17. Ibid., 24, 26 June, 1950, in ibid.
the national treasury bearing the costs of the dam itself, $68,000,000. No agreement was reached, however. Instead federal authorities decided to appoint a commission to inquire into the advisability of the project. In appointing its members Prime Minister Louis St. Laurent asserted that it would determine "whether the economic and social returns to the Canadian people of the investment ... would be commensurate with the cost thereof and ... whether the ... project represented the most profitable and desirable use which could be made of the physical resources involved."

Roughly eighteen months later the investigation was concluded. Estimating that the cost of the scheme would be about $250,000,000 and predicting that in thirty-five years it would show a deficit of $310,000,000, the commissioners in effect rejected it as currently uneconomic.

Given the commissioners' report and, perhaps of greater significance, its own conclusions regarding Fort à la Corne, it was quite evident by 1954 that the Corporation would have to rely on other types of generating stations at least for the next few years. And since it

18. The Saskatoon Star Phoenix, 19 February, 1951, in ibid.
20. The Moose Jaw Times-Herald, 19 January, 1953, in ibid. The commissioners recommended postponement of the scheme and review of it as a possible relief measure for unemployment in time of depression or when the area became heavily populated. In doing so they called for formulation of a long-range plan for developing the Saskatchewan-Nelson system from the Rockies to Hudson Bay, reclamation of the delta lands near The Pas and continued study of ways to water the Palliser triangle, among other things.
21. Discussions between Ottawa and Regina apparently continued despite the commissioners' findings. The federal government was prepared to explore the possibility of agreement on cost sharing on the assumption that the project would cost less than its commission had estimated. However, Gardiner stated that it must be understood that federal authorities were not committed to any construction by the negotiations. He reportedly stated also that he among others did not like the report. See ibid., 28 October, 1953, in ibid.
Fig. 2

James Reidford in Toronto Globe & Mail

Source: The Leader-Post, (Regina), June 17, 1954.
was estimated that by 1960 electrical consumption in the province excluding Regina and Moose Jaw would rise to 900,000,000 kilowatt hours, plans had to be adopted for expansion to meet such demands.

Formulation of plans for the construction of the Corporation's new generating stations, which were erected in the mid and latter part of the decade, appear to have begun in 1953. That year orders were placed for equipment, designed to operate on either natural gas or diesel fuel, for a new 2,500 kilowatt plant at Swift Current. The discovery of natural gas in the area presented the opportunity to reduce power production costs in the southwest significantly while the oil industry springing up there was creating additional demands for electricity.

A few months later plans eventually leading to the establishment of the Boundary Dam and Queen Elizabeth stations began to take shape. In recommending expansion at Saskatoon and Estevan to meet demands in the winter of 1956-57, R. R. Keith, power production superintendent, discussed site limitations at the former location and cooling water problems at the latter. He pointed out that such difficulties might be overcome by obtaining additional water from Long Creek near Estevan and establishing a second plant on the South Saskatchewan River at Saskatoon or near the site of the proposed power and irrigation dam. However, it was not until about a year had elapsed that a decision to erect the two new plants was made.

When fully developed, plans for the Boundary Dam and Queen Elizabeth generating stations called for the installation of 264,000 kilowatts of capacity at each location. Both were to be constructed in four stages,

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during each of which a 66,000 kilowatt generator and ancillary equipment would be installed in both plants. Dates set for stages one and two were 1958 and 1959, stage three following in 1961 or 1962 and stage four in 1964. The estimated cost of each plant was about $40,000,000. Despite such similarities the plants, as already indicated, were designed somewhat differently because of the types of fuel they were to utilize. Besides, the Boundary Dam project was in some respects the larger of the two undertakings. In order to establish the plant it was necessary to dam Long Creek, thereby creating a reservoir in which to impound cooling water. More than that, to be assured of fuel supplies, the Corporation also purchased nearby coal lands and arranged to have lignite strip mined under contract. Work began at the two sites in the fall of 1956, stages one and two being completed on schedule at Saskatoon and a few months later at Estevan.

While the Boundary Dam and Queen Elizabeth plants were being established, the new Swift Current generating station was completed. The addition of units in 1955, 1956 and 1957 brought it to its planned capacity of 14,500 kilowatts. At the same time a new plant, housing two gas turbines and three natural gas engines, was erected at Kindersley, its capacity varying from 22,000 to 29,000 kilowatts depending on atmospheric temperature.


While the four new thermal stations were being constructed, the Corporation kept its planning sufficiently flexible to permit deferring additions to their capacities in order to accommodate hydro developments if they became practical. The Conservative victory in the federal election in 1957 brought hydroelectric power a step closer. In 1951 the Conservative leader, George Drew, had endorsed the South Saskatchewan River project in the name of his party and had called upon the St. Laurent administration to proceed with it the following year. Consequently, in 1958 Prime Minister Diefenbaker and his colleagues redeemed their pledge by reaching agreement with provincial authorities on the division of costs and authorizing construction of the dam.

Construction of the dam itself was completed in 1967. However, work on the associated hydroelectric facilities is still progressing. Plans call for the installation of 187,500 kilowatts of capacity at the dam. This will consist of three 62,500 kilowatt generators. Penstocks have also been provided for the addition of two more generators when required by future peak load demands. The first two generating units were scheduled to begin operating in 1967, with the third being commissioned in 1969. However, no electricity was produced for sale to consumers until September, 1968.

Soil movement

29. The Leader-Post, (Regina), 14 November, 1951, in S. P. C. Clippings, South Saskatchewan River Development.
30. According to reports the Corporation will spend about $40,000,000 to obtain the electricity made available. See ibid., 4 July, 1958. The dam has since been named the Gardiner Dam in honor of the late James G. Gardiner. The lake created by it has been designated Diefenbaker Lake in honor of former Prime Minister John G. Diefenbaker.
delayed construction somewhat. When the three units come into operation station output is expected to be in excess of 800,000,000 kilowatt hours annually, decreasing as irrigation reduces the quantity of water available.

No doubt partly influenced by the decision of the central government to proceed with the South Saskatchewan River scheme, the Corporation concluded in 1959 that it would be advisable to develop hydroelectric power at Squaw Rapids in preference to increasing the size of the Boundary Dam station in the immediate future. Somewhat over two years earlier, investigation of that site together with the one at Fort à la Corne and another at Nipawin had been undertaken by Crippen-Wright, consulting engineers of Vancouver, to keep long-term hydro studies of the Corporation up to date. After surveying the locations the consultants selected Squaw Rapids as the best of the three. Among other things, most water could be stored there for use in winter and handling of the river presented the least difficulties, while geography indicated that the fall from two sets of rapids, Tobin and Squaw, could be utilized and a smaller and cheaper concrete spillway constructed since a natural emergency spillway existed. The project required the construction of an earth fill dam above Tobin Rapids and the excavation of a power canal three miles in length from the dam site to the immediate vicinity of the powerhouse below Squaw Rapids. Since the river fell considerably between the

two points the use of the power canal meant that while the head of water was only eighty feet at the dam itself it was 105 feet at the powerhouse.

In announcing the project the Honorable Russ Brown, minister in charge of the Corporation, stated that the plant would include six generating units totalling 201,000 kilowatts and would be capable of producing over 1,000,000,000 kilowatt hours of electricity initially and somewhat more when the South Saskatchewan scheme was sufficiently advanced to provide more effective control of the river. The tremendous expansion the Corporation was undergoing was underscored by Brown pointing out that Squaw Rapids would produce more electricity annually than had been generated by all plants on the system during the preceding year. Costs were estimated at $46,500,000. During construction it was decided to build two additional penstocks and provide space in the powerhouse for installation of a seventh and eighth generator later, as a means of providing economically priced peak load capacity when needed. Between April, 1963 and March, 1964 the six units were completed and placed in service.

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34. S. P. C. News Release, 25 September, 1959. It was estimated that the dam would create a reservoir covering about 75,000 acres, extending up river about 40 miles to the town of Nipawin. The body of water was subsequently named Tobin Lake to perpetuate the name of the rapids. Tobin was a corrupted form of Thorburn, the rapids having been named in honor of William Thorburn who had established a trading post in the area many years before.

35. Ibid. It was anticipated that power produced at the dam would be delivered to the system at costs lower than obtainable from thermal plants. Predicted costs were 3.2 mills per kilowatt hour initially, dropping to about three mills when the South Saskatchewan scheme was completed. See Conference on S. P. C. Policies, 17-19 October, 1959, Fines Papers, Saskatchewan Power Corporation, AF 494.

36. Costs of the project were reported to be $57,000,000. See The Saskatoon Star Phoenix, 13 April, 1963, in Brown Papers.
While the establishment of the Corporation's generating stations up to and including 1964 has been briefly discussed in the preceding paragraphs, almost all of the major essential components of a province-wide, integrated power system had been completed a few years earlier. Actually, with the completion and interconnection in 1959 of the first 66,000 kilowatt units at the Queen Elizabeth and Boundary Dam stations, such a system was potentially in being. Generating capacity subsequently installed might be described as being necessary to meet load growth and heavy transmission lines built after that time as being designed for such purposes as reinforcing the high-voltage grid. However, establishment of such facilities has been mentioned because it was not until 1964 that arrangements were worked out to bring the last city into the provincial system, making practical the final steps in integration. Then too, the return of the Liberal party to power that year marked the beginning of a new stage in the history of the electrical utility.

As the reader will have noted phase four of integration (the building of transmission lines to complete the program) continued uninterrupted from phase two (the construction of integrating lines in the north and northwest) and coincided with phase three (the establishing of new power plants). During 1955 the second 72,000 volt circuit from Estevan to Yorkton was completed, permitting the southeastern portion of the province to be served by alternative circuits. The following year a line of similar voltage was strung from Swift Current to Maple Creek and Shaunavon. Simultaneously Saskatoon and Hawarden and Weyburn and Regina were also joined together by 72,000 volt circuits. However, in the latter two instances the lines were designed for conversion to 138,000 volts. Construction of lines from Boundary Dam to Weyburn and from Regina to Hawarden via Pasqua and Moose Jaw during 1957 and 1958 completed a 138,000 volt circuit from
Estevan to Saskatoon. At the same time a connection of equal capacity was erected between Yorkton and Wolverine, while others having a capacity of 72,000 volts joined North Battleford to Meadow Lake and Kindersley to Swift Current.

October, 1958 marked a milestone in provincial electrical developments. Late that month almost all active generating stations in the province, except that of National Light and Power at Moose Jaw, were operated on an integrated basis. Taking part in the operation were the Corporation's plants at Estevan, Kamsack, Prince Albert, Unity, Kindersley and Swift Current, as well as the municipally owned plants at Weyburn and Regina. About 1,600 miles of high-voltage transmission lines interconnected the various stations. The hookup followed close on the heels of the first temporary integration of Saskatoon, Estevan and Regina which had been effected to restore service in the capital following a breakdown there. It was rather ironic that Regina, perhaps the greatest obstacle to integration as far as cities went and the last to join the integrated system, should be the first to benefit from integration of northern and southern plants.

Despite the events of 1958, one would hesitate to maintain that the bulk of the Corporation's system was really integrated until the following year when the first unit at Boundary Dam was placed in service and a 138,000 volt line strung from there to Yorkton. Completion of the latter project marked establishment of a double 138,000 volt circuit between Saskatoon and Estevan, one circuit passing through Yorkton and the other through Weyburn, Regina and Moose Jaw. Only then could a significant exchange of electricity take place between the northern and southern

portions of the Corporation's system with a fairly high degree of reliability.

Like the first and second stages of integration, the third and fourth resulted in closure of additional generating stations -- this time eight in all -- and further reductions in production costs. Among the power plants disbanded were the steam plant at North Battleford and diesel installations at Yorkton, Maple Creek, Assiniboia and Kindersley. Since then all remaining diesel units, together with the steam plant at Prince Albert and the natural gas-fueled plant at Unity, have been withdrawn from service.

To keep pace with increasing demands for power, to increase system reliability, to bring new capacity into service and for purposes of economy, additional heavy transmission lines were built during the first half of the 'sixties. Among the more important, one might mention 138,000 volt lines from Moose Jaw to Assiniboia, from Chaplin to Swift Current and from Saskatoon to North Battleford to provide more electricity and greater security of supply to the western portions of the province, and a 230,000 volt line from Squaw Rapids to Saskatoon to tie the Squaw Rapids station into the system. As well, the Boundary Dam plant was connected with the Brandon generating station of the Manitoba Hydro Electric Board by a 230,000 volt line. Agreement was reached in 1959 paving the way for the latter connection, intended primarily for the purpose of exchanging economy power. Among other advantages envisaged in working out the arrangement were the possibility of mutual assistance in emergencies and at peak load periods insofar as the latter do not coincide because of time zone differences in the two provinces, eventual

39. Economy power refers to energy which can be more cheaply generated in one province than in the other when each is capable of generating all its requirements.
Map 6 S. P. C. Electrical System.

establishment of a joint reserve of generating capacity, and alternate expansion of the two systems in order to reduce the combined costs of their development. During 1964 discussions between the Corporation and Calgary Power took place with respect to a high-voltage connection, possibly 500,000 volts, between the two systems. The two utilities will probably be joined in the not too distant future, but construction of the necessary lines has not yet begun.

While integrating facilities were being established by the Power Corporation, expansion of the primary grid continued apace. Subtransmission lines were steadily extended to reach more and more communities. Between 1950 and 1960 the number served increased by about 500, power thus being provided to virtually all urban centres, while expansion in rural areas made electricity available to over 55,000 farms. At the same time a number of mining enterprises, numerous light industrial establishments, hundreds of country elevators and thousands of oil field and pipeline installations were connected to the system. In short, virtually the entire settled portion of the province felt the effects of Power Corporation expansion. But of perhaps much greater significance in view of the importance of electricity in economic activity, such expansion, by making reasonably priced energy available in quantity throughout the province, ended a condition which had tended to obstruct development of resources for many years.

42. For statistics on system growth see Table 1, p. 286.
CHAPTER TEN

INTEGRATION II: "A BASIS OF EQUAL TREATMENT AS COMPARED ONE WITH ANOTHER."

The creation of Saskatchewan's integrated electrical system was doubtless the most difficult task with which the Power Corporation has had to deal. It is very improbable that any of its other programs was productive of as much frustration for Corporation officials or any of its accomplishments marked by as many compromises. Why was this so? Because the program required changes in the existing electrical utilities situation just as had the ill-fated proposals of Sullivan, Kipp and Chase in 1928. Corporation plans clashed with the vested interests of some of the most powerful municipal councils in the province. As a consequence, political considerations came into play and at times quite plainly overrode economic ones. The effects of politics will be observed in due course. However, this chapter will treat essentially with the economic solution to the provincial power problem as seen by the Power Corporation, together with early efforts to win acceptance for that solution.

Upon undertaking integration seriously the Power Corporation was immediately confronted by an exceedingly complex problem of finance. Heavy transmission lines are costly structures and, though they result in important operating economies, they do not of themselves directly
increase revenue. To undertake their construction the Corporation, therefore, wanted some assurance that the resulting savings or indirect profits produced would be available to carry the investment. However, due to two considerations such a guarantee was not readily obtainable. First, there was diversity in the methods by which the province's cities were supplied with electricity; and secondly, there was the use to which municipal electrical utilities were being applied.

When the Power Corporation came into being, as already indicated, Saskatoon, North Battleford and Swift Current purchased power in bulk from it. Agreements with these communities, drawn up during the formative period of the Power Commission, envisaged supply from local plants. According to their terms, reduced power costs resulting from integration would accrue to the cities rather than to the Corporation. Regina and Weyburn owned and operated their own utilities while Moose Jaw was served by National Light and Power. These communities were outside the Corporation, and they were not obligated to contribute in any way to integration. Prince Albert and Yorkton were served on a retail basis by the Corporation, but both possessed the right to repurchase their systems and could thus dissociate themselves from it. Between them the cities consumed roughly three-quarters of the electricity produced in the province and hence stood to derive the bulk of the benefits resulting from integration. Yet in the case of none of them did the Corporation possess an assured source of profits.

1. "Alternative Plans in Effect for Supplying Power to Cities in Saskatchewan," undated, Brown Papers, PC 22, S. P. C., Negotiations with Cities, General Policy etc. The document refers to North Battleford as being served on a retail basis, but such was not the case when the Corporation began its integration program.

2. The use of the word "profits" here does not really convey a satisfactory meaning; Corporation policy was service as close as possible to cost. What is meant is a surplus to cover risk of expansion ahead of load and reserves in the event of changes in economic conditions.
The working out of arrangements for the cities to contribute toward a provincial grid might not have been overly difficult had it not been for the use to which some of the utilities were being applied. Originally all of the city systems had evidently been established primarily as a means of supplying low cost power, but over the years they had been converted into little more than instruments of taxation. In Saskatoon, Regina, Swift Current, Weyburn and North Battleford, this was one of their major functions. The practice had disappeared at Moose Jaw, Prince Albert and Yorkton with the sale of the electrical utilities to private operators, but municipal officials in those communities, looking covetously at the revenues piled up by the other cities, hoped to return the power systems to their former function. The result was a sharp conflict of views and objectives. On the one hand, the Corporation viewed the cities as the main future beneficiaries of integration and consequently the city utilities as legitimate sources of funds with which to build the integrated system. On the other hand, city officials, especially those of Regina, Saskatoon, Weyburn and Swift Current, looked upon the electrical systems as instruments through which to raise municipal revenues.

Before proceeding to a discussion of the efforts made to bring those opposing objectives together and the compromises which resulted, it is desirable from the point of view of clarity and brevity that three specific questions be asked and answered. Briefly, the questions may be put as follows. Aside from the resultant economies of integration, why did the Corporation believe such a development was necessary? What was the Power Corporation's analysis of the existing
electrical utilities situation and how it could be improved? What were the assumptions underlying the cities' position with respect to revenue from the electrical utility and the implications of their policy in that regard?

As the depression drew to a close the demand for electrical energy, as previously mentioned, began to increase in the province. By the late 'forties it was rising at such a rate that Cass-Beggs, in his study on rural electrification, judged that the load would probably double in five years and continue to expand at that rate for some time thereafter. To meet such demands he estimated that capital investments totalling $70,000,000 would have to be made on generation and transmission facilities during the next twenty years, exclusive of equipment necessary to supply Regina and Moose Jaw. His report also indicated that rural electrification would entail the expenditure of further huge sums. In addition, he maintained that large scale electrification of the province's farms was out of the question without developing new generating stations and a high-voltage transmission grid. To place farm electrification on a self-supporting basis and permit the establishment of low farm rates, Cass-Beggs recommended that no portion of the costs of the transmission system be charged against the program on the grounds that whether or not farms were served would have almost no effect on the size of the transmission system required to serve urban areas. These arguments were accepted by the Corporation and the Government. Hence, integration was deemed necessary for rural electrification.

Subsequent study indicated that the costs of meeting the province's power requirements would exceed Cass-Beggs' estimates. To finance necessary expansion and assure Saskatchewan of an adequate supply of electricity, Corporation officials believed that unity was essential. They were quite certain that although some individual cities had been able to provide for themselves in the past, the time was fast approaching when such would no longer be the case. More than that, the characteristics of certain power plant locations such as Regina and Moose Jaw, where cooling water was in short supply and fuel costs necessarily high, were seen as placing definite limits on the size to which such plants could be expanded. Those cities, it was believed, would be forced to look to outside sources for power in the future. The sooner they were willing to do so, the sooner it would be possible to establish larger, more economically operated plants at better locations. At the same time, expanding power consumption indicated that before long total provincial power demands might be sufficient to permit the development of the Fort à la Corne hydroelectric site, and there was a possibility that the Federal Government might decide to proceed with the proposed South Saskatchewan power and irrigation scheme which would also produce a large quantity of electricity. Integration was desirable both to finance the costs involved in such projects and to create the size of market deemed essential if the resulting energy was to be absorbed to best advantage.

In the eyes of Power Corporation officials the Saskatchewan electrical utilities situation was very unsatisfactory at the commencement of
integration. Due to the relatively small size of communities, the sparseness of settlement and the great distances involved, they believed that the difficulties of supplying the people with power were probably greater than elsewhere in the country. Transmission and distribution were of necessity expensive. In addition, while other areas enjoyed the benefits of waterpower, Saskatchewan relied on coal and oil for generation, with the result that energy costs were higher. To make matters worse, the costs of electricity to many consumers were raised still further by the practice of extracting municipal revenue from the electrical utility as a means of keeping down taxation. This restricted consumption and hampered the reduction of production costs.

Finally, the division of the field between the Corporation, National Light and Power and various municipalities was seen as producing unnecessary duplication of expenditures, creating problems in financing and making overall planning for the province next to impossible.

Corporation officials viewed with special misgivings municipal methods of handling electrical utilities, believing such methods hampered both social and economic progress. They were of the opinion that the value of electricity was its use. Abundant, low cost power, according to the Corporation, would assist in creating more prosperous cities by making possible lower labor costs through wider application of power. Greater use of power in the home would also ease human labor and increase living enjoyment. These goals, the Corporation believed, should be sought directly rather than attempting to pay for municipal services by the circuitous route of levying taxes through power bills. The assessing of high rates by a city, it was suggested, implied a decision by municipal officials that the funds thus obtained would
purchase goods and services of greater value than would be obtainable if lower rates were charged and the funds secured from other sources. This, the Corporation held, was based on a false premise arising from an incorrect appreciation of the use and function of electric power.

Municipal management of the electrical utility was also regarded as basically short-sighted. Corporation officials believed that city policy was in essence a costly policy; revenue was obtained for municipal purposes but the cost of obtaining it was not measured. Cheaper power, according to Corporation management, would facilitate expansion of business and industry which would bring other benefits and tax revenue to the cities. In addition, the emphasis of municipal authorities on maximum profits resulted in failure by them to consider properly and hence to belittle, the problems of future supply, while providing consumers with minimum service. The same objective, it was also held, led to a lack of attention to increased sales through promotional rates and load building activities. One of the results, according to the Corporation, was unnecessary inefficiency in the use of equipment. For example, attempts were made to persuade Saskatoon to undertake certain promotional work and make a small expenditure on distribution which would have led to much larger savings on generation. However, the City did not respond. As a result, not only were the citizens of Saskatoon denied the benefits of the Corporation's proposals but power costs to all customers of the publicly owned system were kept unnecessarily high. Moreover, under existing circumstances nothing could be done about it.

Corporation officials looked with envy on the Ontario Hydro Electric Commission which they seemed to regard as the finest publicly owned utility on the continent. Ontario Hydro attributed its success to three basic principles. First, power was sold at cost to the ultimate consumer. Secondly, systems were coordinated under one authority, effecting savings in administration as well as efficiency and economy in operation. Thirdly, unified control of operations enabled its administrators to consider all possible sources of power and develop those offering the greatest advantages to the system. None of these principles applied to Saskatchewan. Thus the Corporation believed it was faced with very serious problems.

From the Power Corporation's standpoint the ideal solution was the complete integration of all electrical facilities under itself and prohibition of further diversion of revenues therefrom to municipal coffers. This, it was believed, would bring maximum benefits to the cities and the province as a whole. Under such circumstances the lowest rates possible could be adopted to stimulate consumption. Increased consumption, it was maintained, would permit cheaper generation and lead to further rate reductions. "The fact that the cities were not incorporated into a Provincial system years ago," a Corporation brief declared, "has delayed Saskatchewan's acceptance of the 'electrical age."

It is difficult to judge the accuracy of the Corporation's analysis as the effects of greater availability of cheaper power are not readily

5. The reasons for Ontario Hydro's success were apparently derived from a speech delivered in 1951 by Dr. Otto Holden, Assistant General Manager of O. H. E. P. C.

6. Brief Respecting the S. P. C.'s Bulk Sales Contract with the City of Saskatoon, 26 September, 1952, S. P. C., Saskatoon, Town No. 4.
subject to measurement. Besides, the ideal solution envisaged by the Corporation was not obtained. However, as will be seen, a number of its arguments for changing the methods under which the utilities were operated were quite sound.

From the evidence examined it would appear that the policy of utilizing the electrical utility as a source of municipal revenue was adopted about 1914. During the boom which preceded World War I, a substantial amount of property was acquired in the cities, possibly for speculative purposes. When the bubble burst city authorities feared that unless they made every effort to keep the mill rate from rising a significant portion of these holdings might revert to the municipality and all tax revenue from them vanish. Hence they decided to take a portion of the income of the power system into general revenue. Whether this concession to property owners was necessary is of no consequence for the present discussion. However, it is perhaps worth noting that a policy adopted with a certain purpose in view was applied long after the reason for its adoption seems to have been forgotten.

Why the policy once applied became a standard practice in municipal financing is quite easy to explain. Local governments have always had a struggle to pay for the services demanded by their citizens. At the same time, increases in the mill rate have not been popular. Thus when a source of revenue was discovered, particularly a source where funds could be obtained regularly, in increasing amounts and without raising

7. This reason appears in connection with Weyburn and Regina; it may or may not have been used by other cities.
much serious opposition, there was great hesitation to relinquish it. Over the years new arguments were evolved to support the practice. Essentially they came to rest on three concepts. First, municipalities require funds and have at their disposal only limited sources. Secondly, the burgesses through their democratically elected council have decided that they prefer to raise a portion of the money required to operate their community by means of the electrical utility rather than by taxation. Thirdly, this procedure is more equitable as residents of the community who do not pay property taxes but use services provided by the community are thus obliged to make contributions toward the cost of those services.

There is no question but that local governments are hard pressed for funds, and it would be difficult to find any objections to these arguments had the practice they supported not gone to extremes. From a contributor to municipal revenues the electrical utility, through increased demands for power, was converted into what was at times described as the backbone of municipal financing. Some municipal authorities, so it appears, ceased to regard the utility first and foremost as a utility. Thoughts of cheap power seem to have become secondary to an obsession with large surpluses.

In the first place, the argument advanced by municipal officials that the raising of funds through the electrical utility distributed the tax load more fairly was not completely valid. On the contrary, if there were inequitable features in the existing methods of taxation they were compounded by the practice. Any relationship which might exist between the size of an individual's power bill and services received from a community is extremely tenuous. Such a tax, because of the manner in which rate schedules are set up, tends to bear more heavily on necessaries.
than luxuries. It does not take into account ability to pay. And it is also quite unfair. Take two businessmen, for example, whose enterprises are of approximately equal value and whose properties are assessed roughly the same. If one uses a great deal more power than the other, he will find his total tax bill higher though both should be paying about the same amount. Finally, application of such a policy obliges residents of a community to make increasing payments as a result of which absentee property holders obtain a lower tax rate. In the last analysis, this system of raising municipal revenue when carried to extremes has only two characteristics to recommend its use. It does provide money and it is simple and easy to apply. Describing revenue from distribution of power as excessive, The Star Phoenix blasted the Saskatoon City Council for raising funds in that fashion. It stated:

The electric utility ceases to be a public service when it operates at such a level of profit and becomes, instead an instrument of municipal taxation. ... The system of collecting taxes through a utility wins little support from anyone except municipal councillors and officials who are responsible for setting the tax rate. For this group of people, utility profits are an agreeable cushion. They are relieved of the responsibility of levying the sort of taxes their spending program would call for otherwise. ... The City Commissioner has tritely termed the electric department profit 'the life-blood of city financing.' It is nothing of the sort. It is rather, a feather bed for the official lives of the mayor and aldermen, protecting them from the shock of having to levy in taxes all the money they spend running the city. 8

Though the paper was stating its case rather harshly, it can scarcely be denied that the practice led to excessive, indeed exorbitant, electric rates. For example, the markup by Saskatoon on the power purchased from the Commission throughout the 'forties exceeded 150 percent, the City

8. The Saskatoon Star Phoenix, 2 August, 1952, in Brown Papers, PC 14, S. Power Plants.
raising about one dollar through the electrical utility for each three raised by taxation. In view of such developments it would be difficult to ignore completely the charges of The Star Phoenix that the practice badly distorted methods of municipal financing and made the taxation system worse than it was. But such was by no means the most important result. The obsession of municipal authorities with revenue evidently caused some of them to think in terms of the municipal corporation and its revenue rather than of the residents of the community and their total electric bills. As a result, as integration of the power facilities progressed municipal authorities were at times seen advocating or adopting policies in direct opposition to the interests of their communities. Total power costs to the community were viewed as secondary to the funds poured into city hall.

During his term as Power Commissioner Halma Berry recognized the conflict of interests in relation to the electrical utility and attempted to find a solution satisfactory to both parties. By and large, the compromise then worked out was successful. According to arrangements completed with Yorkton and temporarily applied to Prince Albert, the Commission began turning over to the cities five percent of its gross revenue, plus a five percent surcharge added to customers' accounts in each municipality. City revenue from power was thus held at a reasonable level. Though this was probably intended as a short-term expedient, the two communities are still served essentially on the same basis.  

9. Brief Respecting the S. P. C.'s Bulk Sales Contract with the City of Saskatoon, 26 September, 1952, S. P. C., Saskatoon, Town No. 4. The one-to-three ratio applies to all money raised including school taxes. At times utility profits exceeded the levy for municipal purposes.
However, of the agreements which had to be reached with the cities to facilitate integration these were the easiest to conclude. Both cities were already served on a retail basis, and this arrangement brought greater sums to them than they had previously received. The advantages to the cities were therefore readily apparent and quite attractive.

Though integration began with the construction of the Estevan-Stoughton connection during Berry's term of office, emphasis was then on consolidation of various properties with the publicly owned utility rather than on the building of a province-wide integrated grid. Not until the establishment of the Corporation was a sustained effort put forth in that direction. Speaking in the Legislature early in 1949, the Honorable James Darling heralded the beginning of the new program. He stated that the newly formed Power Corporation would gradually concentrate generating capacity in plants at strategic locations to produce lower cost power and that a high-voltage grid similar to the Estevan-Yorkton line would be established in the province.

During subsequent months investigations stressed the huge outlays which would have to be made to satisfy the province's demands for power. At the same time Power Corporation officials worked out what they regarded as the ideal method of meeting these demands. With these considerations in mind, Tomlinson, the Corporation's General Manager, advised the Government to reconsider some of its policies. Pointing out that for some time to come the electrical load of the province would be concentrated in the cities, Tomlinson indicated that the required program of expansion would be difficult to undertake if

the greater part of the electricity generated by the Corporation continued to be sold at cost. The sale of power at cost would not provide reserves to cover risk of expansion ahead of load or changes in economic conditions. After referring to the huge profits being made by municipalities distributing power and the advantages of integration to the province and the cities, he recommended that serious thought be given to having the Power Corporation retail to all consumers in order that rates might be controlled and an aggressive load building campaign conducted. Since agreement with cities being served in bulk were due for renegotiation in a few years, Tomlinson urged that steps be taken to integrate the various utilities before commitments covering future capital expenditures were made. Unless this were done, he asserted, the Province might find itself obliged to furnish power without any assurance that the revenue from it would carry the cost.

Tomlinson, it would seem, had in mind the purchase of all remaining independent utilities, but no doubt because of the financial position of the Province it was evidently decided to attempt to do so only in certain cases, while trying to work out an arrangement whereby all electrical facilities would be pooled and interconnecting high-voltage lines constructed. All major plants would then contribute energy to the grid

11. J. W. Tomlinson to J. A. Darling, 15 November, 1950, S. P. C., Power Development, General. Tomlinson stated that seventy-five percent of all electricity was being used in the cities and that expenditures of about $100,000,000, exclusive of the South Saskatchewan River project, would have to be made in the following decade. His assessment of the responsibilities of his organization were indicated by the following: "It is the universal assumption that the province, having established a provincial power supply, thereby assumed responsibility for the adequacy of power supply for urban as well as rural areas."
and all distributors obtain power from it at an equalized cost of production. With the Power Corporation administering the partnership, planning and financing on a province-wide basis would become relatively simple. These arrangements coupled with rate control, which was also envisaged, would end diversion of revenues by municipalities. The province's utilities would thus be reorganized into a replica of Ontario Hydro with power being sold to consumers at cost.

With these general objectives in mind Darling advocated the formation of a power pool for Saskatchewan when addressing the Legislature in March, 1951. He suggested that the various municipalities operating utilities, National Light and Power and the Power Corporation should cooperate in such fashion to establish an integrated system. Pointing out that the arrangement would enable plants to assist each other in emergencies and reduce the time expensive stand-by equipment was idle, Darling brought out some advantages of integration. In addition, the desirability of concentrating generating facilities at certain locations, the possibility of hydro developments and the huge capital expenditures which would have to be made in the future were mentioned to illustrate the need for some such procedure. He also referred to Ontario and Manitoba, noting that for a number of years Ontario had a "no diversion" policy, which prohibited the use of revenue from electrical systems for purposes other than the expansion of such systems, and that Premier Douglas Campbell of Manitoba had expressed himself in favor of both a pooling and a "no diversion" policy. Negotiations with a view to pooling facilities, Darling stated, would be instituted by the Power Corporation with interested parties.

12. Debates and Proceedings, Legislative Assembly of Saskatchewan, 1951, No. 24, 6 March, 1951, pp. 17-21, Legislative Library. Darling said
Questioned afterwards regarding his statement, Darling said that the Government had not yet decided to go ahead with pooling but that he could see no alternative. He further remarked that the absence of a "no diversion" policy was handicapping provincial power development. In this respect passing reference was made to the use of electrical utility surpluses to keep down taxes in some cities. And in enlarging upon the subject of equalization of production costs, he added that, while no plan had been developed for Saskatchewan, the proposal in Manitoba was to sell to all distributors at equal cost.

Unfortunately for the program envisaged by the Corporation its initial presentation to the public was not all that it might have been. In a sense Darling had said both too little and too much. It would appear that in advocating integration he did not deal with its benefits at sufficient length or stress the need for it extensively enough. As indicated by opinions expressed by municipal officials and the press, such a type of power system was quite foreign to Saskatchewan thought. Thus the most significant part of his statement went largely unnoticed. On the other hand, his reference to equalization of production costs was easily misconstrued to mean equal rates throughout the province. Misinterpretation in this manner suggested that the scheme would be detrimental to residents of the larger communities. Likewise, though he stated that he was not suggesting that power profits not be used to hold down the mill rate, Darling's remarks left little doubt but

also that electrical consumption was expected to rise 400 percent by 1960 exclusive of the requirements of Regina and Moose Jaw and that it appeared as though the power made available if Fort à la Corne were developed could be used by 1956 and that from the South Saskatchewan River dam as soon as it was available.

that he opposed the practice. Thus he desecrated a sacred municipal cow and spoke in terms contrary to the vested interests of city hall officials.

Regina municipal authorities reacted at once. According to The Leader-Post strong opposition to pooling was expressed the following morning. Mayor Garnet Menzies declared: "I am utterly and definitely opposed to Mr. Darling's proposal. I know the government can make us submit to the plan but I am sure it would definitely not be with the consent of the citizens of Regina." The Mayor was said to have further asserted that equalization of rates would of necessity raise costs to Regina citizens. Alderman Joseph Young, chairman of the utility committee, spoke out quickly in defence of the City's use of its power surplus and called for "all hands off" the Regina power plant. The response was regrettable but not really surprising. Presentation of the Corporation's case made the organization appear almost as intent upon seizing municipal revenues as building a proper provincial power system.

Instead of letting matters simmer down at that point and returning to the subject when a new approach had been worked out, C. C. F. members of the legislature for the city immediately injected themselves into the affair. Provincial Treasurer C. M. Fines and Labor Minister C. C. Williams stated that pooling was a long-term project still in the exploratory stage and predicted that it would bring cheaper and better service to Regina. Enlarging on Darling's comments Fines said that formation of the pool did not mean the Government was going to take over the local utility, adding that he understood it could not be expanded due to a shortage of cooling.

14. The Leader-Post, (Regina), 8 March, 1951, in S. P. C., Regina, Town No. 2.
water. That would have been quite sufficient, but Fines continued and heaped fuel on the flames. Pooling, he reportedly declared, would end the frequent breakdowns suffered by the local utility. The statement verged on blasphemy. And in conclusion, he expressed regrets that Mayor Menzies and Alderman Young had seen fit to start a controversy over Darling's proposals.

Fines' remarks brought a prompt response from the Mayor, who claimed that the Regina power plant would compare most favorably with any in the West and that there was sufficient water to expand it and roughly double its output. Denying any desire to enter a controversy, Mayor Menzies was said to have proclaimed: "I have ... as the elected mayor, to be faithful to the trust placed in me by the citizens of Regina. When any incident occurs which in my opinion affects their welfare, I must of necessity take cognizance of it." That Regina could have done without some of the protection it was receiving and that the opinion of the Mayor was an inadequate basis for policy was quite clear, however. Menzies' comments suggested that he had not grasped what an integrated system entailed. In concluding he was reported to have said that until a hydro system capable of supplying all Saskatchewan was developed, Regina preferred to own and operate its own plant. To make such a condition a prerequisite for integration was completely unrealistic.

16. Ibid., 12 March, 1951, in S. P. C.; Regina, Town No. 2. The integration of demands may make hydro developments possible by creating the size of market necessary to absorb the power produced. To say that hydro should be developed before the City decided whether or not to use it was asking the Province to generate power which might not be marketed if the City chose not to buy. Menzies was also said to have stated that an integrated system was impractical as no plant in the province could take care of its own load and that of Regina as well. Such was not a requirement for integration as not one but all plants in such a system assist any of their number having difficulty.
As if completely to befuddle the Regina citizenry and its readers generally, The Leader-Post, in an editorial entitled "Power pool talk premature," heaped praise on Mayor Menzies and Alderman Young for the stand they had taken and attested to the accuracy of their pronouncements, including the Mayor's misconceptions.

The Regina controversy quickly came to the attention of municipal officials in Saskatoon who shortly thereafter submitted a brief to the Government, stating their position with respect to the proposed power pool and equalization of production costs. In short, emphasizing the equalization aspect somewhat, the brief maintained that such an innovation could only result in increasing the costs of power and expressed strong opposition to any scheme whereby the City would be required to absorb any charges for electrical energy beyond production costs within the city. In conclusion it read: "Council ... considers that the establishment of a 'Power Pool' should not be entertained until it has been definitely established that energy from hydro sources can and will be supplied at Saskatoon at no higher cost than by steam generation."

Like their Regina counterparts the Saskatoon aldermen do not seem to have adequately understood integration, as is illustrated by their desire to write it off until hydro became economical. Only Alderman William Manning apparently gave the matter serious thought. In attempting to secure removal of opposition to the power pool from the Council's brief he declared: "Some well-informed people think that a power pool is worthwhile. All we want to oppose is Saskatoon being denied the benefits of power plant production costs. ... We have been looking for

17. Ibid., 15 March, 1951, in ibid.
a way to have stand-by facilities. The power pool is it." However, he could not persuade the other aldermen or Commissioner Harold Balfour to accept his point of view. Balfour thought, and the remainder of the Council agreed, that the pool "could not help but increase costs" and the only way to be safe was to oppose the whole scheme until hydro could be developed.

These events were unfortunate, particularly so as the province's two major cities came out in opposition to integration before all the facts were presented to them and without determining what it involved. Nevertheless, their reactions evidently did have a definite effect on the future policy of the Corporation. Throughout much of 1950 and into 1951 a Government Finance Office committee was conducting an inquiry into power development. Its report to the Government in April came out strongly in favor of complete integration with all electrical facilities being taken over by the Corporation or, failing that, by pooling. If this was not done, it warned, "the technical and financial problems of providing for future generating capacity and alternate sources of supply through a high-tension provincial system will be very difficult for the present provincial system to overcome." However, the report stated, power revenue should be shared with the cities whether they owned their own systems or not. Recognition was thus given to the claims of the

19. The Saskatoon Star Phoenix, 27 March, 1951. Council also feared the power pool would result in the city subsidizing rural electrification.

20. "Power Development Committee Report to the Government Finance Office," 26 April, 1951, Brown Papers, PC 10, Rural Electrification, Saskatchewan. The committee concluded that 150,000 kilowatts of capacity would have to be added to thermal plants and that it would be desirable to develop Fort à la Corne. Estimated costs were $104,000,000 without allowing anything for the South Saskatchewan project or rural electrification.
municipalities for revenue from the electrical utility, and the ideal solution to the power problem as seen by Corporation officials was watered down.

Roughly coinciding in time with the decision to call for formation of a power pool, discussions aimed at achieving such a result were undertaken by the Corporation with the cities of Swift Current, Weyburn, North Battleford and Regina. Corporation officials seem to have believed it would be possible to purchase all except the Regina utility. Such efforts, however, were productive of widely varying results.

Most successful were talks with North Battleford. Possibly because of attempts to obtain revenue for municipal purposes, the City had permitted its distribution system to deteriorate to a state where major expenditures were necessary to rehabilitate it and bring the load on it within the limits of safety. Faced with an expenditure -- estimated by the Corporation at approximately $100,000 -- the City Council was prepared to discuss alternatives. The Corporation thus offered to buy them out. Believing that purchase could be accomplished J. R. Sarsfield, who handled negotiations, launched what was probably the Corporation's most successful effort to sell itself and integration to a community. As a result, he secured not only the City's support for the change of ownership but also that of the press and the Chamber of Commerce. By an agreement reached late in 1951 and overwhelmingly endorsed by the burgesses, the system changed hands. The Corporation thus gained control of rates and load building activities and greater ease in integrating the city with the rest of the system. By integrating the community with Unity and

Saskatoon and closing down the local plant, it estimated that great reductions could be made in expenses. In return the City not only shifted a major expenditure to the Corporation but received $150,000 in cash, somewhat more than the tangible value of its distribution facilities. Over and above that, the Corporation promised the City revenue on the same basis as Yorkton and Prince Albert or whatever was worked out with all cities later, and it granted the citizens a major rate reduction.

Contacts with Weyburn and Swift Current, on the other hand, led nowhere. The Corporation also attempted to buy the distribution system owned by the latter city. But Swift Current, no doubt realizing that it possessed the most one-sided agreement in the province, would not sell. Discussion ended with the Corporation withdrawing its offer.

Weyburn was in a different position. Having to operate almost all of its generating equipment to handle peak load, its power supply was very insecure. Nonetheless, though the City was also fast approaching a critical position with respect to its future requirements, Council was evidently unwilling to negotiate. It was aware that the Saskatoon and Swift Current agreements would soon have to be renegotiated and possibly wanted to learn of the terms they would receive before doing anything. Contacts with the community seem to have involved little more than an attempt to publicize the advantages of integration and the power problems facing Saskatchewan.

22. The North Battleford News, 25 October, 1951, 20 November, 1951, in S. P. C., North Battleford, Town No. 4; ibid., 6, 13 December, 1951, in ibid., No. 5; Memorandum by B. Montbriand, distribution engineer, undated, J. R. Sarsfield to F. Copithorne, 22 June, 1952, ibid. It was estimated that about $250,000 could be saved in the next four years by transmitting power from Unity and Saskatoon.

23. The Leader-Post, (Regina), 3 December, 1952.

24. Ibid., 28 November, 1951, in S. P. C., Weyburn, Town No. 1 contains speech on integration made by Tomlinson at Weyburn.
Discussions with Regina were somewhat more extensive. While the Power Corporation was in the process of studying the pooling of power facilities, the City began to consider installing additional capacity in its plant. H. I. Nicholl, Superintendent of City Light and Power, and J. W. Tomlinson thus met briefly. Tomlinson described part of the discussions as follows: "He [Nicholl] ... mentioned ... that their pondage will look after loads up to 50,000 K. W. peaks, providing they extend their discharge pipe lines. He felt that this would give them adequate cooling with normal water in Wascana Creek but in dry years they would have difficulty." Shortly thereafter the controversy over Darling's pooling proposal erupted and Mayor Menzies stated that according to Nicholl there was sufficient cooling water for such capacity. No reference appears in the press regarding dry years. There the matter rested for a number of months.

In September, 1952 The Leader-Post reported that the City Council had accepted a tender for a 30,000 kilowatt steam turbine at a price of over $800,000. The Corporation therefore quickly contacted Mayor Gordon Grant and informed him that studies, while not quite complete, indicated that integration of Regina, Estevan and Moose Jaw would be much more economical than individual plant operation. The three plants, he was advised, possessed a total of 55,000 kilowatts in spare capacity, either installed or under construction, which would permit delaying further expansion for some time to come. Postponement through integration, the Corporation stated, would allow the status of the proposed South

26. The Leader-Post, (Regina), 12 March, 1951, in ibid.
Saskatchewan power and irrigation scheme to be clarified and provide an interval wherein the possibility of generating power from natural gas could be studied further and future installations of capacity more efficiently engineered. As a result, the Corporation and the City reached an understanding to discuss the whole question in the near future.

On October 29 the two parties met. Here Tomlinson stated that pooling of facilities need not involve a change in the ownership of the Regina and Moose Jaw plants. In addition, he outlined Corporation plans for steam plants at Estevan, Saskatoon and Prince Albert, taking into consideration the South Saskatchewan River scheme, and claimed to show that the proposed 30,000 kilowatt unit would not be needed at Regina even if hydro was not developed. City officials agreed to consider the matter and appoint a committee to meet his organization. According to Power Commissioner Hayworth, they were definitely opposed to giving up their plant. By then the Corporation seems to have been convinced that any expansion in the south should take place at Estevan, judging that power could be produced there and transmitted to Regina more cheaply than the City could generate with new equipment. "This would not," it was recorded, "increase the cost of power to Regina since we are confident we can produce power one-quarter cent cheaper than additional new capacity at Regina."


30. Draft: Re Contributions by Cities, 24 October, 1952, Brown Papers, PC 10, Rural Electrification, Saskatchewan. The arrangement with Regina which this document envisaged was to form an integrated system with Estevan, Regina and Moose Jaw; sell power to Regina at cost plus one quarter of a cent per kilowatt hour; and charge Regina an amount gradually rising until it equalled the carrying charges on the capacity it would have to install to take care of its own needs, applying the funds so obtained to finance the connection between Estevan and Regina. The arrangement, it was judged, would
By early December Corporation studies on integration had been completed as far as they could be without more detailed data on the Regina utility. In a letter informing Mayor Grant of the situation and stating that he understood the City believed it needed more capacity at once, Darling requested appointment of the committee which was to meet with his organization. Studies, he wrote, "... appear to indicate that an integrated system affords considerable economies in operation and total capital investment, as well as better continuity of service to all areas." Within a few days the City complied with the request, whereupon its appointees and those of the Corporation met early in January. However, not a great deal appears to have been accomplished. From discussions Corporation officials concluded that the municipality's representatives were willing to integrate facilities provided they made money in doing so; that is, if the Corporation was willing to supply "integrated power at a lower cost than they [the City] could appear to be generating ... in ... 1953." The Corporation was not prepared to do so as they were convinced that Regina production costs were understated through accounting procedures whereby items properly chargeable to the utility were not assessed against it. To accept Regina's conditions, they believed, would not lead to a desirable form of integration.

Due to the generally unsatisfactory results forthcoming from negotiations with the cities on an individual basis and to the desire to

achieve a uniform settlement with all cities in order that all would contribute equally to integration, a halt was called to discussions. For some time the Corporation had been considering holding a conference and examining matters with all the cities at once as perhaps a more satisfactory means of getting the policies it advocated adopted by everyone.

The moving spirit behind the idea of a power conference was the Corporation's Business Manager, Sarsfield. Writing to Tomlinson somewhat earlier he had stated:

We are so close to the problems of power supply ... that we may often overlook the distance that other people are from it. [sic] I believe there would be considerable danger in a statement being made by the Government of any overall general policy without careful consideration of the methods by which the maximum acceptance of these policies could be gained. Generally, people do not understand either the economics of power distribution or the tremendous amounts of money which we know will be required in the future to provide the service expected, and people too generally jump to conclusions and take a stand which in the light of better knowledge they would not have taken.

I would like to suggest that the approach which should be taken to get the policies we advocate accepted is for a general policy statement to be made by the Government covering the general needs and future policies, but that instead of following the example of Manitoba and declaring them to be matters of definite action, the Government might consider calling a power conference so that all representative agencies and interested bodies in the Province can be called in for consultation.34

Sarsfield expressed the belief that, in the event such a conference were held, it would be possible to obtain briefs from such organizations as the United Farmers, the Rural Municipalities and certain boards of trade supporting the position favored by the Government. And continuing he stated:

............... 33. Ibid.
34. The actions of the Manitoba Government led to disputes.
I believe that our arguments for unified action are so complete and so strong that it would be very difficult for any organization to tear them to pieces except on the position of municipal revenue, and I believe it is obvious that the Government will have to take into consideration the problem of municipal revenue in discussing any overall change in power policy. The needs of the Province are so critical on power that I believe very pressing urgency to the above idea should be presented to the Government so that careful plans can be made for publicity and public enlightenment before any definite policy or stand is taken by the Government.  

By this time Tomlinson had also modified his attitude in respect to the cities' desire for revenue from the electrical utility. In transmitting Sarsfield's recommendation for a power conference to Darling, he acknowledged that the practice would have to continue unless some other source of funds was made available in its place. The electrical utility, he said, had become the backbone of civic financing and acquisition by the Corporation would therefore be very unpopular politically. However, the Power Corporation was undertaking the distribution of natural gas at the time. Consequently, he argued that since the power, telephone and gas monopolies were obtaining or would obtain the bulk of their revenues in the cities, all three should make contributions. The only loss to the Government would be part of the telephone surplus which, he alleged, was getting too high and becoming politically unpopular. It may well be that the Government Finance Office supported Tomlinson's suggestion but it was not adopted.

After further consideration Tomlinson again took up the question of city revenue with Darling. The major weakness of the existing system,  

37. Somewhat later the Finance Office indicated that it favored the idea. See T. K. Shoyama to J. W. Tomlinson, 9 April, 1954, ibid.
he stated, was the inequality in the distribution of such revenue. City revenues ranged from a mere five percent of the power dollar at Moose Jaw to fifty-eight and sixty percent at Saskatoon and Swift Current respectively. More than that, of the total profits on distribution about ninety percent went to the cities for municipal purposes and less than eight percent toward the integrated system. With full integration the Power Corporation could effect economies enabling it to retail power in all cities at prices not greater than they could serve themselves, provide better service and make a contribution toward rural electrification. Urging that all consumers should make an equitable contribution toward development of the provincial system and rural electrification, Tomlinson recommended that if electricity was to continue to subsidize municipal spending city revenues from it should be placed on an equitable basis and limited so as not to discourage consumption.

Evidently accepting the recommendations of Corporation management, Darling informed the provincial legislature early in 1953 that the cities would soon be invited to a power conference to discuss existing problems and integration. He went on:

I think, too, that the time has come when the Power Corporation and the Government should give fresh consideration to the purchase of the National Light and Power plant in Moose Jaw, and, as far as the City of Regina is concerned, the benefits of integration can certainly apply to Regina. I believe that the high-voltage line from Estevan, coming up through Weyburn to Regina, and an interconnection with the plant in Moose Jaw, would make cheaper service to the citizens of Regina even if they retained ownership of their plant. Integration has been proven to be equally effective, irrespective of a variety of ownership of the plants in the pool.  

With respect to the cities served in bulk by the Corporation, Darling stated that somewhat different agreements would have to be worked out to replace existing ones. He also expressed a desire to place all the cities on a more equal footing, adding in clarification: "By that I do not mean equality of rates but a basis of equal treatment as compared one with another."

Questioned by The Leader-Post following his address, Darling affirmed that he was not proposing acquisition of the Regina plant by the publicly owned corporation. In response to other queries, he stated that power rates would be discussed at the forthcoming conference.

Even such a general approach to integration brought an immediate reaction from Regina. Next day Mayor Gordon Grant challenged Darling's statement. Integration, he was reported as saying, could only bring cheaper power to the city by reducing municipal revenue from the utility because the local power plant was generating power as cheaply as any other. Admitting there were some advantages to integration, he alleged, though mistakenly, that this would only be true in case of a partial failure at the local plant. And further, claiming that the scheme would probably benefit Moose Jaw and Estevan more than Regina, he went on to defend the City's use of utility profits. Again The Leader-Post 41

40. Ibid., p. 16.
41. The Leader-Post, (Regina), 18 March, 1953.
42. Ibid., 19 March, 1953. Grant's claim that integration would only be advantageous in case of a partial failure at the Regina power plant really did not make sense. Even if Estevan and Moose Jaw could not carry the full load of the city during a total failure at Regina, it would seem much more desirable to have sufficient power to carry essential services than to have none at all. In addition, his statement regarding Regina generating costs was very likely incorrect. The Corporation was probably generating much more economically at Estevan where it was operating a 15,000 kilowatt unit with much cheaper fuel. However, even supposing he was correct it would have been of little consequence. Existing generating costs were not the important consideration; future costs were, and here Estevan had a decided
followed the Mayor's line very closely. Though the paper did say that Regina had a provincial interest and that the plan should not be dismissed, it warned that there appeared to be little to gain and maybe something to lose by entering an integrated system.

To facilitate the regulation of rates should regulation be agreed upon by the cities at the forthcoming conference, the Government also passed a bill designed to give consumers of electric power and natural gas anywhere in the province the right to contest the level of rates charged by any utility, including those municipally owned, before the Local Government Board. This brought protests from Regina, Saskatoon and Swift Current, the last branding it "an infringement of the rights of the elected Council ... ." The Government responded by giving a firm commitment that the bill would not be proclaimed until the cities had had ample opportunity to make representations.

Shortly thereafter the cities were invited to meet with the Power Corporation in the latter part of May. No doubt because of the attitude advantage. Events of the previous year had indicated what could happen to such costs at Regina. When questioned by the City Council regarding those for 1952, H. I. Nicholl had reportedly stated that plant efficiency had improved by about seven percent during the year but that an increase in fuel oil costs had more than wiped out the savings. See ibid., 16 January, 1953.

43. Ibid., 26 March, 1953.
44. F. J. Ashford to J. A. Darling, 10 April, 1953, reply, 14 April, 1953, Brown Papers, PC 16-2, City of Swift Current. Inconsistent behavior by Saskatoon was well illustrated with respect to this question. The bill was evidently introduced partly to meet the City's demand for an independent regulatory authority to control natural gas rates. However, when the Government included electric rates municipal authorities, together with those of the other two cities, protested. What Saskatoon and presumably the others wanted, was absolute control over electricity which they distributed, while at the same time denying that the Power Corporation should be in the same position with respect to the gas it distributed.
it was apparent some of them might adopt, it was decided to make it clear that the conference was a Power Corporation rather than a Government conference. In this manner the Government would remain "free for independent action." It was further decided that as a general approach it would be pointed out to the cities that meeting future power requirements was not a provincial responsibility alone but rather a joint city-provincial problem and that no decision had been made by the Province to be responsible for capital requirements except for the main Power Corporation system and the proposed South Saskatchewan River project. Three methods of providing the funds for the construction of the integrated system were also worked out. First, the Corporation would retail electricity to all consumers, give grants to the cities in lieu of taxes and retain funds saved by integration to pay for the provincial grid. Secondly, the Corporation would sell power to the cities in bulk at prices which it would cost them to generate their own requirements, rate controls being instituted so that rates charged by the cities would not unduly discourage consumption. Or thirdly, a tax would be placed on all power sold and the proceeds used to finance integration. Methods one and two clearly indicate that Corporation plans did not envisage increasing total power costs to any city; integration would pay its own costs through its economies. At most, city administrations

45. Proposed General Approach to City Power Conference from which an Agenda will be Prepared, 7 May, 1953, ibid., PC 22, S. P. C., Negotiations with Cities, General Policy, etc.

46. There was one possible exception to this. At Moose Jaw the rates might have been raised. However, this would not have resulted in any money leaving the community, for the increased revenue so obtained would have been turned over to the City. Tomlinson is reported to have said in effect that "it would be necessary to raise rates by almost the amount of the increase in the City's revenues." See A. E. Blakeney to J. A. Darling, 11 May, 1953, ibid., PC 16-1, City of Moose Jaw.
would have been required to reorganize their financial systems somewhat. It was decided, however, not to include the three proposals for financing in the Corporation's presentation to the cities. Nor were any briefs in support of its position obtained. In this regard only Moose Jaw was contacted in order that its officials might be informed of the Corporation's stand on city revenues and their support assured. From all appearances, the conference was designed to make the cities fully conversant with integration and the power situation in the hope that they would ask for or propose solutions themselves.

Accordingly in opening the conference, Darling, in his capacity as Chairman of the Board of Directors, stated: "The purpose of this conference is in order that the cities of Saskatchewan and the Power Corporation may come to a mutual understanding of the problems which we believe face power development in the province ... in the years which lie immediately ahead and extending for some years into the future. ... We are going to try to avoid stating conclusions at this conference, I hope we will be able to get through ... simply by examining a problem.”

After describing the existing situation, as well as mentioning predictions regarding the huge growth of load in coming years and the capital

47. Memorandum by J. A. Darling, 8 May, 1953, ibid. Darling records that when Tomlinson told Moose Jaw officials that with arrangements similar to those in effect at Prince Albert they could expect about $180,000 in 1954 if the Corporation was retailing power, Mayor Lewry stated: "On that basis you can take it over immediately."

48. The Corporation evidently decided to hold its proposals for financing an integrated system in reserve until discussions at the conference reached the state where solutions were being sought. At the conference Tomlinson closed his presentation with the remark: "We have given considerable study to alternative solutions and we will be prepared to discuss them with you too." See S. P. C. - Cities Conference, 28 May, 1953, p. 30.

49. ibid., p. 1.
Map 7 Integration of Electric Power 1953.

expenditures necessary to meet it, Darling posed three questions for the cities. First, would any of them want to remain independent of energy from the South Saskatchewan or Fort à la Corne developments if undertaken? If so, would such a course be practical and more economical than becoming a part of an integrated system? If a city remained independent, would the provincial power system as constituted be sufficiently attractive to investors to obtain the capital necessary to provide the equipment required for the future? He then suggested that whether or not the various groups in the province wanted to, they would have to cooperate to supply future power requirements while the Power Corporation, for its part, would have to recognize the practice of diverting power profits to municipal treasuries.

J. R. Sarsfield then dealt at length with the inadequate nature of the existing situation as a result of which expansion benefited some areas at the expense of others. Turning to future considerations, he posed a further question for the cities. If the Province was to assume the responsibility for future capital expenditures, should it not also determine the selling price of the product and take over promotional activities? Rates, Sarsfield held, should have some uniformity, taking into consideration the different sizes of cities.

The basic principles of integration were then presented by Chief Engineer Clipsham, who gave details of the reduction in capacity possible with integration and the better use of equipment which would result.

50. Ibid., pp. 4-5.
51. Ibid., pp. 6-15
In addition, he mentioned the limitations of the Regina and Moose Jaw plants and discussed sites for possible future expansion. The alternative to integration, Clipsham asserted, was the existing situation, but he expressed doubts that the cities could afford it.

Finally, the Corporation's day-long presentation was concluded by Tomlinson. Dwelling on all topics, integration, rates, city revenues and rural electrification, he concluded by stating that a sound power system for the province could be established in several years, allowing reasonable revenues to the cities, providing satisfactory reserves for integration and adequate power for industries if an immediate start were made. The implications of the speeches by Corporation officials were clear. They wanted the cities to accept rate control, limit their revenues and agree on methods whereby funds for the integrated system and future generating capacity would be assured. All that was really necessary was desire on the part of the cities to cooperate.

The following day the municipal representatives were given an opportunity to present their points of view. Expressing the opinion that the conference had been beneficial and that all would have to work together on matters concerning integration, Mayor Grant opened discussions. Pointing out that the Corporation had dealt with integration and rate control, he remarked that these were doubtless intended to support conclusions which he requested the Corporation to reveal. He then went on to say that it would be up to each individual city and the Corporation to decide what should be done as the policies of the Corporation and each city as a separate entity were involved. Just what Regina's future...

52. Ibid., pp. 17-21.
53. Ibid., pp. 22-30.
Map 8 Integration of Electric Power - Proposed 1953.

attitude would be was immediately quite plain. Turning to the subject of city revenue, he threw the whole problem into the lap of the Power Corporation. If, Grant stated, the Corporation could demonstrate sources to replace revenue which might be lost to the City through integration or changes in price structure, the City would be willing to listen.

Darling responded to Grant's question by stating: "The conclusion that I have arrived at is a negative one. That we simply can't go on as we have gone on in the past, that we can't face up to the problems of financing the full development of power in the province until we establish a system that will make that financing possible. If we are going to raise the capital money required, which will be required in the very near future, to go forward with the extension of electrical power and the meeting of the demands that are constantly growing very quickly, then we have got to have a power system organized in such a way that will appeal to the investor."

Second to speak was Regina City Commissioner Glenn Gillis. Stating that there were limits to the amount of power the City could produce and that his community did not want to appear as opposed to integration or pooling, he too requested the Corporation to state how integration and rate control were connected. Corporation officials replied that rate control was essential in order that those in charge of generation would be assured that distributors did not set rates which would adversely affect consumption and thereby the economics of generation. Control, Gillis was also informed, would be by a body other than the Corporation. Integration and city revenues were again discussed, Tomlinson pointing out

54. Ibid., 29 May, 1953, pp. 2-3.
55. Ibid., p. 4.
56. Ibid., pp. 4-5.
that the Corporation obtained a surplus in Prince Albert as a result of integrated operation which would probably not have existed if the City operated its own plant as an isolated unit. This profit, he went on to say, was reinvested in the system. By this time, it will be recalled, fairly substantial progress had been made in integrating the utility's northern holdings.

Mayor Grant now returned to the discussion. Averring that Tomlinson had touched on a "sore point" -- the City's use of power revenue -- he declared that he would not let the matter go unanswered. "What we have done with those surpluses has been our business and nobody else's ... ." In addition, Grant went on to say, he did not understand how the Corporation had learned Regina's attitude toward integration since there had been only one meeting concerning the subject. He then laid down the City's position:

Now, we maintain that the question of municipal ownership and control of our power plant is most important. The credit of a city is based primarily on its record of good faith and sound management. The amount that can be borrowed will depend on the powers of taxation and revenues conferred on the city by the legislature and the firmness with which such powers are assured. The existence of power in an outside body to interfere in the revenues of the city, whether such power is exercised or not, will affect the city's credit. ... the sources of taxation for cities have been gradually narrowed down and the requirements seem to be growing in leaps and bounds. ... what was undertaken originally merely as a public utility has, through force of circumstances beyond city controls, had to become an integral part of the financial system of the city and a major source of revenue. It is presented to investors as an important part of the city's credit to secure borrowing on attractive terms. Because it is needed where it is as a support to the financial structure of the city it should not be dealt with as merely supplying a commercial service. In our approach to lending institutions in the East that is one of the selling points we use ... . Before a control or regulation is set up over power rates and power structure we feel that very careful consideration has to be given to the overall picture and how it is going to affect the credit of the city ... .

57. Ibid., pp. 5-9.
58. Ibid., pp. 11-12.
In commenting on Grant's statement Darling assured municipal representatives that they would have the opportunity to discuss matters with the Government before rate controls were instituted. Then too, he pointed out that some of the matters brought up were beyond the scope of the Power Corporation.

Mayor Cuelenaere of Prince Albert quickly took issue with the Regina position. His city, he stated, was already part of an integrated system, recognized its importance, and had reached a temporary agreement with the Corporation on the basis of it. However, he claimed, there should be some form of equality between the cities. Since Prince Albert was contributing toward building a provincial system, it was justly concerned that Regina, Saskatoon and some of the other cities were not. "I am sure," he declared, "the cities of Saskatoon and Regina should recognize that they too owe some responsibility toward the development of the rest of the province. That it shouldn't only come out of a certain limited group." Cuelenaere then explained that the only reason Prince Albert had insisted on a temporary agreement with the Corporation was that a number of the other cities were not making any contribution toward integration but that if they agreed to do so his city would surrender the right to repurchase its utility.

The remaining cities divided into two groups, with North Battleford, Yorkton and Moose Jaw adopting the stand taken by Prince Albert, while Saskatoon, Swift Current and Weyburn gave varying degrees of support to Regina. In short, those contributing to integration, together with Moose Jaw, supported such a policy while those making no contributions

59. Ibid., p. 12.
60. Ibid., pp. 13-15. A temporary agreement for a period of two years had been reached in 1951.
opposed it, admitting little or no responsibility for doing so while stressing the paramount importance of revenue from power to the financial operations of their cities.

In the closing moments of the conference, perhaps in an effort to reach some kind of an understanding since on appearance no one opposed integration per se, Tomlinson asked the assembled representatives for an expression of opinion on what they thought would be a fair percentage of the power dollar to be used for municipal purposes. The only response came from Gillis, who declared that any reply would merely be conjectural, that Regina's electrical utility was an integral part of City financing and that if Regina was taking thirty-eight percent into general revenue that was a fair percentage! On that note the conference closed. The Corporation had failed to obtain anything like unanimous cooperation. No doubt for that reason the solutions it had worked out for sharing the costs of the provincial system were not proposed.

Interviewed by the press following the meeting, Darling expressed the belief that a better understanding of the province-wide nature of the power problem had resulted but that it was rather doubtful if agreements with the cities could be worked out at the time. The Corporation would fully study the points of view expressed by the cities, meet them individually as quickly as possible and attempt to reach agreements in order to facilitate long-term planning. In addition, his comments indicated that the Power Corporation's ideal solution was about to receive a further watering down. A reasonable revenue from the

61. Ibid., p. 30.
electrical utility, he said, would vary from city to city because of the diversity of ownership. A basis of equality would be worked out taking all factors into consideration.

Regrettably from the Power Corporation's point of view and indeed to the detriment of the province, the conference received rather inadequate coverage by the major papers. Almost immediately Tomlinson charged that The Leader-Post gave one-sided and incomplete information regarding it. The allegation was well-founded. In respect to the stand taken by the cities that paper conveyed the impression that there was unanimous opposition to the Corporation's proposals. It mentioned little except statements by Mayor Grant and Darling and played up the possibility of a provincial power monopoly. The Star Phoenix did likewise, its headline reading: "CITIES WANT REVENUE FROM POWER UNLESS ALTERNATIVE AVAILABLE," and its account of the proceedings read: "Regina and other Saskatchewan cities balked Friday at giving up power revenue without alternative finance methods being pointed out."

Only comments by Regina and Saskatoon officials were given, nothing being said about the very different stand taken by Mayor Cuelenaere and others. The paper did not point out that while it might be in order for Corporation officials to tell the cities it was unwise to use the electrical utility for raising municipal revenue, they would be acting improperly to state where such funds should be obtained. The Swift Current Sun's treatment was no better. It published a large section

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63. The Prince Albert Daily Herald, 30 May, 1953.
64. The Leader-Post, (Regina), 29 May, 1953.
of Mayor Friesen's speech including his statement that Swift Current would benefit little from integration but failed to state that according to the Corporation the community stood to benefit most of all thanks to its location in a high cost area.

As if inaccurate reporting was insufficient, in three days of editorializing The Leader-Post distorted facts, made unfounded assertions and indulged in personalities. The paper began by suggesting that the provincial plan was a move to channel the greater part of the cities' profits "into the coffers of the power corporation to bolster its credit and the government's so that private investors will be more inclined to lend ... millions for hydro developments. ... Are the finances of the province under the CCF government," it asked, "in such a parlous state that it has to grab off municipal assets to strengthen its credit so that it can finance its part of the South Saskatchewan river development project?" It had been made clear at the conference that the Corporation was already prepared to assume responsibility for the latter project. "In reaching out greedily for the profits made by Regina, Weyburn, Saskatoon and Swift Current, the Power Corporation hopes to use this money to subsidize the expansion of rural and small urban electrification in the more costly areas." The paper declared that if there was to be a subsidy it should be from all of the province, not just the four cities. The statement was an out-and-out distortion. A subsidy of a sort was being provided and about the only ones not contributing toward it were the four cities plus Moose Jaw. On the final day the attack deteriorated into little more than one on Darling and Tomlinson.

66. The Swift Current Sun, 17 June, 1953, in ibid.
67. The Leader-Post, (Regina), 5 June, 1953, in ibid.
68. Ibid., 6 June, 1953, in ibid.
Darling's statements were described as coming from "an extremely biased source," and Tomlinson was said to have taken exception to the cities' use of power profits "in his characteristically domineering and undiplomatic manner ... ."

In truth the paper adopted a very narrow and quite irresponsible position. Though all editorials were entitled "Power Integration," actual discussion of the topic in an intelligent manner was sadly limited. Rather the articles appear to have been designed as a political attack on the Government and to stir up ill-feelings against the Corporation. No solution to the power problem was offered and no attempt made to indicate to Reginans their responsibilities as part of the province. Such commenting, together with the low calibre of reporting, by the most strategically situated newspapers meant that the public was given a distorted view of the electrical utilities situation and what should be done about it.

With the failure of the power conference, the time was ripe for the Government to adopt the independent course of action reserved for it. But that, alas, was seemingly about the last thing it intended to do. Nearly a year later the Economic Advisory and Planning Board was to write: "While no overall policy on power development has ever been formally stated by the Government, there is no doubt that the provision of an adequate power system for the province has become a major government responsibility. Within that responsibility, the policy objectives, as described at the 1953 power conference, are fourfold: (1) to provide adequate power; (2) to provide reserves for an integrated system; (3) to allow reasonable revenues to the cities; and (4) to provide consumer

69. Ibid., 8 June, 1953, in ibid.
rate adjustments. Needless to say, these are not completely consistent objectives ...

Because the Government did not take action to bring the policy objectives into harmony, the Power Corporation had to do so as best it could. It had to go to great lengths to meet demands of cities for revenue. In doing so, it compromised the other objectives, particularly consumer rate adjustments. Equality between cities with respect to revenue from the electrical utility thus went by the board. So also did equality in certain other matters. The Government did not take a firm stand on the integration or pooling of all electrical utilities. Hence the Power Corporation was charged with the task of building integrating facilities for a province-wide power system, but no provision was made for financing its costs on a province-wide basis. Since the Corporation could not oblige all electrical consumers to contribute toward such costs, it had to obtain its funds where it could. As a result, only part of the province bore the initial costs of integration. Indeed, almost all integrating facilities were established before some of the cities contributed a cent. The Government permitted this in spite of predictions that the cities would benefit most from integration. More than that, as will be shown, there can be little doubt but that the province's power requirements could have been met in a more economically desirable manner had it not been for the indecisiveness of the Douglas administration.

CHAPTER ELEVEN

INTEGRATION III: EQUAL TREATMENT, A WILL-O'-THE-WISP

After the 1953 conference the Power Corporation made no further effort to reach agreement on integration with all of the cities simultaneously. Rather it again had recourse to negotiations on an individual basis. As a result, in the course of roughly three years new bulk sales contracts were signed with Saskatoon and Swift Current, together with a third providing for the partial supply of Weyburn's requirements. In this chapter the negotiations leading to those agreements will be dealt with at considerable length as they illustrate how the Corporation's policy objectives were compromised with the result that equality between cities was not immediately achieved. The position of the Government will also be discussed in order to throw additional light on the reasons for such compromises.

Following the conference the attention of Corporation officials once more centred on the Saskatoon agreement. They regarded any new terms which might be offered to that community as very important since they could serve as precedents for agreements with others. Early in 1953, as previously noted, a formula for establishing wholesale prices for electricity was worked out. The Corporation kept its sights set on purchasing all utilities ........................

1. Brief Respecting the S. P. C.'s Bulk Sales Power Contract with the City of Saskatoon, 26 September, 1952, Brown Papers, PC 14, S. Power Plants.
but decided that as a less desirable alternative bulk power might be
offered at a price not less than the cost a city would incur in generating
its own requirements in a plant suited to its load and having adequate
stand-by. Under the latter arrangement all economies of integration would
become available to the Corporation for financing integrating facilities.
It was some months, however, until a definite offer was made to the City.
The Corporation had to study any proposal it might make in terms of the
effect it would have on utility operations in the other cities.

Not until September, 1953 was the first step toward a new agreement
taken, and this was a decidedly cautious one. Darling then announced that
the Corporation would soon meet representatives of the cities regarding
integration and other problems. The Saskatoon agreement would have to be
changed, but he was said to have added: "... we are not entering this
ting thing with a cut-and-dried, take-it-or-leave-it proposition."

Saskatoon's attitude, as expressed by Mayor J. S. Mills, also indicated
that there was room for negotiation. Though stating that sale of the
distribution system was "unthinkable," he said he had no objections to a
power pool and that continuation of the old agreement would not be insisted
upon. However, he made it clear that the City would be after everything
it could get. "Saskatoon," he was reported as saying, "is interested
in two things: an adequate supply of electricity, which we have now, and
rates as close as possible to those at present." "I don't mind the govern-
ment getting a slight profit but the new rate will have to be very little
different from power at cost to justify this city accepting a worse deal."

Mills also upheld municipal supremacy in some areas. In respect to the

2. The Leader Post. (Regina), 8 September, 1953.
possibility of limitations being placed on power profits, he stated:
"That's not the business of the government ... ." He also expressed
opposition to any formula for equalizing power costs, claiming that
such costs should be subject to the "laws of supply and demand" in any
locality. Just what laws he thought were operating when the civic
administration extracted a monopoly profit of over 100 percent on the
electricity it handled is impossible to say.

During the next few weeks the Corporation worked out terms
designed to place Saskatoon on a basis of equality with the cities it
already served retail. Describing municipal revenue as the major problem,
Tomlinson urged the Government to plan for its solution within five years.
Essentially, he recommended that the Saskatoon system be purchased and
rates reduced, provision being made to turn over to the municipality
declining amounts of money annually over a five-year period after which
it would receive the standard five percent of gross revenue and ten per-
cent surcharge on accounts. However, Darling had already indicated
that the Government was not prepared to conduct negotiations solely on
such a basis. And Saskatoon, it would seem, no doubt aware of Tomlinson's
wishes, was by no means anxious to negotiate directly with Corporation
management.


3. The Saskatoon Star Phoenix, 9 September, 1953, in S. P. C.,
4. J. W. Tomlinson to J. A. Darling, 13 October, 1953, Brown Papers,
PC 16-3, City of Saskatoon, Power Agreement. Tomlinson estimated that
municipal revenue would decline from about $857,000 the first year to
$585,000 in the fifth, after which it would rise. Figures included invest-
ment income which the City could earn on the funds received for its system
and payments in lieu of taxes on natural gas which the Corporation was
beginning to distribute in the municipality. The reduction in municipal
revenue would have been considerable. During 1952 the City obtained over
$1,000,000 from its electrical utility. By this time cities served on a
retail basis were receiving five percent of gross revenue and ten
percent surcharge payments.
Less than a month after Darling's announcement certain Saskatoon officials began to fish publicly for major concessions from the Government. In a policy statement following a decision to enter the mayoralty contest, Alderman John McAskill urged that the existing agreement be extended for four or five years, alleging that Saskatoon had entered a transition period, an inopportune time for negotiating a new electrical contract. An extension, he claimed, would give the City a chance to establish a proper relationship between taxes and electrical utility profits, among other things. Alderman Herbert Sears, chairman of a special committee just established by City Council to study electrical problems and deal with such questions, immediately endorsed the idea and just as promptly acted upon it by arranging to discuss the possibilities with Premier Douglas and two of his cabinet colleagues, Darling and W. S. Lloyd.

When the Saskatoon committee and members of the cabinet met in mid-November discussions of a fairly wide scope took place. The City contended that it required time to analyze its rate schedules and to estimate the effect of natural gas on electrical consumption, that it was or soon would be making heavy capital expenditures requiring revenue from power or an alternative source, that the possibility of utilizing hydro-electric energy could be determined more accurately in five years and that any increase in power costs to itself would be used to subsidize other

5. Unidentified clipping, 3 October, 1953, in the papers of Saskatoon, alderman Herbert S. Sears now in author's possession. Hereinafter cited as Sears Papers.
areas. Because of this, it maintained, the existing agreement should be extended. Mayor Mills also expressed the opinion that the Saskatoon power plant still belonged to the City and that the agreement in force was binding on the Corporation in perpetuity. Though the Government did not see fit to grant the municipality's request, its position was extremely flexible. In summing up discussions Premier Douglas stated that three courses were open to the City: it could buy power in bulk, sell its distribution system to the Corporation and receive comparable returns to its treasury, or build a plant to generate its own requirements. The Government was evidently playing "power" politics. Its second alternative suggests that it was not prepared to limit municipal revenues to the extent suggested by Tomlinson and its third would seem to be a contradiction of its own policies. Procedure along such lines would have led to the dispersal of generating facilities where they were already concentrated rather than their further concentration in large plants, as Darling had informed the Legislature would be done.

Further discussions took place early in the new year, this time between the Saskatoon committee and members of the Corporation's Board of Directors. Witnessing the City making all its approaches on an essentially political level, Corporation management became somewhat perturbed. The City had never approved the proposals made at the power conference. Thus when technical people like themselves were excluded from the meetings at the request of Mayor Mills at least some of them interpreted the move

7. Electrical Facts for Presentation to Provincial Government, undated, ibid.
8. Notes on Discussions re Saskatoon Power Agreement, 12 November, 1953, Brown Papers, PC 16-3, City of Saskatoon, Power Agreement.
as evidence of a desire by the City to settle the power question to its sole advantage. As one of them put it, Saskatoon apparently wanted to avoid discussing economic matters and to ignore provincial problems "by having recourse to a solution in the political sphere ... ."

These preliminary discussions concluded, Power Corporation officials drafted new proposals for a five-year agreement which were formally submitted to the City by the Board of Directors in April, 1954. After briefly discussing the need for and benefits of integration and the shortcomings of isolated plants, and suggesting that Saskatoon should contribute toward the cost of the provincial system, the Corporation offered to sell power in bulk or to purchase the municipality's distribution system. In the event that the City elected to purchase wholesale, the Corporation stated, the price of power would be "the cost for which the City could produce it ... in a plant suited to the size of the city load with adequate spare capacity." "Integration in the Saskatoon area," it was said, "is now a factor which makes it nearly impossible to continue to sell power on a 'cost' basis since the facilities contributing to service at any time are variable and often used for other purposes."

The suggested price was 1.15 cents per kilowatt hour. If the City chose to sell its distribution system, the Corporation indicated that it was prepared to pay about $2,000,000 for it.

On the basis that power was making too large a contribution to municipal revenues, the Corporation also included a schedule of ceilings for rates which, it stated, would apply regardless of who did the retailing.

Thus under either arrangement its proposals provided that the City would receive the same amount of revenue and consumers the same rate reductions. Finally, municipal authorities were urged to sell their facilities and make Saskatonians full partners in the provincial system. According to the Corporation, such a procedure would make the capital invested in the distribution system available for other purposes, enable the City to avoid making expenditures to expand and improve the system, and probably save the municipality money since any savings accruing to the Corporation from combining electrical distribution with its gas operations would be passed on. All things considered, Corporation officials judged that their proposals would assure the City of "sizable contributions" toward its revenue.

In a sense the Corporation's offer was not quite all it was made out to be. It was estimated that Saskatoon could generate its own power for 1.05 cents per kilowatt hour. Yet the City was requested to pay 1.15 cents. The Corporation was, therefore, seeking to obtain for itself more than just the economies of integration and proposed to explain the one mill assessment to city authorities "as a standby charge for other plants which are interconnected with the plant at Saskatoon." However, the proposals no doubt represented a major effort on its part to adjust itself to the

10. J. A. Darling to H. S. Sears, 27 April, 1954, S. P. C., Saskatoon, Town No. 4. The Corporation's estimate of municipal revenue resulting from its proposal indicates that such revenue would exceed that available to cities it already served retail. The proposals were designed to assure Saskatoon of at least $800,000 the first year and possibly over $1,000,000 in the fifth. Compare figures with those in footnote No. 4. Proposed rate reductions were designed to save consumers amounts rising from $386,000 to $884,000 during the same period.
11. J. W. Tomlinson to J. A. Darling, 15 April, 1954, Brown Papers, PC 16-3, City of Saskatoon, Power Agreement.
position held by municipal officials. The Economic Advisory and Planning Board, which took part in drafting the offer and suggested the one mill assessment as a means of insuring the Corporation of what Planning Board members considered a reasonable minimum income, described it thus:

... the ... proposal ... is a substantial retreat from the position previously upheld by the Corporation. The ideal solution to Saskatchewan's power needs, as envisaged and frequently advocated by the Corporation's officials, calls for an integrated power system throughout the province, and involving the complete ownership and operation by the Corporation of all generating, transmission and distribution facilities. The original hope, therefore, was to be able to make an offer to purchase the Saskatoon distribution system. Throughout the past year, however, as a result of pressure made evident through the power conference, negotiations with various city authorities, and discussions with the Government, Corporation officials have been seeking a realistic watering-down of the ideal policy. The proposal now put forward seems to represent a maximum effort to accommodate all these pressures. ... The critical dilemma for the Power Corporation [15] the fixed opposition of municipal officials and their rate-payers against any important increase in direct taxation as an acceptable alternative to revenue from utility profits ...

But was the Planning Board's suggestion for a one mill assessment really a good idea? It is debatable. On the basis of evidence, it would seem that there was at least a slight possibility that Saskatoon would have accepted a bulk rate of approximately one cent without too much argument. Upon receipt of the Corporation's proposal Alderman Sears' committee turned it over to their electrical engineer, W. A. Friebel, for analysis. Among other things, Friebel questioned the proposed bulk rate, describing it as "considerably too high." Data concerning the operation of the Saskatoon plant were available to him, and he concluded that total costs per kilowatt hour to supply only Saskatoon would be between one and 1.06 cents or ..................

12. T. K. Shoyama to J. W. Tomlinson, 9 April, 1954, ibid., PC 22, S. P. C. Negotiations with Cities, General Policy, etc. As indicated the Corporation realized in submitting the proposal that it would be unable to purchase the Saskatoon distribution system. Nevertheless, it offered to do so as a tactical move. See J. W. Tomlinson to J. A. Darling, 15 April, 1954, ibid., PC 16-3, City of Saskatoon, Power Agreement.
perhaps slightly lower. He also placed a value of $3,800,000 on the distribution system. Questioning as well other parts of the offer, he concluded that it was not satisfactory. Consequently, he recommended that the City reaffirm its request for continuation of the existing agreement, negotiate without reference to natural gas distribution, obtain the aid of a consultant to study power production costs and obtain rate schedules from the Corporation to cover its proposals.

Friebel having raised serious questions concerning the Corporation's terms, Sears and his colleagues sought to obtain a one year extension of the existing agreement in order to procure the assistance of consulting engineers. The Corporation met them half way, agreeing to a new termination date of June 30, 1955. Thereupon the City hired the Stone and Webster Engineering Corporation of Boston, Massachusetts, to study, among other things, the cost of producing its own electricity. Figures obtained from the firm, Friebel believed, would be difficult to challenge since it was familiar with the local plant, having supervised the construction of part of it.

Meanwhile, in order to hedge against other eventualities, Saskatoon officials held secret solidarity discussions with representatives from certain other cities. Sears and his associates feared that the Corporation might attempt to make them sell their utility. Consequently, apparently at the suggestion of Swift Current officials, delegations from the two cities met privately with delegates from Weyburn and held brief consultations with those from Regina during the annual convention of .......... 13


the Saskatchewan Urban Municipalities' Association. A short time later the four cities held a further meeting in the capital. According to Sears, it was agreed that all would stand together to obtain fair conditions and that all would support Saskatoon in its stand.

Not until late autumn, after obtaining the report of Stone and Webster, did Saskatoon make a formal reply to the Corporation's proposals. It then totally rejected the terms, together with some of their underlying principles, and submitted a counter proposal. "The Electric Power Committee of ... Council," its reply read, "is unanimously opposed to the sale of the ... distribution system, and this proposal ... is therefore rejected. The Committee is not prepared to recommend a five year agreement and considers that the minimum term must be ten years with ... automatic renewal ... on application of either party ... . The Committee cannot accept the principle of including consideration of retail rates as being a proper factor in negotiations ... . The Committee has been unable to verify the offer of bulk power at a rate of 1.15¢ ... ." The committee then made its counter proposal based on amortizing capital costs over a period of thirty years. In short, it offered to accept a ten-year agreement under which the Corporation would be paid an average price of 0.856 cents per kilowatt hour during the first five years. For the Corporation to have accepted such conditions would have resulted in the municipality obtaining its power at a significantly lower price than it had been paying.

15. F. J. Ashford to H. W. Balfour, 1 June, 1954, ibid.; Interview with H. S. Sears, 31 May, 1967; The Leader Post, (Regina), 24, 26 June, 1954. According to the press, the Regina aldermen in attendance said they were not officially representing the City. The paper also stated it understood that Regina was definitely opposed to entering an integrated scheme. However, the Weyburn Council Minutes, 24 June, 1954, refer to all those in attendance as representatives.

Saskatoon having rejected their offer, Corporation officials re-examined their proposed rate and found it quite appropriate considering the one mill assessment. However, within the next few days, during which a meeting took place between Saskatoon officials and the Board of Directors, both sides concluded that certain compromises were in order. Since their rate had been based on the estimated cost of production for the first year only, Corporation management decided to offer a new one -- 1.10 cents -- based on average costs over a five-year period, the conditions governing a reduction in retail rates previously set out to apply. The City, on its part, decided that twenty-five years would be a long enough period over which to amortize capital costs. Friebel also suggested to municipal authorities that they make a contribution of half a mill per kilowatt hour toward integration.

With agreement coming closer, Saskatoon suddenly turned up data with which to support its position. One of the charts used at the power conference showed production costs as being approximately nine mills for a load roughly applicable to Saskatoon. Municipal authorities thus made a new counter proposal. Referring to the chart and to findings of Stone and Webster, they stated that they were prepared to pay the rate shown on the chart for an agreement covering a five and a half year period and to contribute half a mill toward integrating facilities in accord with the Corporation's claim that integration should be taken into account in establishing bulk rates. If the offer

17. P. Woroby to W. B. Clipsham, 6 December, 1954, ibid.
was not acceptable, Darling was informed, the electrical committee would have to advise City Council to proceed with the construction of its own plant.

The Board of Directors had evidently already decided to drop efforts to exercise a measure of control over Saskatoon rates. Now presented with the Corporation's own chart, aware that Saskatoon (according to the findings of Stone and Webster) might be able to produce its own power for 0.9945 cents per kilowatt hour and advised that if the City was required to pay more than 0.95 cents, rates for certain highly desirable industrial consumers would be raised, the Board agreed to accept.

In announcing that agreement had been reached Mayor John McAskill hailed the new contract as "overwhelmingly in our favor." Well he might rejoice. The same issue of The Star Phoenix which carried his statement informed Saskatonians that their last electrical account showed "power at cost" to be 0.943 cents per kilowatt hour, a mere seven one hundredths of a mill different from the new contract price! What that meant in terms of "equal treatment" will be dealt with shortly. But first the completion of agreements with Swift Current and Weyburn .....................

21. Clipsham's letter of 16 December to Darling, see footnote No. 18, also appears in the Sears Papers. In this instance, however, it is dated 20 December and does not include the last three paragraphs, one of which deals with rate reductions.
22. W. B. Clipsham to J. A. Darling, 23 December, 1954, Brown Papers, PC 16-3, City of Saskatoon, Power Agreement. Conversations with Sears indicate that agreement was informally reached on December 22. Correspondence of December 23 thus would appear merely to formalize what had already been agreed upon. Sears emphasized the importance of the power conference chart in winning concessions for the City.
23. The Saskatoon Star Phoenix, 4 January, 1955, in S. P. C., Saskatoon, Town No. 4.
will be discussed in order that the three may be analyzed simultaneously in this respect.

Within a few weeks of the commencement of negotiations with Saskatoon, the Corporation also submitted proposals to Swift Current. In this case the offer more nearly resembled the one Tomlinson had originally proposed for Saskatoon as it was designed to limit municipal revenue to about fifteen percent of the power dollar. In the event that the City was willing to sell its distribution system, the Corporation stated that it would pay about $200,000 for it, make major reductions in retail rates and provide the City with substantial revenues. The municipality was also offered power in bulk for resale at rates established by the Corporation. But since Swift Current was a smaller community and generating costs were higher in that area, the proposed bulk rate was significantly higher. To encourage municipal authorities to get out of the power business and possibly because their rates were out of line with those in force elsewhere in the province, the two alternatives were set up in a manner designed to give the City more revenue and consumers greater savings if service was provided by the Corporation on a retail basis. The importance of low rates as a device

24. The proposed rate was 2.5 cents per kilowatt hour at a forty percent load factor. If the load factor was higher and the City adopted a policy of annual rate reductions and instituted aggressive sales policies, the Corporation stated that it would be willing to reduce the rate to as low as 2.28 cents for the five-year period.

25. The Corporation predicted that annual municipal revenues would range from $142,000 to $164,000 during the five-year period if the City sold out. This would be made up of gross revenue and surcharge payments, payments from Corporation revenue on natural gas sales and investment income from funds received for its distribution system. The Corporation stated that the amounts would be $50,000 more annually than the City could earn for itself, rate control, of course, being taken into consideration. Without such control Swift Current had a surplus of $192,148 on its 1954 operations.
for increasing sales and reducing power costs was also emphasized.

As in the case of Saskatoon, it may well be that Corporation officials were quite certain which of the alternatives the City would choose. A few weeks earlier they had been advised that municipal authorities were not disposed to sell their facilities and wished to negotiate a continuation of the old agreement. Perhaps the request was the result of the conference between the cities. In any event, many months passed before settlement was reached. First, outstanding matters relating to the old contract had to be settled. Swift Current, it will be recalled, had protested the size of administration charges assessed against it and had permitted the account to fall into arrears in 1950. The Corporation eventually agreed to a compromise. Not until December, 1956 was a new bulk sales contract signed. As with Saskatoon the Corporation then granted a lower rate than originally tendered and temporarily ceased attempting to limit the size of the local power surplus or to direct the City concerning how any part of it was to be used. Plans to control the level of electric rates were thus shelved. In addition, it agreed to help finance certain new facilities required by the City for its distribution system.

29. C. E. Smith to J. McIntosh, 20 November, 1956, ibid., Town No. 4. Agreement along the lines set out in this letter was completed on 17 December, 1956. The bulk rate was designed to return the Corporation 1.73 cents per kilowatt hour at a forty percent load factor and less if the load factor was higher. The construction of the new natural gas-fueled power plant there probably was an important factor in enabling the Corporation to reduce its originally proposed rate as much as it did.
While the foregoing agreements were being negotiated a third with the City of Weyburn was completed. As a result of it, Weyburn, which had been completely independent insofar as its electrical utility was concerned, began purchasing stand-by service and part of its energy requirements from the Corporation. Before discussing negotiations leading to the agreement, however, it is desirable to draw a general picture of the Weyburn utility itself.

The City of Weyburn's electrical utility was a system which by no stretch of the imagination could be described as first class. It was a prime example of much that the Corporation claimed was wrong with municipal management, the product perhaps of a policy of maximum city revenue and minimum service. As previously mentioned, Weyburn's power supply was very insecure. At peak load period under the most favorable circumstances the municipality had only an inadequate, obsolete reserve of generating capacity and insufficient spare boiler capacity "in not too good condition." The distribution system was about on a par with the powerhouse. It was described as requiring "considerable material and labor ... to bring adequate service to the ... customers." Much worse, ...........................................................

30. B. Montbriand to W. B. Clipsham and A. Hayworth, 24 March, 1953, S. P. C., Weyburn, Town No. 2. The plant had a capacity of 2,750 kilowatts made up of three units of 1,500, 750, and 500 kilowatts. Anticipated peak load was 1,875 kilowatts. To handle the peak the two largest units would be operated, leaving the smallest in reserve. The latter was obsolete, being over forty years old. The plant also contained three boilers, the largest of which could handle peak load. Of the others, one had already been condemned and the other was about to be.

31. Ibid. Too many customers were connected to transformers, and the wires used as conductors were too small in size and of excessive length, resulting in low voltage. B. Montbriand, Corporation distribution engineer, who examined the system stated that immediate steps should be taken to correct the situation. But he added, a survey would have to be made first as the City did not have adequate plans or records covering it and that a copy of legislation governing voltage regulation would have to be sent to the engineer in charge since he did not possess one.
the system was a threat to the lives of the men who ran it and the people whom it served. Its condition was such that not only could employees be 32 electrocuted but members of the general public as well.

From the manner in which the City of Weyburn was operating its electrical utility, it is evident that tax revenue was being acquired at the expense of service and safety. It was therefore reasonable to believe that the City's estimates of power profits would exceed such estimates by the Corporation. Available evidence indicates that municipal officials evaluated Corporation proposals by comparing them to the monetary results which they believed were obtainable through their own methods of running the local utility. More than that, such offers were considered largely in terms of municipal revenues, little consideration being given to how they would affect total power costs to Weyburn citizens. These things should be kept in mind during the discussion which follows so as to appreciate the position in which a publicly owned corporation is placed when it must deal with the public, particularly when government policy is not clearly enunciated.

32. Ibid. The City had violated safety regulations by not providing for sufficient climbing space on poles. In addition, some transformer cases were not grounded. In such instances, if a transformer became defective it could be energized to a point where "the lineman could be electrocuted." At the city pumping station the 2,300 volt line was uninsulated and "a ladder against the pole so children could climb up and reach these wires." At the city hall the wires leading to the R.C.M.P. heater plug were bared and "accessible to the public." That the City consistently violated safety regulations is indicated by a report made over six years later. The distribution system was then described as being in very poor condition. Quite a number of transformers were still not grounded and on others the grounds were broken. Power lines passed over, under and were split to go around telephone wires, leaving as little as two inches of clearance. Indeed, in several cases power lines were rubbing on telephone lines. See G. F. Argue to M. Barabas, 3 September, 1959, Ibid.
Negotiations with Weyburn commenced a few months after the power conference. Upon receipt of a request from the City the Corporation made a study of alternative methods of meeting future electrical needs of the community. As a result, Tomlinson advised the municipality that power should be brought in by transmission line. Pointing out that a 66,000 volt line was already in existence between there and Estevan, he stated: "... studies to date indicate that, without doubt, no further capacity should be installed at Weyburn. This is due largely to the higher overall efficiency of larger steam plants, and the fact that Weyburn will be on the route of the tie-line between Estevan and Regina and, being a small load compared to the capacity of either of these plants, can readily be served from the line with at least two sources of supply."

Believing that the community's interests would be best served by disposing of its utility, the Corporation worked out a purchase proposal designed to place Weyburn on essentially the same footing as Prince Albert, North Battleford and Yorkton stood in relation to itself. In short, Corporation officials offered to pay $444,000 for the entire system and reduce electric rates twenty-five percent. On the basis of 1952 consumption, they judged that their proposal was worth over $52,000 annually to the City and over $26,000 to consumers while enabling the municipality to avoid an expenditure of $290,000 on its system. All in all, they regarded their offer as generous, Tomlinson writing: "... our

33. J. W. Tomlinson to K. Blow, 11 September, 1953, ibid. On the basis of the results it had obtained the Corporation judged that a 50,000 kilowatt plant could produce power for less than half the cost obtainable in a 4,000 kilowatt plant. See J. W. Tomlinson to J. A. Darling, 13 March, 1953, Table I, Brown Papers, FC 14, S. Power Plants. The Regina and Estevan plants were both about 50,000 kilowatts and that of Weyburn under 4,000.
proposal shows that the total benefits to the citizens would be much greater if served by the Provincial utility and the income to the city treasury ... will exceed the projected surplus by operating a separate utility, by a considerable margin. ... Weyburn will be in a more favorable position than ... North Battleford, Yorkton, Prince Albert and Moose Jaw in respect to the amount of revenue received from power sales."

After considering the proposal for some time Weyburn authorities indicated that the price was unacceptable and outlined their position. According to Tomlinson, Mayor F. C. Eaglesham stated that the municipality was not opposed to integration and had no desire to remain in the power business for the sake of local autonomy but that any new arrangement would have to be equivalent to the previous one as far as City revenue was concerned. Tomlinson paraphrased part of the discussion thus: "... the Mayor pointed out that the main issue was a matter of collection of taxes and that even if some other sources of revenue were made available ... they would still require the surplus from the power utility to operate their City."

34. J. W. Tomlinson to J. A. Darling, 24 December, 1953, Brown Papers, PC 14, W. Power Plants. The proposal was designed to place Weyburn in the same position as Prince Albert, Yorkton, and North Battleford with respect to power revenue; but due to the income it could earn on the funds received for its system, it would be in a better financial position. The value to the City, $52,115, was calculated by adding gross revenue and surcharge income to the investment value of $444,000. On the basis of the rate at which consumption was rising the Corporation placed 1954 values of $67,000 to the City and $37,000 to consumers on its proposal. The net rate reduction to consumers would have been about fifteen percent after the surcharge was added by the City. The proposal was made in September. See Weyburn Council Minutes, 29 September, 1953.

35. J. W. Tomlinson to J. A. Darling, 24 December, 1953, Brown Papers, PC 14, W. Power Plants. The meeting is also dealt with, though in less detail, in Weyburn Council Minutes, 16 December, 1953. The minutes indicate that the City was considering installing a 2,500 or 4,000 kilowatt unit in its plant. Tomlinson claimed that in ten years such
Weyburn officials doubtless regarded their position as quite reasonable. However, their insistence on maintaining municipal revenue from power at its existing level created a dilemma for the Corporation. Its objectives of providing both reasonable revenues to cities and rate reductions to consumers were brought into conflict with each other. Besides, the Corporation believed it had already proposed to provide the City with more revenue than it could claim to be really earning on power sales. The municipality, according to its financial statement, had realized a surplus of $77,131 on the operation of its utility in 1952. However, if Corporation accounting methods were used the surplus would have been only about $46,000. "Any amount in excess of this," Tomlinson wrote, "must be considered as investment income or using up 36 of capital assets."

Early in 1954 the City obtained a brief consultant's report on its position if it sold out. The report indicated that in order to maintain municipal revenue from power at its existing level, the City would have to obtain about $500,000 more for its system than the physical value of the system. Soon thereafter the Corporation's offer was definitely 37 a machine would be worthless and stated that his organization would inevitably be operating the local plant in five to seven years. He also stated that the further into the future projections were made the better it would be for the citizens of Weyburn and the province if the City sold its plant.

36. J. W. Tomlinson to J. A. Darling, 24 December, 1953, Brown Papers, PC 14. W. Power Plants. Tomlinson claimed that the City should be providing roughly $10,000 more annually in depreciation, that about $15,000 more should be charged against the plant as interest, that $2,500 chargeable to the utility had been assessed against other accounts and that it would be losing a further $2,500 in profits since the Corporation would be serving the Mental Hospital in the future.

37. Haddin, Davis and Brown Limited, "City of Weyburn: Report on Electrical System Evaluation and Future Development of System," March, 1954, p. 3. The report covered the power problem only as it would affect the cash available to the City, rate reductions being considered as of no immediate value to the City as a corporation. See p. 7.
rejected. At a City-Government-Corporation conference, J. H. Staveley, the new mayor, stated that he and his colleagues could not agree to the price set by the Corporation as the going concern value of their system. Discussions produced wide differences of opinion as to its earning power. Premier Douglas, M. L. A. for Weyburn constituency, said that the Government preferred to deal on the basis that the Corporation would purchase the entire system, and Tomlinson argued that complete integration would result in the greatest benefits to both Weyburn and the province. Other methods of supplying the community's power requirements were discussed, however, but none was acceptable to both.

It now became fully evident to Power Corporation officials that from the City's point of view an acceptable basis for agreement could be reached only if the City itself was assured of obtaining the revenue it deemed necessary. In the hope of achieving that end Weyburn representatives made a counter proposal. They offered to sell for $800,000 plus assurance that they would receive five percent of gross revenue and ten percent surcharge payments. The Corporation responded that such a price could not be justified under its policy of standard rates, only to be informed that Weyburn citizens were completely satisfied with the rates in effect and a reduction need not be considered. On the basis that it might be possible to give the City $400,000 in cash and a further $400,000 over a period of years with the extra revenue obtained by applying Weyburn rates, the Corporation agreed to work out a new proposal, the City in turn agreeing to put its offer in writing.

Within a few days the City's proposal was received. In addition to the terms already noted it requested that the portion of the purchase price not paid in cash bear interest and be turned over in five annual installments. Such matters had probably been discussed at the meeting. However, in the meantime the Corporation had been studying the terms and found them unacceptable. Tomlinson advised Darling that, though the City had been able to show a high profit during 1952 and 1953 through its accounting methods, it could not expect to continue doing so even if electrical consumption continued to increase rapidly. Its whole system, he asserted, was being used beyond the normal limits of its capacity. Further, he claimed, increases in revenue would not carry forthcoming heavy capital expenditures and the ability of citizens to pay high rates and use ever increasing amounts of power was dependent on economic conditions which could not be guaranteed. To accept Weyburn's offer would be to place all risk on Corporation customers and give the City "a guaranteed income based on ... an abnormal revenue... ."

Tomlinson, however, did not give up hope of purchasing the Weyburn system. Instead he drafted new terms which might be offered to the City. Estimating that the municipal utility was worth only about $250,000 to the Corporation, he advised Darling that a cash payment of $500,000 could be justified. As well, the City could be offered standard gross revenue and surcharge income and "special rate differential" payments which would gradually decrease, disappearing in ten years. To enable his organization to make such payments he reluctantly acceded to the City's request that above standard rates be applied for five years. Nevertheless, predicting that there would be pressure from such organizations...
as the Board of Trade for better service at lower rates, he proposed that they be reduced somewhat.

According to Tomlinson his new offer deviated from the former one by "transferring the greater part of the customer savings to the City Treasury" and would be equivalent to the City's proposal over a period of time, provided load growth was at least ten percent per annum.

Summing up and relating the terms to other cities and the situation in which the Corporation found itself, he stated:

We feel that this offer contains benefits to the City ... that cannot be equalled by any bulk sales proposal with even moderate rate control and is vastly superior to permission to extend their own facilities which would be completely inadequate at the end of the 10-year period. ... It is difficult to assess the effect ... on negotiations with other cities. Swift Current will want a similar arrangement to assure them of $130,000 per year which would mean quite high rates compared with North Battleford and Yorkton, but not higher than Swift Current's present schedule. The same formula used at Saskatoon would net the city over a million dollar[sic] per year assured revenue, the same as a bulk agreement without rate control. ... However, unless certain cities which have become accustomed to large revenue from power sales are offered another source ... it appears that the Provincial system cannot achieve, in full, its objective to bring lower cost electric power to the people of Saskatchewan. 39

The Corporation was plainly doing its utmost to meet the demands of Weyburn.

And what were the results? Nothing spectacular. Another meeting took place between the City and the Corporation's Board of Directors during which yet another offer was worked out. The new proposal appears to have varied from that just described only in that it was designed to drain the last drops of consumer savings into the coffers of city hall. The municipality was offered half a million in cash and a quarter of a million in ten annual installments bearing no interest, plus 

standard gross revenue and surcharge income. The incompatibility 
of the Corporation's objectives of providing reasonable revenue to a 
city and rate reductions to its citizens under existing circumstances 
was all too clear.

Not for about six weeks did Weyburn give its decision. Then on 
June 1, the Corporation was informed that, although the aldermen them-
selves were apparently prepared to accept it, the offer was still 
inadequate. According to Darling, municipal officials who met with the 
Corporation stated that there had been considerable opposition to the 
offer in council, and only after many meetings did opinions change. 
While not unanimous the aldermen appeared ready to give their approval. 
During the interval, however, they had met with a select group of local 
businessmen to discuss the proposals and had at once encountered violent 
opposition, opposition which appeared to moderate only after "fuller 
discussion and better understanding" of the Corporation's offer. As 
a result, Council became convinced that it would be very difficult, if 
not impossible, to obtain approval of the burgesses because, it was 
claimed, sale would create a need for an increase in taxes. To make 
the offer more attractive the City asked the Corporation to grant a rate 
reduction, instituting Melville or, better still, North Battleford 
rates. Interest on the annual payments was also requested.

40. Chairman, Board of Directors, to J. H. Staveley, 19 April, 
1954, ibid.

41. Of the meeting the Weyburn Council Minutes, 13 May, 1954 read 
in part: "Many different sets of figures were produced by those present 
and the feeling was that rather than clarifying the situation, too many 
quoted figures were proving to be confusing." Discussed at the meeting 
were such items as purchase of stand-by power from the Corporation, the 
need to modernize Weyburn, the City's borrowing power with or without 
the power plant, what spending $350,000 on the plant would leave for 
other things, natural gas, the reactions of citizens if cheaper power 
was transmitted by the community by the Corporation and the Corporation's 
offer itself.
In describing discussions Darling asserted that he was convinced that Weyburn officials were not on a "chiselling expedition" but were really concerned about a sale being accomplished. Mayor Staveley, he wrote, informed him that he favored the terms as they stood. "On our part," Darling recorded, "we made it clear that we felt the offer ... was a very generous one and was not based on the economics of the proposition but made generous allowance for the taking over of a going concern and a large block of consumers." Nevertheless, he promised that he and his associates would reexamine their proposals. No doubt in an effort to cooperate as fully as possible, they agreed to reduce Weyburn rates between five and ten percent. The concession, however, was made in vain. After the Corporation transferred all the savings for consumers in its original proposal to the municipal treasury and agreed to grant a rate reduction to boot, municipal officials said that they were "very disappointed" in the rate schedules submitted and that the offer was not satisfactory.

Unable to obtain all concessions requested, the City took up the alternative of expanding its plant. Then upon being authorized by the Power Commission to do so and after a second meeting with elements of the business community, the Council passed a resolution declaring that it would not be in the best interests of the citizens to accept the Corporation's offer and announced that it would spend $250,000 on its generating station. According to figures presented at the meeting

43. For final offer submitted to the City in July see S. P. C. News Release, 8 September, 1954, in ibid. Estimated savings to consumers during 1955 amounted to $17,700.
44. J. H. Staveley to J. A. Darling, 6 August, 1954, ibid.
City revenue during the next ten years under municipal operation might amount to $1,444,546 whereas it would only be $744,100 if service was provided by the Power Corporation. "As a council," Mayor Staveley was quoted as saying, "we are not opposed to integrated power. If it is as good as they paint the picture then they (the Corporation) should be prepared to pay a proper price for the plant."

In commenting on the City's decision Darling stated that expansion of the power plant would not increase the sale price of the Weyburn system, the Corporation having planned to transmit power from Estevan rather than produce it locally. Corporation officials also quickly turned to what they regarded as the second best alternative, the sale of power in bulk. And within a short time a five-year agreement was completed, the City contracting to purchase stand-by service and part of its energy requirements. Expansion of the Weyburn plant was thus at least postponed except for the installation of a boiler said to cost $100,000.

Did the City make a sound decision? Evidence strongly suggests that it did not. Darling's comments to the effect that the Weyburn Council was apparently prepared to accept the Corporation's offer have already been noted. Weyburn records also attest to the difficulty municipal officials had in making up their minds. All in all, it seems quite obvious that they sincerely wished to do what was best for all

45. The Leader Post, (Regina), 22 September, 1954. The City planned to install a used boiler and second-hand turbine. Capital costs would thus have been kept down but operating costs might well have been high.

46. Ibid., 29 September, 1954.

47. The City agreed to purchase 1,500 kilowatts of stand-by capacity, an amount equal to its largest generator. The Corporation thus began to be paid for the service it provided free of charge during negotiations. The City also agreed not to expand its plant for three years, when it might do so only after giving the Corporation two years' notice.

concerned. But they were faced with technical questions which they do not seem to have understood very well and which had to be solved at a time when the provincial electrical utilities situation was being rapidly transformed. Their meetings with businessmen were no doubt held in an effort to obtain guidance. Unfortunately, municipal authorities did not appear to know what they could expect from their utility in the future and consequently presented businessmen with completely inadequate comparisons when seeking opinions on whether to accept the Corporation's offer or expand the local plant. City authorities knew and did not hide the fact that their figures left much to be desired. Nevertheless, those figures weighed so strongly in favor of retention and expansion of the municipal plant that it was practically a foregone conclusion that everyone present would favor such a scheme. As a

49. The Corporation had stated that if its offer was accepted the City could expect to have an income of $84,100 in 1955, $105,000 in 1960 and $130,500 in 1964. Total City revenue during the next ten years was estimated at $1,044,100 provided the annual increase in consumption was ten percent. During the same period consumers would save an estimated $281,400 through rate reductions. See S. P. C. News Release, 8 September, 1954. To evaluate the offer the City reduced the Corporation's estimates of municipal revenue to $54,100 for 1955, $75,000 for 1960, $100,500 for 1964 and $744,100 for the ten-year period. Weyburn officials placed no value on the ten annual payments of $25,000 each and they reduced Corporation estimates of the investment value of $500,000 by $5,000 per year. Furthermore, they did not include the rate reduction in their calculations. On the other hand, when placing a value on continued municipal operation, they took the surplus they were obtaining from the utility and increased it by ten percent per year. This indicated that retention and expansion of the plant would give the City an income of $80,118 in 1955, $135,225 in 1960, $231,807 in 1964 and $1,444,546 during the next ten years. The Council knew its figures were not really adequate. Of a meeting a few hours prior to that with businessmen the minutes read with respect to the figures for continued City operation: "It was agreed that no one on the Council really expects such an annual increase but the basis was used in order to compare figures with those of the S. P. C. ... which were projected on a 10% annual increase." Moreover, when meeting the businessmen City officials pointed out weaknesses in their own figures. See Weyburn Council Minutes, 21 September, 1954.
result, the City continued to operate its own system for an additional five years. The surpluses accruing to the municipality during those years indicate just how fantastic the figures presented at the meeting really were. Indeed, they lead to the conclusion that the course adopted did not result in the municipal treasury being enriched but had quite the opposite effect. Furthermore, that the City showed even the surpluses it did must be attributed at least in part to Weyburn citizens using electricity produced at high cost and distributed over a second-rate, unsafe system.

Other evidence also indicates that the City should have disposed of its system. Corporation estimates placed Weyburn production costs at 1.90 cents per kilowatt hour. The City, it may be, believed its costs were about 1.60 cents. Electricity which the Corporation would have transmitted to the city to meet its requirements was being produced at Estevan for slightly over half a cent. In view of such contrasts it would seem that the continued operation of the Weyburn plant was not an economic proposition and the expenditure of $100,000 on it simply a waste of money.

50. During 1955 through 1959 Weyburn reported surpluses of $54,503, $73,170, $87,411, $86,675 and $81,003 in its financial statements. The total for the five years was only $382,752. Clearly, the City would never take in anywhere near $1,444,000 in ten years at that rate. Indeed, the 1955 and 1956 surpluses attest to the accuracy of Tomlinson's prediction that high profits could not be maintained if heavy capital expenditures had to be made. As well, the 1955 surplus nullifies one of its reasons for not accepting the Corporation's offer, namely, that to do so would result in an increase in taxes. The surplus they had relied on to keep down taxation declined sharply that year.

51. J. R. Sarsfield to J. H. Staveley, 13 December, 1954, Brown Papers, PC 14, W. Power Plants includes Corporation estimates and states that the price to Weyburn would be about 1.60 cents per kilowatt hour at a forty percent load factor. Mayor Staveley had described the price as approximately equal to Weyburn's production costs. See Memorandum by H. P. Gatin, 4 November, 1954, S. P. C., Weyburn, Town No. 3. The price to the City would fall with improvements in its load factor and increased purchases of power. Estevan production costs were 0.580 cents for 1955. See R. R. Keith to L. G. Ganne, 14 March, 1957, S. P. C., Legislature, Votes and Proceedings No. 10.
As will have been observed the Power Corporation suffered a number of setbacks in reaching agreements with the three cities. None would part with its facilities. Thus complete integration of generation and distribution could not be accomplished. None would agree to limits being placed on its revenue from power. Hence rates were held above levels the Corporation deemed desirable, cheap electricity having to give way to municipal revenue all along the line. More than that, the Corporation accepted lower wholesale rates for both Saskatoon and Swift Current than it originally requested. Those cities therefore made smaller contributions toward financing the provincial system than Corporation officials hoped to obtain from them. All things considered, it would appear that not a great deal was accomplished immediately toward achieving Darling's stated objective of treating the various cities equally, taking all factors into consideration. In respect to municipal revenue, the cities served on a retail basis obtained about 52 fifteen percent of the power dollar. On the other hand, without rate control Saskatoon, Weyburn and Swift Current could and did obtain more. It might be argued that this was not unequal treatment since, if the cities kept their rates higher than the Corporation wished, they were simply taking money from their own citizens. To do so, however, is to ignore the arguments for rate control. Low rates, the Corporation maintained, would stimulate consumption and make possible lower generating costs. Keeping their rates high compared to those set by the Corporation ........................

52. In 1954 the Corporation arranged to provide Prince Albert, Yorkton and North Battleford with somewhat more revenue than they had been receiving. Until then gross revenue payments were based on the Corporation's 1951 revenue, that year it began to be calculated on the revenue of the current year. See J. R. Sarsfield to H. M. Jackson, 30 March, 1954, S. P. C., Yorkton, Town No. 4.
for its own retail customers and purchasing power from the provincial system actually meant that the cities were taking the advantages resulting from the creation of that system but, for the convenience of those in charge of municipal financing, were not obliged to accept any of its disadvantages.

There were also other inequalities. When working out its original proposal for Saskatoon, the Corporation estimated that it was earning an average profit of about five and a half mills on each kilowatt hour of electricity sold in Yorkton, North Battleford and Prince Albert. This contrasts sharply with approximately four-tenths and eight-tenths of a mill earned on sales to Saskatoon in 1955 and 1956. To draw a really accurate comparison the rate reduction granted to the Corporation's retail customers in 1955 would have to be taken into account. Nonetheless, the return on sales to the City of Saskatoon in 1956 did not equal one-third of the average amount (2.8 mills) earned on all kilowatt hours sold by the Corporation that year. In view of such differences one could scarcely claim that in practice equal treatment involved equal contributions toward construction of the integrated system. Indeed, on the basis of the price at which power was sold to Saskatoon and estimates by the Corporation and by Stone and Webster of what it would cost the municipality to produce its own electricity, it would seem that Saskatoon continued to receive part of the savings resulting solely from integration toward which until then it had contributed little.

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While a search of the records did not yield data from which to draw conclusions regarding the contributions of Swift Current and Weyburn toward the integrated system, they too seem to have enjoyed a favored position. At a conference on power policies in 1957 it was disclosed that concessions had been made to them because of their preferential position in relation to energy resources: Weyburn to lignite and Swift Current to natural gas.

Why was it necessary for the Corporation thus to compromise its objectives in reaching agreements? As already indicated, it was partly because of resistance offered by the three cities to its proposals. But, as the Economic Advisory and Planning Board implied and as had been shown, it was also the result of the position adopted by the Government. Having indicated in 1949 that an integrated power system would be built and having campaigned in 1952 for reelection on a promise that thousands of farms and all towns would be electrified during the life of the next legislature, a program which necessitated the establishment of such a system on a province-wide basis, the Government hesitated to take certain steps to facilitate it. Among other things, it did not proclaim its rate control legislation, it did not require utilities to

56. Bulk Sale of Power, S. P. C. Conference on Power Policies, 1-2 November, 1957, Brown Papers. It was also stated that attempts to obtain the one mill assessment over and above estimated generating costs in a plant suited to a city's needs were never successful. It should be pointed out that the Corporation probably obtained a good margin of profit on sales to Weyburn. However, since the municipality bought only a portion of its requirements, it is improbable that it bore anything like the portion of the cost of the integrated system that a city served retail did.

57. For a discussion of the election plank concerning the electrification of 40,000 farms and all towns see Memorandum on Farm Electrification policies by C. E. Smith, 16 July, 1952, S. P. C., Rural Electrification, General No. 2.
conform to standard accounting practices and it did not adopt as policy any of the methods for financing integration worked out prior to the power conference. Since the Government did not act to control rates, the cities could scarcely be expected to accept such regulation at the request of Power Corporation officials. Without rate control and standard accounting methods, Weyburn and the Corporation negotiated in two different languages much of the time.

For the Corporation to be in a position to carry out its integration program with a minimum of difficulty, the question of city revenues had to be settled. The only way the Corporation could do this on its own was to try to meet the demands of the cities. Only the Government could settle it in any other manner such as by opening other sources. In regard to the problem and a possible solution the Economic Advisory and Planning Board stated:

It may be considered unavoidable that the cities now enjoying utility profits should be guaranteed all or the major part of such income, without resort to increased taxation, but if this is so, there is no reason why the burden of providing it should be borne wholly by the Power Corporation. To insist that it do so is to add a further disability to an important Government utility which is already operating under severe handicaps. We believe that the Government should therefore give careful attention to some bold alternative means of supplementing municipal revenues. This should be accompanied by a reduction in the obligations of the Power Corporation in this regard, thus providing it with a greater degree of much-needed freedom. ... perhaps the most logical one would be to shift a proper share of the burden to the other major utility operated by the Government, the Telephone Company, which alone of the Government's commercial enterprises pays nothing to the cities in lieu of taxes. If a practicable method to do this could be devised, with adequate safeguard, each of the three utilities - power, gas and telephones - could extract a modest contribution from its consumers for payment to the urban centres, rather than the major part of the burden being carried by power alone. 58

That the Government was aware of the extent of the difficulties the municipal revenue question imposed on the Corporation is obvious. In a letter to the Premier, Darling stated: "Our province is probably the most costly in Canada to serve with electric power ... and yet we are the only province which contributed two million dollars from power revenues to city revenues last year." The matter, he stated, was "the stumbling block in all ... attempted negotiations." But Darling saw no solution. He indicated that he believed the cities needed revenue in addition to that raised by taxation but was opposed to instituting subsidization by the telephones. To do so would require an increase in rates. They had only recently been raised to provide capital for expansion, he pointed out. The unsatisfactory position in which the Power Corporation was placed, as well as himself as chairman of its Board of Directors, was evident. In reference to the Corporation's efforts to work out a formula which would protect its financial position and be fair to all cities, he asserted: "Although Mr. Tomlinson has not admitted defeat a measure of frustration is very evident. ... He has, on occasions, questioned the logic of a policy which requires that city revenues be subsidized from the power utility while Saskatchewan Government Telephones makes no contribution. The only answer to that is that it has always been so."

Seemingly unable to find any satisfactory method of providing other sources of revenue for the cities, the Government was unwilling to control rates, much less adopt the even more politically unpopular course of ending diversions from power to general municipal revenues applied in ....

Manitoba. As a result, its attitude toward integration was very flexible. That Premier Douglas contradicted his own policies in talks with Saskatoon has already been shown. His actions were duplicated during negotiations with Weyburn. When a proposal was received from municipal officials he instructed the Corporation as follows: "I think that an endeavour should be made to reach some finality on this question in the near future by (a) Making some counter-proposal ... (b) If no agreement can be reached regarding the purchase of the plant, some specific offer for selling power in bulk should be submitted or (c) The City ... should be told that we reluctantly accede to their request to extend their present generating facilities." In short, while Corporation management was attempting to carry out its assigned task of building an integrated power system, the only means by which certain C. C. F. promises could be fulfilled, the leader of the Government was issuing instructions stating in effect: concentrate generating capacity at selected locations or do not so concentrate it, integrate or do not integrate.

In the final analysis, it is to the inadequate state of government policy that the unequal treatment of cities described above must be attributed. Because of its structure the Power Corporation could be no more firm than the Government itself was in dealing with the cities. Reaching agreements involved policy decisions, decisions to be made by the Board of Directors. The chairman and vice-chairman of the Board were (and are) cabinet members. And it is mainly through the Board, together with a system of budgetary checks, that the Province controls the Corporation. Thus where matters of policy were concerned such as

offering specific terms to a city or granting concessions requested by it, Corporation management was bound by what the government of the day was willing to support.

In spite of the obscure nature of official policy and the shortcomings of the agreements reached with the three cities, those agreements were a fairly significant advance for the Corporation. The sale of power at cost, upon which had rested the preferred status of Saskatoon and Swift Current, came to an end. Substantial expenditures on Weyburn's small power plant were also prevented. That the provincial utility would thereafter obtain some profit on electricity consumed in the three communities meant that greater reserves would be available for building the integrated system, which alone could assure all parts of the province of power in adequate quantities. The arguments of Corporation officials for lower rates were also not completely in vain. Progress was thus made toward their objectives. Equally important, 61

61. Upon completing negotiations with the Corporation a committee of aldermen reported to the Saskatoon City Council as follows: "For several years past objections have been voiced ... about the extent to which the electrical utility surplus is being used to reduce the tax burden .... Your Committee fully appreciates the undesirable features of this practice but has been forced to the conclusion that until alternative sources ... are available it will be impossible to make any really substantial reductions in retail rates .... Your committee nevertheless is of the opinion that a start should be made now in a progressive plan to reduce rates and consequently the amount of the surplus ... being taken into general revenue." See Saskatoon Council Minutes, 14 February, 1955. The committee later recommended that a ceiling of $800,000 be placed on annual contributions of the utility to municipal revenue. See ibid., 3 December, 1956. The recommendation did not become policy but rates were adjusted. The Corporation was apparently less successful in its dealings with Swift Current. See footnote No. 62.

62. The Saskatoon agreement remained unchanged until 1964. At that time, it would seem, the Corporation was satisfied with the return it was obtaining on sales to the City as a reduction in the wholesale rate was offered. See D. Cass-Beggs to P. C. Klaehn, 7 July, 1964, S. P. C., Saskatoon, Town No. 5. The reduction amounted to five percent. See L. G. Ganne to D. G. Stewart, 5 April, 1965, ibid. A new
the Corporation was gradually acquiring the means by which it would eventually solve the problems confronting it. As mile upon mile of heavy transmission line spread across the province, as its major plants increased in size, and as it became possible to establish even more economically operated generating stations, its power production costs fell further and further below those attainable in isolated city plants. It was thus eventually enabled to purchase the systems it desired, meeting demands for municipal revenue to the satisfaction of city authorities.

..........agreement providing for a similar reduction was completed with Swift Current at about the same time. Negotiations leading to it are especially interesting as they illustrate how strongly some municipal officials felt about utility profits. Negotiations began with the City requesting a reduction of about twelve percent, claiming that the Corporation could grant this and stating that the savings would be passed on to consumers. The Corporation replied that no reduction was justified, but that since it favored low rates it would grant one of five percent provided the City would agree to limit its power surplus to $250,000 per year. If this were done, the Corporation added, it appeared that much greater reductions could be granted in the next few years. The City refused to accept the condition. Rather than reduce its reliance on the utility for revenue and raise more funds by taxation, a procedure which the City alleged would be unfair to property holders, it chose to pay the Corporation a higher price than necessary for its power for roughly three years. The interests of the citizens of Swift Current thus suffered in order that the City's methods of obtaining revenue might remain unchanged. Furthermore, the financial statements of the cities indicate that at the time Swift Current was taking a higher percentage of the power dollar into municipal revenue than any other city. Only after the Corporation dropped its condition was agreement reached. See D. Cass-Beggs to C. F. McLeod, 13 June, 1962, Brown Papers, PC 16-1, City of Swift Current; Swift Current Brief to Cabinet, 8 October, 1963, R. Brown to W. G. Bolstad, 16 January, 1964, ibid., PC 1, Minister.
CHAPTER TWELVE

INTEGRATION IV: ALTERNATIVES NO LONGER ATTRACTIVE

Is there an alternative to integration? Yes, there is. You have it now. But can you afford to carry on without integration? ¹

For some time following completion of the agreements discussed in the preceding chapter, little progress was made by Power Corporation officials toward integration insofar as relationships with the various independent utilities were concerned. Though they were in communication with the City of Regina and National Light and Power while negotiating with Saskatoon, Weyburn, and Swift Current, neither Regina municipal authorities nor the Moose Jaw firm proved cooperative. Apparently fearful that municipal revenues would be adversely affected by pooling of facilities with the Corporation, Regina was determined to remain independent. Politics and civic pride in the local power plant probably also played a part in the decision. Then too, it is not inconceivable that H. I. Nicholl, the City's chief advisor in matters concerning the utility, sought to take advantage of local feelings to maintain ..................


2. One cannot read through many of the records concerning the Regina utility without concluding that it was a source of considerable civic pride. This was understandable in view of the fact that for many years the community possessed the largest power plant and lowest electrical rates in the province. It was thus quite natural that anything which threatened the utility should be suspect.
and enlarge an empire for himself on the banks of Wascana Creek.

National Light and Power was equally unwilling to dispose of its property. As a result, throughout the 'fifties and into the 'sixties economic waste continued. There was some duplication of machinery, equipment could have been installed at better locations, facilities could have been used more efficiently, fuel costs could have been reduced, and it is not inconceivable that installation of larger, more economically operated generating units was delayed somewhat. While it is impossible to go into all the details, this chapter will briefly sketch some of the history of the independent utilities for the period and describe how they, together with the Weyburn system, were eventually purchased by the Province, thereby paving the way for virtually complete integration of Saskatchewan's electrical facilities.

Expansion of the Regina plant will be dealt with in some detail in subsequent pages, and civic authorities of that city will appear to have acted quite imprudently and to have been responsible for considerable waste. However, it should be made clear at the outset that they are not to be held solely responsible. While it is true that they acted without examining carefully enough what they were doing, the Government could have prevented them from pursuing the course they did by insisting that all electrical facilities be pooled or fully integrated. The Government knew what was happening but no doubt for political advantage did not prevent it. The Power Corporation must also share in the blame, at least in the early stages. Its criticism of the practice of diverting power profits to municipal coffers doubtless frightened city authorities and may have created distrust of its motives. Whatever

3. Interview with J. A. Darling, 1 June, 1967.
the merits of the practice, criticism of it while being able to do little or nothing about it probably did as much harm as good. Corporation management must have known that the Government was unwilling to control such diversions either directly or by controlling electrical rates.

What specifically was the position taken by the Corporation with respect to the independent utilities in the years immediately following the power conference? From all indications, its attitude toward them varied. As has been shown, it wished to purchase the Weyburn system, believing that to be in the best interests of all concerned. It also wished to buy National Light and Power, regarding as undesirable a power pool containing privately owned as well as publicly and municipally owned components. At the same time, it was quite prepared to welcome both the Moose Jaw firm and Regina into a pool in which each would retain considerable independence.

That the Corporation was willing to see Regina in a pool, but functioning much as it had in the past, and that it did not make a sustained effort to acquire National Light and Power is largely explicable in terms of finance. At roughly the same time that it began making major outlays on a high-voltage grid and generating facilities, it commenced making power available to farms on a large scale and serving remaining urban areas. Soon thereafter it also undertook to build an extensive natural gas system. The programs taxed the Province's ability to provide funds. In addition, during much of the decade the Corporation possessed little spare generating capacity. Under the circumstances the benefits

4. The Corporation believed it would take longer and be more difficult to work out satisfactory pooling arrangements under such circumstances.
which could be attributed to purchase of the two utilities were exceeded by the economic returns which could be expected from other investments.

Regina's position and actions may have affected the course followed by the Corporation in regard to Moose Jaw. To integrate the south it was desirable that Estevan, Regina and Moose Jaw be joined, the transmission line extending from Estevan to Regina and on to Moose Jaw. During 1953 and 1954 the Corporation gave a good deal of thought to such a line but eventually postponed its construction beyond Weyburn until 1956. When considering it in 1953 Corporation officials were depending on the cooperative refinery at Regina to make the line an economic proposition by providing a bulk load there. However, they lost the load when Regina annexed the refinery area. The following spring the project again received attention. But no action was taken, mainly, it would seem, because of Regina's unwillingness to cooperate. With Regina wishing to

6. A. E. Blakeney to J. A. Darling, 22 April, 1953, ibid., PC 16-4, City of Regina Power Agreement. There is nothing to indicate that Regina was aware its action would adversely affect the Corporation's integration plans.
7. The City and its electrical utility officials were asked to meet the Corporation's Board of Directors and officials to discuss integration and other problems. See J. A. Darling to Mayor and Council, 18 May, 1954, ibid. The City was agreeable but planned to have its entire council and its advisers meet the Government and members of the Corporation. See Regina Council Minutes, 1 June, 1954. The Corporation may have feared such a procedure would result in a political controversy or that discussions would have little chance of success with so many people involved. In addition, a few days later members of the Regina Council met with aldermen from Saskatoon, Weyburn and Swift Current. The Corporation was aware of the meetings and correctly assumed that the cities had come to some agreement concerning negotiations with itself. Possibly believing that enough difficulties would be encountered in negotiating with three cities under such circumstances, it evidently decided not to get involved with Regina as well. On its part Regina seems to have made no effort to open discussions. Indeed, it may well be that a committee had already been established in the city for the purpose of keeping the plant under municipal ownership and hence opposing integration. See comments by Alderman Joseph Young in The Leader-Post, (Regina), 6 September, 1957. When interviewed J. A. Darling stated that it was impossible to discuss integration with Regina authorities.
remain outside the integrated system and being located on the route of the proposed line to Moose Jaw, acquisition of National Light and Power no doubt appeared less attractive.

All things considered, the 1953 power conference and events immediately following it indicated that it would be very difficult and would take some time to bring Regina into an integrated system. Less than two weeks after the meeting, Regina officials indicated that installation of the 30,000 kilowatt unit previously mentioned would be proceeded with. It will be recalled that prior to any controversy over integration H. I. Nicholl, Regina's electrical superintendent, was recorded as having told Tomlinson that his plant's cooling water supply could handle a 50,000 kilowatt peak load but that problems would be encountered in dry years. Aware of this or maybe on the basis of his own observations, W. B. Clipsham warned Regina authorities about their water supply at the conference. Stating that precipitation had recently been above normal, he expressed the belief that a return to normal or subnormal conditions might require a reduction in plant output and urged that expansion not be undertaken without careful study. He also suggested that those responsible would be in a more secure position if they had a competent outside consultant agreeing with their conclusions. Regina, however, did not accept the advice. Rather, when discussing expansion shortly afterwards, Nicholl deprecated Clipsham's warning. The deepening and widening of Wascana Creek five years earlier, he reportedly stated, made expansion possible. Furthermore, the plant was dependent on spring runoff rather than summer rain and extra water could be diverted

into the reservoir when the Buffalo Pound pipeline was completed. In this fashion he sought to justify publicly Regina's isolationist policy.

Unfortunately from both an economic and practical viewpoint Regina's policy was quite unwise. The conclusion reached by Corporation officials that power could be generated at Estevan and transmitted to the capital more cheaply than it could be produced locally was sound. And nature itself was to decide the issue concerning the water supply. With the second half of the 'fifties came dry weather. The supply of cooling water shrunk, reaching crisis proportions in the summer of 1959. Plant output had to be reduced by a reported fifty percent, peak load then

9. The Leader-Post, (Regina), 10 June, 1953. It was expected that the unit would be ready for service in 1956, the predicted peak load for the winter of 1956-57 being 50,000 to 52,000 kilowatts. The Buffalo Pound pipeline was designed to carry water from Buffalo Pound Lake to Regina and Moose Jaw.

10. In June, 1953 Corporation and Regina officials compared production costs. These were found to be 0.6069 cents per kilowatt hour at Regina and 0.651 at Saskatoon, the difference being accountable for by labor, maintenance, workmen's compensation and pension charges. See R. R. Keith to J. W. Tomlinson, 15 June, 1953, S. P. C., Power Development, Integrated Provincial Power System, Power Pool. Thus, calculated on the same basis the operating costs at the two plants were almost the same. During subsequent years such costs do not appear to have changed significantly. For example, in 1955 and 1957 they were 0.631 and 0.622 respectively at Saskatoon. Figures supplied by S. P. C. Power Production Department. And as late as 1960 the cost at Regina was 0.6135 cents per kilowatt hour. See Haddin, Davis and Brown Limited, "Technical and Economic Report on the City Power Plant and Distribution System Regina, Saskatchewan," January, 1962, Tab. No. 5, Brown Papers, PC 16-4, City of Regina Power Agreement. Hereinafter cited as Haddin Report. Operating costs at the Corporation's Estevan plant, on the other hand, were much lower, being 0.314 and 0.282 cents for 1955 and 1956. See R. R. Keith to L. G. Canne, 8, 14 March, 1957, S. P. C., Legislature, Votes and Proceedings No. 10. Cost of transmission would have been about one mill per hundred miles. See "A Submission to the Royal Commission on Canada's Economic Prospects by the Government of Saskatchewan," November, 1955, p. 123, A. S. Since Estevan generating costs plus transmission costs were considerably less than generating costs at Regina, from the point of view of economy power should have been produced there and brought to the city rather than expand the local plant.
being only about 40,000 kilowatts. Essentially only two things were accomplished by the municipality expanding its power plant: it was definitely assured of all power profits and the time when it might have to examine its methods of raising revenue was pushed into the future. But those achievements were gained through economic waste, the citizens of Regina shouldering the burden of needlessly high power plant fuel costs and expenditures on machinery which might have been unnecessary at the time. Moreover, problems which the City would eventually have to face were complicated and their future solution rendered more difficult.

11. The new turbine went into operation in January, 1956. In July of the same year the City spent $140,000 to bring more water to the plant from the lower portion of Wascana Lake. See Regina Council Minutes, 3 July, 1956. But even that proved insufficient. During the next two years precipitation declined, the situation becoming critical by June, 1959. The City attempted to carry on but by the middle of the month it proved physically impossible to do so. Peak load on the plant at the time was reported to be about 40,000 kilowatts. See The Leader-Post, (Regina), 5, 12 June, 1959. In a report to City Council the City Commissioners then stated: "It is obvious that the present water supply at the Creek is incapable of supporting a major Power Plant." See City Commissioners to Mayor and Council, 16 June, 1959, in Regina Council Minutes, 16 June, 1959. The City had to turn to the Corporation for aid. As things turned out, Regina bought power for only a matter of hours. As the crisis was approaching about 30,000,000 gallons of water were pumped into the cooling reservoir. But it was not the Buffalo Pound pipeline which saved the day. Rather ironically it was a heavy June downpour, the very thing Nicholl had claimed the plant was not dependent upon. See The Leader-Post, (Regina), 18 June, 1959. It is worth noting that inadequate planning with respect to the plant's water supply went further back in time than the decision to install the turbine. According to the press, the City had constructed dams without legal authority to do so and was circulating more water for cooling purposes than permitted under existing agreements. Failure to protect its water supply by legal means could have had even worse results had the dry spell continued. Wascana Lake was the only source of water for irrigating adjacent parks. There was a possibility that it might become necessary to breach a dam to make water available for that purpose. Had such a step been taken it would have had the effect of closing the plant. See ibid., 5, 12 June, 1959.

12. The difference in generating costs at Regina and Estevan was due largely to fuel prices, 4.08 as compared to 1.16 mills per kilowatt hour. See "A Submission to the Royal Commission on Canada's Economic Prospects by the Government of Saskatchewan," November, 1955, p. 123. The reader will also recall Tomlinson's assertion that with integration the unit Regina proposed to install might not be needed.
If there was any change in the attitude of Regina officials toward remaining autonomous as the 'fifties progressed, it would seem that some of them became more rather than less determined to do so. In addition to Regina's new turbine going into operation in 1956 two other events of importance to electrical utility operation in the area took place then; the Corporation finished constructing its first heavy transmission line from Estevan to the outskirts of the city and largely completed plans for supplying natural gas to the community in 1957. The one made integration immediately practical; the other made possible a moderate reduction in local power production costs. Early in the year, before the Estevan line was in operation, certain Regina aldermen became somewhat concerned about their power supply. Following a shutdown at their plant they called upon Council to arrange for the Corporation to provide stand-by service in such instances. Nicholl, who was present, pointed out that the latter could supply only a small portion of local needs as it did not have a line into the city over which much power could be moved, which was true at that particular moment. Consequently, the motion was amended to have the question of stand-by referred to the 13 Power and Transportation Committee for a full report. Not long afterwards Regina arranged to purchase gas from the Corporation for use in its power plant on an "interruptible" basis during certain months for a five-year period. However, any thought of dealing with the latter regarding stand-by or integration evidently died in committee.

13. Regina Council Minutes, 12 April, 1956.
14. The agreement provided that for 1958 through 1962 gas would be supplied to the Regina plant between March 15 and November 15 each year. At any time after 1962 it was subject to termination upon six months' notice. In addition, during the life of the contract the plant could be
Early in 1957 the Power and Transportation Committee decided that the local generating station should be further enlarged. Concluding that dry years were approaching during which there would be insufficient cooling water to operate existing equipment, the members determined to install a stand-by unit requiring much less water. The type of machine selected was a gas turbine fitted to operate with oil as well. Estimating the cost completely installed at $2,250,000, they authorized Nicholl to apply to the Power Commission for permission to proceed.

The Power Corporation quickly learned of what was afoot and set out to prevent it. The Boundary Dam and Queen Elizabeth stations were under construction and would be in operation before Regina could have a new unit ready for service. By that time the integrated system would also be nearing completion and the stand-by capacity it would require would be sufficient not only for the Corporation but for the City as well. Wishing to avoid needless duplication of costly equipment but no doubt realizing required to convert to other fuel upon fifteen minutes' notice. If such a request was not complied with, the City could be heavily penalized, gas supplies cut off and the contract cancelled. See copy of contract in ibid., 26 October, 1956.

15. Report of the Power and Transportation Committee, 9 May, 1957, in ibid., 10 May, 1957. Of the proposed machine the report stated that it would be "ideal for use in the summer when the supply of water is short" and excellent for peak load. The application to the Power Commission read in part: "... a dry cycle seems to be approaching and if we should get two dry years in succession in Regina our cooling water would be insufficient for our existing plant." See H. I. Nicholl to J. K. Swanson, 20 February, 1957, Power Commission Records, City of Regina, Turbine, L. C. B. File No. 25. The records indicate that the main immediate concern in proposing to install the unit was to provide stand-by for steam equipment which could not be relied upon in summer. Furthermore, the extract from Nicholl's letter attests to the ill-advised nature of the decision to install the steam turbine previously discussed. In the light of the fact that Regina officials knew that a cooling water crisis was possible this long before it came obliges one to attribute the water shortage of 1959 at least in part to inadequate planning and failure to take action on a problem known to exist.
that it would be very difficult to obtain Regina's cooperation, the Corporation made the City an extremely generous proposal.

At a conference Regina officials were informed of Corporation plans for connecting their community with Estevan, Moose Jaw and Saskatoon. Shortly thereafter Cass-Beggs advised the City that from 1958 onward his organization would have considerable reserve capacity and enough spinning reserve -- reserve ready for immediate use -- for both itself and Regina. Stating that Corporation reserve plus Regina reserve should not be larger than for the provincial system alone, he proposed that a three-year agreement be concluded (to become effective May 1, 1959, about the time Regina's unit could be ready), the Corporation to make enough spinning reserve available to the City to assure it of 30,000 kilowatts at all times. The service itself would cost nothing, Regina being asked to pay only half the annual charges on the transformer station joining the two systems, a sum which he was prepared to guarantee would not exceed $10,000 per annum. If the City was agreeable, Cass-Beggs predicted that it might save $250,000 per year in capital costs. In addition, the municipality was informed that it could purchase energy under arrangements which would not increase its costs or which might reduce them or that if it wished a power pool might be formed.

According to the Corporation, Regina's choice was simple: independence at a cost of $2,250,000 or a step toward integration with savings of $750,000. Regina chose the former. Indeed, the City indicated even before the offer was made that the rejection of any Corporation proposal was almost certain. At the first mention of the Corporation's providing

16. D. Cass-Beggs to J. E. Stinson, 26 April, 1957, Brown Papers, PC 16-4, City of Regina Power Agreement. There were no strings attached to the offer, the City being advised it would be free to review its position later.
the City with stand-by, Nicholl wrote: "I have discussed this matter
with the Power and Transportation Committee ... and with the City
Commissioners, and ... I can not see any reason why we should be interested
at the present time in the future plans of the ... Corporation. In fact
the arguments raised ... are an old story with us since much the same
argument was used at the time we applied for and got permission to install
our present 30,000 K. W. unit."

If certain episodes in the history of Saskatchewan's electrical
utility are to be considered as stains on the record, the rejection of the
Corporation's offer and events which immediately followed must be included
among them. In their report to City Council the Power and Transportation
Committee, Aldermen Donald McPherson, Henry Baker and Joseph Young, stated:

Your ... Committee and the City Commissioners have discussed
this proposal and, while we agree that interconnection has
advantages and the proposal as submitted has some merit, we are
definitely of the opinion that it is in the interests of the
City of Regina for it to maintain and operate its plant inde­
pendently as has been the case for more than fifty years. We

17. H. I. Nicholl to J. K. Swanson, 14 March, 1957, Power Commission
Records, City of Regina, Turbine, L. G. B. File, No. 25, Regina's deter­
mination to expand its plant appears elsewhere in the records. Of the
conference at which the Corporation outlined its plans and indicated the
amount of money the City might save, Power Commissioner Swanson wrote
that municipal authorities "were adamant in their purpose to install
sufficient capacity to take care of the City's requirements regardless
of any proffers by the S. P. C. even if beneficial. ... it was perfectly
clear that those present were not interested at all in our advances to
share with them any part of their generating load. As I see it they want
a hands-off policy and will not accept offers from anyone invading their
municipal field." The meeting concluded with Regina requesting immediate
permission to expand. See J. K. Swanson to R. Brown, 28 March, 1957,
ibid. Swanson's conclusions were confirmed by a letter from Nicholl
shortly thereafter in which the latter stated that the City was "not
interested in the Power Corporation's ideas." It also read: "I also
think that in our meeting with yourself and the Power Corporation
authorities of recent date ... the members of my Committee together with
the Commissioners made it quite plain that we were not interested in
their additional capacity at Estevan, what we required was a machine for
the Regina plant to take care of ourselves ... ." See H. I. Nicholl
to J. K. Swanson, 5 April, 1957, ibid.
Would also point out that we have analyzed the proposal from the standpoint of cost and cannot agree with the ... Corporation that there is no advantage to the City financially as well as otherwise in not owning its own machine.

The aldermen recommended that they be authorized to continue to press for permission to expand their plant, and City Council gave its unanimous consent.

How the aldermen could arrive at such conclusions is impossible to say since they evidently presented Council with no supporting data. Nevertheless, how the City could be better off financially paying the fixed charges on a $2,250,000 investment than spending a maximum of $10,000 for the same service simply defies explanation. On the basis of cold, hard economics the City's decision could not be supported. Moreover, the methods used to justify it publicly made it even worse. In rejecting the Corporation's offer Alderman Young was reported as stating: "The city would be able to buy the turbine and pay for it and produce power at the same cost at which it could purchase from the SPC."

Not only was the statement misleading but on the basis of data in his possession it could not be adequately supported. The Corporation's offer was essentially one of free stand-by, the City being required to purchase no power. Then too, since the City did not obtain rates from the Corporation for the various arrangements under which power might be purchased, the cost of purchased power could not be compared with Regina production costs. Young, according to The Leader, further said: "The Commission has advocated caution in overextending the plant, yet it should be noted that the SPC proposes to supply the City with power from its Estevan plant which means that the plant there is overextended beyond ...

the requirements of provincial customers." Again the statement was not in accord with the facts in his possession. Cass-Beggs had indicated that not until 1958 would his organization have considerable reserve capacity and only in 1959 would it share that capacity with Regina, the same capacity serving both parties. More than that, Corporation reserve would be the reserve of an integrated system, not simply reserve at Estevan. Nicholl's comments at the same Council meeting also gave a distorted view of the situation. According to the press, he stated that the Corporation could supply Regina with a maximum of only 15,000 kilowatts and only about 5,000 at peak load period. The statement simply showed what the Corporation could do at the moment, not what it had offered for 1959. He may also have attempted to frighten the citizenry.

A few weeks after rejecting the Corporation's offer, Regina was advised by the Power Commission that a public hearing would be held concerning its application to expand. City Council, however, distinctly wished to avoid such an event and the public discussion it might arouse for it immediately instructed its solicitor to check on the authority given the Commission by the Legislature. Soon thereafter it authorized the calling of tenders for the turbine. This was done on the basis of nothing more than a verbal report by Alderman McPherson. On the basis of the evidence it would appear that he did little or nothing more than make unsupported claims similar to those of Young, a rather questionable manner in which to go about spending a couple of million dollars.

19. The Leader-Post, (Regina), 10 May, 1957. Nicholl stated that power would have to be rationed if the largest unit in the plant failed.
21. Regina Council Minutes, 9 July, 1957. The Leader-Post, (Regina), 10 July, 1957, quoted McPherson as follows: "We can produce power, pay for the financing and have our own turbine in 15 years for the benefit of Regina and at a lower cost."
With the actions of the advocates of an independent power system becoming more and more open to question, a minority of council members grew somewhat concerned and restless. Aldermen John W. Peart and Fred Mullin unexpectedly introduced a motion to empower the mayor to set up a committee to study the feasibility of offering to sell the 22 utility to the Corporation. Had a viper been dropped on the council room table the reactions could scarcely have been more spontaneous. Nothing concrete resulted, but the reason for rejecting the Corporation's offer was quite evident. For a number of aldermen anything which might affect their electrical utility was simply taboo. Attempts to discuss the motion were quickly quashed by Young on a technicality.

In council two nights later discussion could not be avoided. Mullin and Peart, supported by Mayor T. H. Cowburn and Alderman Gordon Armstrong, urged passage of the motion. To illustrate its importance Peart reportedly stated: "I frankly don't know enough about it [the utility], but I want to find out." Armstrong declared: "... I can't see why we should get the jitters because of a proposal that an educational committee be set up. I'm all for this committee." Their opponents, .................

22. Regina Council Minutes, 3 September, 1957. Both aldermen commented on their motion immediately after the meeting. Peart expressed the opinion that it was doubtful if the City could afford such a large asset when faced with numerous expenditures. Its sale, he claimed, might among other things reduce power costs. Evidently he had not found the arguments of Young and McPherson convincing. Mullin was said to have stated that all they wanted was to have a capable committee of council examine the issue raised. Apparently he lacked confidence in McPherson, Baker and Young. See The Leader-Post, (Regina), 4 September, 1957. Mullin and Peart informed the author that the move was the product of careful thought. City Commissioner John McAskill of Saskatoon first suggested to them that it might be a good idea to dispose of their system. They studied the matter at length before taking it to Council. Mullin stated that he had favored selling the municipal system then as he believed power production should be centralized rather than carried on in isolated plants. Interviews with J. W. Peart, 11 July, 1967 and Fred Mullin, 17 July, 1967.
however, being seven in number, easily carried the day, each bitterly attacking the motion. Young was said to have declared that the City could not afford to lose the plant and that, because of integration proposals, a committee had been working for four years to prevent it.

Alderman Baker was quoted: "Even if we had a good offer I would not vote to sell." "Such a sale must be decided by the people when all the facts and figures are given." But without study how were the people to be given such information? Among others to comment were A. E. Wilson and L. McKay Robinson. Wilson described himself as not yet over the shock caused by introduction of the motion. And Alderman Robinson asked:

"Why study selling something that has enabled us to keep down the mill rate?" Though investigation was definitely overdue, the majority was supported by the press which designated the motion "A Ridiculous Proposal."

With the Corporation's offer behind them and having overwhelmed those of their number who advocated procedures which might bring into question the advisability of expanding their power plant, Regina authorities faced one last obstacle: the public inquiry of the Power Commission. Their solicitor, it seems, was unable to find any loophole in the Power Commission Act but that was to cause them very little inconvenience. According to the press, they simply decided to ignore the Commission. Unanimously approving a tender for the gas turbine itself, they obtained Local Government Board approval for the expenditure.

23. The Leader-Post, (Regina), 6 September, 1957. Comments by ex-alderman were similar to those of the majority. Fred England reportedly stated: "How silly can they get?" And Joseph Wilkie: "To sell our power department to anyone would be committing financial suicide." See ibid., 4 September, 1957.

24. Ibid., 10 September, 1957. Among other things, the need for a study of the utility was indicated by the values aldermen placed on their system. Figures ranged from $7,000,000 to $50,000,000. See ibid., 4, 5, 6 September, 1957.

25. Ibid., 27 September, 4 October, 1957; Regina Council Minutes, 3 October, 1957.
Where there's smoke...

Fig. 3. R. Brown 40.
Source: The Leader-Post, (Regina), October 25, 1957.
Somewhat later, on the basis of an interpretation of Power Commission regulations worked out by Nicholl, they contended that what they had done was in accord with legal requirements. Such a claim, however, was questioned by the Attorney General's Department and the facts do not appear to agree fully with Nicholl's interpretation.

What did Premier Douglas and his associates do when confronted with such happenings in the capital city? Very little. The cabinet instructed the Power Commission to threaten Regina with a public hearing if it insisted on expanding, but the threat was hollow. As soon as it appeared that the City would not cooperate with the Corporation, Brown wrote: "I'm sure the Government does not consider this an appropriate time to force a showdown." Some legislation was passed to strengthen the Power Commission, but it did not prevent

26. J. A. Salterio to J. K. Swanson, 28 October, 1957, Power Commission Records, City of Regina, Turbine, L. G. B. File No. 25. The Power Commission Act empowered the Commission to regulate the construction or alteration of electrical utilities. See Revised Statutes of Saskatchewan, 1953, Ch. 39. One of the Commission's regulations stated that its consent had to be obtained if an amount in excess of fifteen percent of the original cost of a generating station was spent on that station. See Order-in-Council 305/44, The Saskatchewan Gazette, Regina: King's Printer, 23 March, 1944. Nicholl claimed that in establishing the price of a generating station the cost of the distribution system should be included and the fifteen percent derived from that amount. See Regina Council Minutes, 19 November, 1957. Supposing his interpretation were correct the City could have spent $2,022,966 without consent since it set the original cost of its system at $13,468,422. Nicholl claimed the expenditure would come within the limit. The turbine cost $1,868,420. An examination of Regina records disclosed other expenditures of over $140,000, an amount which did not include enlargement of the powerhouse. Judging by the cost of building enlargement in 1954 that expenditure alone would probably have been an additional $100,000. See ibid., 20 April, 1954, 20 October, 1958, 26 March, 28 May, 24 August, 1959, The Leader-Post, (Regina), 13 August, 1954. Such figures suggest that the total cost of the unit must have come fairly close to the City's original estimate of $2,250,000.

Regina from going its own way. Perhaps for that reason the Commission was soon abolished and its duties given to the Local Government Board.

On the basis of the results, it would seem that the Government adopted the position that it would not itself do battle with Regina authorities even if the alternative was utilization of the Power Corporation facilities less efficiently than possible and ill-advised expenditures by the municipality. In this it is quite likely that provincial authorities were simply reflecting the position taken by some leading members of the Regina C. C. F. organization.

Though all of these occurrences had not taken place by 1955 when David Cass-Boggs became general manager of the Power Corporation, he was no doubt aware of what was happening. During his periodic trips to Saskatchewan he must have been informed of such things as the circumstances surrounding the installation of Regina’s steam turbine, the abortive attempt to integrate and the expansion of boiler capacity at Weyburn, and the

28. During the 1958 session the Power Commission was empowered to issue restraining orders where expansion was undertaken without its consent. See Statutes of Saskatchewan, 1958, Ch. 89. The legislation, however, was not used by the Commission to halt expansion at Regina. Possibly for that reason the Commission was abolished during the following session. In transferring its duties to the Local Government Board new legislation was passed making it necessary to obtain board consent before any enlargement of a utility took place. See ibid., 1959, Ch. 97.

29. Soon after the City decided to ignore the Power Commission a Regina C. C. F. civic affairs group, accusing the majority of aldermen of having adopted an "ostrich-like" attitude toward the power system, passed a resolution calling for study of all aspects of the utility. Municipal elections were approaching and aldermanic candidates were invited to present their views regarding creation of a special committee to conduct such an inquiry. However, the group dropped the idea at its next meeting. According to the press, some leading members were opposed to the collection of such opinions and rebuked those who passed the resolution. See The Leader-Post, (Regina), 17, 25 October, 1957. Party stalwarts, it seems, wished to avoid involvement in politically dangerous issues.
installation by National Light and Power of small, second-hand generating equipment. In all likelihood recognizing such occurrences as being in the long-term interests of practically no one, he soon took up the question of complete integration, proposing to accomplish it largely by legislation. In a letter to Brown he, like his predecessor, called for the enactment of laws which would bring about the reorganization of Saskatchewan utilities essentially along the lines of Ontario Hydro, and pave the way for their full and rapid integration by the Corporation. In short, he urged passage of acts (a) requiring all operators to employ the financing and accounting methods of the Power Commission of the United States as the Corporation did, (b) establishing a basis on which the Corporation would sell power in bulk to remove it from the field of negotiations and political pressure, (c) establishing the Corporation's existing policy of equalized rates to communities corresponding in size to end appeals for special rates because of proximity to energy sources, (d) controlling rates, (e) establishing and limiting the size of grants in lieu of taxes, (f) limiting the size of surpluses and restricting their use to expansion of power facilities, (g) providing that surpluses in excess of those permitted under (c) and (f) be applied to rate reductions, and (h) providing for surcharges of five to twelve percent and their elimination in ten years. Rate control legislation passed some years earlier, it should be noted, had not been proclaimed. Pointing out that only forty-two percent of the electricity sold in the province was under direct provincial control and describing municipal operation as "complete confusion," Cass-Beggs warned that no significant progress could be made toward generally cheaper power or equalized rates
until either the Corporation owned and operated the major utilities or they were required to conform to common standards and policies.

Brown took up the subject with his colleagues. In a letter to all ministers he stated: "Government policy regarding electric power utilities generally, and the ... Power Corporation in particular, is to say the least rather nebulous at the present time. In fact many aspects of ... Corporation policy cannot be supported either by legislation, approved regulations or decisions of the Lieutenant Governor in Council. Somewhere along the road certain things were decided and since then we have been saying, 'That is Government Policy.' Evidence in support of such assertions in many cases is non-existent." Nevertheless, the Government did not pass any of the requested legislation. Only a single act was forthcoming and it had not been covered by the letter. The Corporation was given exclusive rights in all areas not yet served by a utility. The act provided that, though a municipality might annex territory in the future, its utility would be confined to municipal boundaries as they existed on January 1, 1958. Though this was done to safeguard the future financial position of the provincial system and to protect it in the markets it was developing, it proved to be important in other respects as well.

31. R. Brown to All Ministers, 2 January, 1957, ibid.
32. Statutes of Saskatchewan, 1958, Ch. 88. While the Corporation was making heavy expenditures electrifying the province, people were steadily moving to urban areas, particularly the larger cities. If the trend continued the economics of its operations could weaken. The Corporation also made investments in areas around cities. Had it not done so industries which established there might have located elsewhere. See R. Brown to J. Steel, 14 October, 1959, Brown Papers, PC 16-4, City of Regina Power Agreement.
Perhaps because the legislation suggested would not be enacted, the Corporation and members of the cabinet reexamined power policies late in 1957. Here certain general principles and alternative courses which the Corporation might pursue with respect to the independent utilities were discussed, integration being seen as possible of achievement in three ways. First, all generating facilities might be purchased and used to best advantage. This would reduce costs most but would be difficult to arrange because of the amount of money involved. Secondly, ownership and control of utilities might remain unchanged insofar as existing generating capacity was concerned, the Corporation supplying the additional power the independents would require in the future. Under such circumstances less economic use would be made of generating facilities and all plants might continue to operate. Thirdly, and most applicable at the time, all generating facilities might be pooled and carry loads according to instructions from the Corporation. Each utility would draw energy from the system at the cost of generation in its own plant up to the amount its plant could produce, excess requirements being provided at system costs, a price expected to be substantially below generating costs in the plants of the various independent systems.

Among other things, expansion to meet load growth during the next decade or so was considered, as well as the position of the Corporation relative to the future electrical requirements of the entire province. The Power Corporation, it was declared, "is morally responsible for optimal utilization of the available energy resources of the province. These responsibilities involve both the development of efficient

33. Some plants would be closed and power supplied from Estevan. All utilities would be supplied with power in bulk.

generation stations and the design of an adequate transmission network. It is inevitable that the S.P.C. will increasingly be called upon to provide energy for the independent systems and consequently realistic planning for the system for ten or more years must take these loads into account."

Charged by the Government with the responsibility of seeing that the entire province had adequate electricity, with more than one road to integration stretching out before them and with none of the routes too well illuminated because of the Douglas administration's continued unwillingness to take a determined stand, Corporation officials were about to plunge into the last phase of negotiations leading to the establishment of a truly province-wide power system. The results of years of planning were now about to bear fruit. The rather weak Corporation of the early 'fifties was being rapidly transformed into a very powerful organization. During 1958 or 1959 rural electrification on a mammoth scale ended; most remaining small communities were served; natural gas was provided to the last Saskatchewan city still to be served; the Queen Elizabeth and Boundary Dam generating stations came into operation; construction of the transmission facilities necessary to integrate the entire province was virtually completed; and a start was made on the Squaw Rapids hydroelectric project. With a number of its most costly programs nearly completed and its power production costs still declining, the means whereby the Corporation could achieve most of its objectives largely unaided were finally coming within its grasp. The day was at hand when the economies of partial integration and large scale production would clear the way for virtually complete integration throughout the province.  

35. Bulk Sale of Power, ibid.
The first of the remaining independent utilities to be consolidated with the Corporation was that of Weyburn. Under its 1954 agreement the City had three years in which to compare the benefits of purchasing power with the full use of its own system. Municipal authorities indubitably found the new arrangement quite satisfactory for, before it was due to expire, they arranged for its extension on a year to year basis.

Not long afterwards the Corporation offered the City about $1,000,000 for its system. No decision regarding the proposal was made immediately. However, early in 1959, having decided to put the future operation of their utility on a more permanent basis, municipal authorities obtained the services of F. J. Bartholomew, a consulting engineer. After a brief study of the Weyburn situation and with the approval of the City, he opened negotiations with the Corporation aimed at purchasing power in bulk at a very low price. The Corporation promptly refused to sell at the requested rate, advising Weyburn that a bulk price would have to be in accord with its formula for such sales. Cass-Beggs also informed the City that if it decided to expand its plant and generate its own requirements, as it suggested might be done, it would have to provide for all its needs with Corporation facilities being removed. Further, municipal officials were warned, the trend of costs in isolated plants might well be upward and that if the capacity of their plant was increased, the Corporation might be unwilling to buy it.

37. D. Cass-Beggs to J. H. Staveley, 23 March, 1959, Douglas Papers, 12-11. While Cass-Beggs' position on expansion of the Weyburn plant may appear somewhat unreasonable such was not the case. The City might become lax in assuring itself of adequate power. That had occurred at
Negotiations continued for some time, the City eventually rejecting the Corporation's purchase proposal and laying down the conditions it would accept. Though indicating that the question of Weyburn's power supply could be viewed in broader terms, its brief centered squarely on the interests of the municipality as a corporation. It was all too evident that the electrical utility had become so much a part of municipal financing that it could scarcely be viewed in any other way. Nowhere did Weyburn power consumers or their total power costs receive consideration. In essence municipal authorities declared, we "cannot and will not sacrifice the revenue" from our utility. If we cannot purchase power at approximately our price or are not paid an amount for our system which will compensate us for its present and prospective revenues, we will assure ourselves of those revenues by expanding our plant even though we know expansion cannot be economically justified. They implied that they were prepared to keep municipal power revenues at existing levels even if the community had to bear the burden of enlarging and maintaining an uneconomic power plant.

Because the Government would not take action on integration, Weyburn could negotiate on the basis that it would do the economically unjustifiable if it did not obtain what it wanted. For the same reason Weyburn before. Under such circumstances if the Corporation had contracted to provide part of the community's needs, it could be called upon to provide more and would at least be under a moral obligation to do so. The Corporation would naturally not want to purchase more facilities than already existed at Weyburn. Compared to its own plants that of Weyburn was already obsolete.

38. A Brief Presented by the City of Weyburn to the S. P. C., 3 June, 1959, S. P. C., Weyburn, Town No. 3.
the Corporation had to accept such terms as a basis for discussions. Sale of power in bulk on the City's terms was out of the question. Because of Weyburn's proximity to Estevan, the Corporation would have had no difficulty meeting the suggested price. To have done so, however, would have placed it in an untenable position in respect to Saskatoon and Swift Current, communities situated in higher power cost areas. The Corporation, therefore, elected to purchase, offering $1,500,000 and finally agreeing to pay $2,000,000 in annual installments over a twenty-year period for the system. The price was the minimum acceptable to the municipality as set by its consultant and, according to Cass-Beggs, was based on the level of earnings and profits which could be maintained on power sales in the community. From all appearances more revenue was made available to the City than would have been the case had it continued to operate its own system. And Weyburn citizens were granted a rate reduction, being placed on standard Corporation rates.

In view of the lower prices offered for the Weyburn utility earlier, how was the Corporation able to grant such terms? In the words of Cass-Beggs, the whole deal hinged "on the availability of cheap Estevan

39. D. Cass-Beggs to T. C. Douglas, 2 February, 1960, Douglas Papers, 12-11. At the price paid it was estimated that the Corporation's ratio of gross revenue to investment would be 17.1 percent as compared to 14.5 for the rest of its system.

40. D. Cass-Beggs to Weyburn Electrical Consumer, 5 February, 1960, S. P. C., Weyburn, Town No. 3. Power revenue in 1959 was $81,003. For 1960 the City would have an investment income of $110,000 and could expect about $47,900 in surcharge and gross revenue payments. Rates were reduced fifteen to seventeen percent after which the surcharge for municipal revenue was added.
power."

In short, it was made possible largely by the construction of the Boundary Dam plant and the integrated system.

Within a few months of the acquisition of the Weyburn system a series of events culminated in purchase by the Corporation of National Light and Power. Early in 1957 the Corporation appraised the company's holdings. At about the same time the Moose Jaw City Council indicated that it intended to serve notice on the company that it would take over distribution upon expiry of the electrical franchise in 1961. The City also sought to ascertain if the Government would place any obstacles in its way and expressed the hope that the Province would take over generation.

As far as one can judge, relations between the Corporation and Moose Jaw authorities were cordial, with both parties apparently determined to keep them so. Thus in commenting on Moose Jaw's proposal the Corporation stated that it had not opened negotiations with the power company and would not force its way into the community. However, while expressing the opinion that the City could no doubt resume distribution or both generation and distribution, it suggested that if the municipality took over one it should acquire both. The Corporation stated that except in the case of long-standing agreements it would not sell power wholesale and that National Light might not wish to do so either. And attempting to appear as cooperative as possible, it continued:

The Corporation's interest in the National Light and Power Company's plant and distribution system is dictated solely

41. D. Cass-Beggs to T. C. Douglas, 2 February, 1960, Douglas Papers, 12-11. No down payment may also have been a factor.
by the long-term interest of the citizens of Moose Jaw. While they are enjoying relatively cheap power at the present time (and the ... Corporation will undertake not to increase the existing city rates) the longer-term prospect is one of rising costs of power from any localized self-contained plant extended and designed to give satisfactory service to a city the size of Moose Jaw. On the other hand the prospects with service from the Corporation are of participating in the cheaper power that an integrated provincial system makes possible, utilizing fuel at Estevan and Saskatoon and later hydro developments, to the fullest possible advantage. While the City ... may for an immediate short-term advantage in terms of increased revenue for its municipal finances, contract out of the province-wide power system, in the long-run this would react very unfavorably to the City and the Corporation's system would be of necessity developed to by-pass ... Moose Jaw resulting in considerable difficulty in achieving an integration at a later date and cost to the citizens.43

It would seem that the Corporation was attempting to appear more benevolent than it actually was and perhaps to frighten Moose Jaw officials somewhat. The addition of the community to its system was highly desirable for the effect it would have on overall operations. Furthermore, it was already rapidly building its high-tension lines from Estevan to Saskatoon. Integration with Moose Jaw would be achieved through its Pasqua substation where lines from Saskatoon and Regina would meet. However, making its position fairly clear did no harm and may have had good results in the end. Soon thereafter the City took preliminary steps to repossess the utility and eventually began collaborating closely with the Corporation.

Early in 1958 the Corporation opened negotiations with the utility company, seeking to acquire its property either by purchasing its assets or the shares of National Light and Power. Both methods

44. During 1957 much of the line from Hawarden to Pasqua was completed. The line from Estevan to Regina already existed. See S. P. C. Annual Report, 1957, pp. 10, 23.
were rejected, probably for income tax reasons. In view of such
results the Corporation turned to the idea of expropriation. Permission
for a district judge to act as chairman of an arbitration panel was
obtained from federal authorities and H. F. Berry, the company's
president, notified of the Corporation's intent to purchase in that
manner.

Aware of its statements to Moose Jaw officials and knowing that they
had advised the company of intent to purchase, the Corporation moved
quickly to neutralize any fears that might arise concerning expropriation.
Cass-Beggs reassured the City that his organization would acquire the
firm only if the aldermen were agreeable. According to the press, he
made no concrete proposals. However, the Corporation made it quite
clear that if it took over it would offer such attractive terms that the
municipality would probably consider it advisable to waive any rights
of repossession enjoyed under the original contract with National Light.

Moose Jaw officials thus raised no objections to the Corporation's
actions. However, plans to expropriate were soon dropped. Attorney
General J. W. Corman did not believe a firm possessing a dominion
charter could be acquired in that manner. The procedure might also
have proved embarrassing for himself and his department. The Corpora-
tion's solicitor was more optimistic but believed that expropriation

46. D. Cass-Beggs to R. Brown, 11 April, 1958, H. F. Berry to
R. Brown, 7 August, 1958, R. Brown to H. F. Berry, 18 August, 1958,
Brown Papers, PC 16-1, Moose Jaw Power Plant.
47. J. Hampson to R. Brown, 21 August, 1958, R. Brown to H. F. Berry,
18 August, 1958, ibid. Also see The Leader-Post, (Regina), 9 Sept-
ember, 1958.
48. Corman had been solicitor for the company when it was
incorporated and had acquired the franchise at Moose Jaw. At the time
he obtained opinions to show that a provincial government could not
expropriate such a company. Berry possessed copies of those opinions.
See H. S. Lee to T. C. Douglas, 26 September, 1958, Douglas Papers, 4-30.
would take two or more years and place Moose Jaw in a difficult position if it definitely decided to repurchase. There was also the danger that a board of arbitration would set a high price on the company's assets. And lastly, Berry and his associates would not like the procedure. According to Cass-Beggs, it had been estimated that expropriation would cost them over $1,000,000 in income tax and recapture depreciation payable to the federal treasury.

With the Corporation considering expropriation National Light and Power, it would seem, sought to resist as best it could. Perhaps in an effort to strengthen its position locally and reduce the benefits the Corporation could offer the community, it announced that effective January 1, 1959 rates would be reduced and that $2.50 per month would be deducted from farm accounts as a means of refunding to farmers the capital contributions they had made toward the provision of service.

Berry may also have looked to the Liberal party for support. Nevertheless, no doubt realizing that at best he could fight only a delaying action, he indicated how he would be willing to sell out. In short, he proposed that the Corporation acquire his firm by purchasing the shares

49. L. G. Ganne to R. Brown, 8 October, 1958, Brown Papers, PC 16-1, Moose Jaw Power Plant. With title to the utility in dispute it might have been impossible for the City to raise funds to buy it.

50. D. Cass-Beggs to R. Brown, 31 March, 1960, Fines Papers, 1. S. P. C. AF 494. The same objection by the company was apparently applicable to sale of the shares of National Light and Power or its assets.

51. The Moose Jaw Herald-Times, 18 November, 1958, in Brown Papers, PC 16-1A, City of Moose Jaw. In fairness to the firm it must be pointed out that it had cut rates just two years earlier and on a number of other occasions. In addition, its last reduction reportedly gave Moose Jaw the lowest rates in the province.

52. What appears to be the first reference to the rate reduction was contained in a political speech by W. R. Thatcher in which he castigated the Corporation for attempting to socialize the company. See ibid., 29 August, 1958, in ibid., and The Leader-Post, 29 August, 1958. The result was one of his periodic clashes with Brown. See The Moose Jaw Herald-Times, 30 August, 19 November, 1958, in ibid.
of Sterling Gas and Electric, the holding company of National Light and Power. But the procedure was evidently deemed impractical since the Corporation lacked statutory authority to do so. All negotiations were therefore suspended.

It was not long, however, until Berry reopened discussions. The legislation confining utilities to 1958 municipal boundaries left his company little room in which to expand. Then too, his organization was coming under pressure from two levels of government. He had been planning to install a 10,000 kilowatt natural gas-fueled turbine. City Council indicated that it would withhold permission unless it received more money for its franchise. As well, the supposedly independent Power Commission, on orders from the cabinet, had refused to sanction the installation on the ground that power to meet load growth at Moose Jaw would be available at Estevan. Believing that purchase might now be accomplished, the cabinet authorized resumption of negotiations and empowered the Corporation to offer $7,250,000 with the understanding that it might be necessary to meet Berry's request for $8,000,000. In May, 1960 a price of $7,562,000 was finally agreed upon, the deal being worked out somewhat along the lines suggested by Berry.

53. R. Brown to J. A. Beveridge, 18 December, 1958, ibid., PC 16-1, Moose Jaw Power Plant.
S. P. C., AF 494. The Province itself purchased the shares of Sterling Gas and Electric, transferring the property to the Corporation after some time. This procedure evidently minimized taxes payable by Berry and his associates and was said to be the only manner in which he was willing to sell. See D. Cass-Beggs to R. Brown, 31 March, 1960, ibid.
As near as one can judge, both Moose Jaw and the Power Corporation had reasons to be pleased with the results obtained. Municipal authorities were chiefly interested in augmenting their revenues. With this objective in view, they obtained the advice of consultants. Then, having decided that it was best to cast their lot with the Corporation, they declared themselves ready to relinquish the City's rights to the utility and invited the latter to provide service. The Corporation agreed to reduce rates sufficiently to permit the City to impose a seven and one-half percent surcharge without raising costs to consumers. It estimated that such a levy, plus gross revenue payments, would yield the municipality an income of $250,000 or more annually, about three times the amount it had been receiving in taxes. As a result, the municipality was placed on a more equitable basis with other cities insofar as power revenue was concerned. Although the Corporation achieved nothing directly toward its objective of consumer rate reductions, Moose Jaw rates compared favorably with those in other communities. It was also placed in a position where it could integrate the city with ease. Added to that, thanks to Estevan power, the transaction was quite worthwhile financially.

56. The consultants concluded that municipal revenues would be higher if service was provided by the Corporation than by National Light or by the City itself. It also appeared as though the municipality might have to pay seven or eight percent on borrowed money and financiers advised placing power profits in a reserve for ten to fifteen years if it took over. See Moose Jaw Council Minutes, 20 February, 1959, 30 May, 16 June, 1960. To insure that purchase would be accomplished the Corporation promised to buy the company's assets at the price the City had to pay in the event its own efforts to acquire the firm failed. See Cabinet Minute No. 17, 16 May, 1960, Fines Papers, 1. S. P. C. AF 494; R. Brown to G. G. Botting, 16 May, 1960, Brown Papers, PC 16-1, Moose Jaw Power Plant.

57. The Moose Jaw Council unanimously approved the arrangement. See Moose Jaw Council Minutes, 6 June, 1960; S. P. C. News Release, 1 June, 1960. On the basis of power being supplied from Estevan, a purchase price of
As the 'fifties gave way to the 'sixties, the time when Regina could maintain an independent electrical utility could be seen drawing to a close. Reasons of a financial nature which the City might put forward for preserving this independence had been seriously undermined by the Corporation's new agreements with Saskatoon and Swift Current, and were virtually destroyed by the sale of the Weyburn system. Such events demonstrated that a municipality had little or nothing to fear in dealing with the Corporation. Any other arguments in favor of autonomy which might be advanced were also rapidly evaporating. The hazards of operating an isolated plant and the physical shortcomings of its existing site were becoming more and more evident. When the Regina plant suffered a complete shutdown in 1958, it was the Corporation which provided energy for such institutions as hospitals. When the water crisis arose the following year, the Corporation again had to be called upon for aid.

The relative importance of Regina's electrical utility was also declining. Completion of the Boundary Dam and Queen Elizabeth stations gave the local plant a second class status. Though Corporation officials might take on a lean and hungry look every time they thought of the Regina load, even here the City's position was deteriorating. The boundary legislation had hemmed in the municipal system and placed the Corporation, through its lower generating costs, in a position to undercut Regina rates right within the community if it chose to do so.

Moreover, Regina's chances of remaining independent were being reduced by its own actions. While one would hesitate to agree with $7,500,000 and a ten percent surcharge, it was estimated that the debt could be liquidated in ten years and a very respectable net income shown thereafter. See P. Woroby to D. Cass-Regus, 29 December, 1959, Brown Papers, PC 16-1, Moose Jaw Power Plant.
Cass-Beggs and term municipal operation "complete confusion," one could not deny that it was something less than it might have been. The circumstances surrounding the installation of its last two turbines have been mentioned. It is also worth noting that while the last one was being erected, rather than pressing the Corporation to guarantee a gas supply for the unit or negotiating a long-term oil contract, Regina was attacking the Corporation and challenging its gas rates before the Local Government Board in a vain attempt to win a slight reduction. Certain of their other activities are even more difficult to characterize as sound management. No sooner had the crisis of 1959 been washed away in a cloud burst than City officials launched an attack on the boundary legislation. Having been shown that their plant could not be relied upon as a secure source of supply for their citizens, they shelved plans to increase security and sought to add to the load on their system.

58. Saskatchewan Cement could buy some of its gas at two cents less per 1,000 cubic feet than could the Regina power plant. The Corporation was charged with abusing its position as sole distributor of gas. The difference in price was described as "a shame and nothing else" and Corporation letters of explanation termed "nonsensical." See The Leader-Post, (Regina), 17 February, 10, 13, 18 March, 1 April, 1959. If the City found itself without gas and forced to rely on oil its generating costs would rise.

59. With the crisis only a few days off, the City took action to prevent water escaping from the lake. Its engineering department also drew up estimates of the cost of deepening the area near the powerhouse. Approval for such work was obtained from the Departments of Public Works and Agriculture but shortly after it rained plans to do so were dropped. City Commissioner John Steel reportedly stated: "It would have been too costly to deepen the lake with water in it." See ibid., 22 October, 1959. If the security of the power supply was to be increased the lake had to be deepened when it held sufficient water to operate the plant. When the City attacked the boundary legislation, Brown pointed out that it was unfair to ask the Corporation to give up areas which it might be requested to serve again at a later date or to supply power for in another crisis. See R. Brown to J. Steel, 14 October, 1959, Brown Papers, PC 16-4, City of Regina Power Agreement. It should, however, be pointed out that the City's position was not without some logic. It was using the utility for purposes of taxation. One of the arguments it put forward was that if an area did not contribute toward the utility surplus it was not entitled to benefit from that surplus.
Though the City, within months of an event which could have partly paralyzed the community, chose to take no action, certain citizens were becoming concerned about the utility. Some members of the Chamber of Commerce in all likelihood observed that expansion of the local power plant had not been backed by careful planning. They could likewise scarcely have failed to note that Regina's commercial power rates, set in the 1920s, had only recently been reduced and only after it had been discovered that Corporation commercial rates at Yorkton and Estevan, among other places, were lower. They knew, as well, that at times the plant spewed soot over adjacent residential areas. No doubt with some such considerations in mind they passed a resolution and forwarded it to the City in January, 1960 urging that a detailed study of the electrical utility be undertaken by qualified consultants.

City Council, however, was not to be quickly or easily diverted from the course it had followed for so long. Before anything which might drastically affect the future of their utility could be done, a majority in council, it would seem, had to overcome distrust of the Corporation or civic pride in the local system, as well as a dread of changes which might be precipitated. As a consequence, the resolution simply vanished into city hall without raising so much as a ripple. Four months later the Chamber requested a progress report. Still no results. Seven more weeks and the municipal utility came within inches of a calamity of the first order. Fire put one turbine out of action. To meet demands a thirty-five year old unit was pressed into service. Its release valve stuck. And moments after men left the vicinity of the machine, high

61. Memorandum by A. Aitken, undated, Regina Chamber of Commerce Records.
62. Ibid.
pressure steam caused the condenser to explode, sending shrapnel flying about the plant. Again the Corporation moved into the breach, even ordering its largest customer, the steel mill, off the line in order that the citizens of Regina might have power.

The explosion rocked a few seats in the council chamber, but one would hesitate to say that the immediate effects were nearly as dramatic as those resulting from the Corporation's offer of free stand-by three years earlier. Leslie Hibbs, chairman of the Power and Transportation Committee, was catapulted into activity. "It is a miracle no one was killed," he was said to have exclaimed and quickly announced his intention to move that consultants be obtained to make "an economic survey of the future potential of our power plant and to provide us with such information as to the return on our investment and all other information pertinent to the operation of a power plant by the city." At the next council meeting he did so but got nowhere. James Stinson, city clerk, pointed out that a motion required thirty-two hours notice unless there was unanimous agreement to discuss it. Alderman A. E. Wilson reportedly did not want to rush, and another alderman suggested that all members should be present to discuss a matter of such importance. Thus it was decided to reintroduce the motion later. When the appointed day came it was deleted from the agenda on the ground that the Power and Transportation Committee would be reporting.

By this time the Chamber of Commerce was becoming impatient. Upon withdrawal of the motion its manager, Alex Aitken, fired off a dispatch

63. The Leader-Post, (Regina), 25 June, 2 July, 1960. The machine, a 15,000 kilowatt unit, was never repaired. The loss to the City was reported to be about $250,000, though in replacement costs it was no doubt considerably higher.
64. Ibid., 25, 27 June, 1960.
to the Power and Transportation Committee: "The Chamber ... feels that a recommendation to council on its resolution is long overdue and that the importance of it is becoming more and more apparent day by day." But again no visible results were forthcoming. Within weeks the Chamber tried again. Referring to the explosion, Aitken asserted: "This unfortunate event seems to make the study requested by the Chamber all the more imperative ... ." While the continual prodding probably had some effect, an investigation into the utility remained months in the future.

With the echoes of their thanks to the Corporation for its aid fading into the distance, flags fluttering over the power plant and visiting dignitaries looking on, Regina officials commissioned their new gas turbine. Not long afterwards they launched another abortive invasion of Corporation territories beyond the 1958 boundaries. Not until late February, 1961 did the Power and Transportation Committee recommend that steps be taken to hire consultants. Even then action was too hasty for some of their colleagues. Henry Baker, now mayor, termed the move premature and an "absolute waste of money." It was eventually agreed that the committee gather information regarding consulting firms and report back. Finally, in mid-August Haddin, Davis and Brown Limited of Calgary was retained. Though apparently

66. Memorandum by A. Aitken, undated, Regina Chamber of Commerce Records.
68. The Leader-Post, (Regina), 27 September, 1960. The unit had been placed in operation in the spring and had a capacity of 18,000 to 25,000 kilowatts depending on atmospheric temperature.
69. Ibid., 12 December, 1960. The Corporation offered the City five percent of gross revenue obtained in the areas in question and was willing to set its rates at such a level that after the City added a ten percent surcharge, the rates of the two utilities would be equal. See D. Cass-Beggs to H. H. P. Baker, 31 December, 1960, Brown Papers, PC 16-4, City of Regina Power Agreement. The City, however, apparently did not think the amount was enough.
70. The Leader-Post, (Regina), 28 February, 1961.
only five inches of water in Wascana Lake stood between the community and a reenactment of the 1959 crisis, Mayor Baker and Alderman Kenneth Cooper were still not agreeable.

In hiring consulting engineers Regina authorities were quite intent upon remaining in the power business. Their instructions to Haddin, Davis and Brown were to examine three alternatives which might be applicable to the utility: (1) development of the existing plant to serve the community, (2) maintenance of the plant for base load purposes, peak and stand-by power being purchased, (3) maintenance of the plant to supply part of the city load including peak, an agreed amount of base load power being purchased. Early the following January the City received the report.

If Regina developed its plant, the consultants reported, certain factors would have to be considered. First, its system and that of the Corporation were joined by a 25,000 volt interchange. If the connection was to be maintained, it should be guaranteed in writing. If not, the City should install a stand-by unit to replace it. Secondly, fuel supplies should be placed on a firmer basis. To protect itself against rising prices, the City was advised to determine the amount of gas which would be available and from it seek to obtain long-term contracts for oil. Thirdly, cooling water facilities would have to be improved, the reservoir being too small to function properly. The City was advised to enlarge and deepen the lake and to provide for replacement of summer evaporation losses with municipal water or supplies from

71. Ibid., 16 August, 1961. Fears had been expressed a month earlier that some of the turbines might have to be shut down because of a shortage of cooling water. See ibid., 18, 26 July, 1961.

cheaper sources. If the City could not or chose not to do so, equipment using less water or designed to conserve water might be installed, though the consultants indicated that neither appeared to be an economic solution. However, they pointed out, a new plant capable of considerable expansion could be established outside the city at its sewage lagoon.

In the event that Regina chose to develop its own plant, the report stated that expenditures of $4,125,000 for a 32,000 kilowatt unit would have to be made by the end of 1964 or $7,250,000 for two such units if it were cut off from the Corporation. In addition, a further $7,000,000 would have to be spent on a 66,000 kilowatt unit by 1969.

Since they were not authorized to negotiate rates with the Corporation, the consultants could not discuss the other alternatives in as great detail. Nevertheless, they concluded that purchase of power would permit Regina to defer or avoid heavy capital expenditures. Finally, using the Corporation's bulk rate at Saskatoon for comparative purposes, they estimated the financial results which would pertain to each of the three alternatives and advised the City on the steps to be taken in making its choice.

73. Ibid., pp. 4-8. The report remarked that Regina did not have access to low cost fuels and that gas might not always be available. Hence, it would have to rely on oil as the most economical fuel. It also recommended that the cooling reservoir, ninety acres at high water and fifty at low, be enlarged to 120 acres. Thereafter about 100,000,000 gallons of water would be added to counteract evaporation during a three to four month summer period.

74. Ibid., p. 17. The $4,125,000 included $350,000 for improving the lake and $343,000 for possible costs of obtaining the rights to make changes in the shore line. See ibid., p. 9 and Tab. No. 1. These costs applied to the existing plant. The estimated cost of installing a 32,000 kilowatt unit at the lagoon site was $4,896,000. See ibid., p. 9.

75. Ibid., p. 15.

76. Ibid., p. 19. The City was advised to proceed thus: (a) obtain an offer from the Corporation covering both base and peak load power. If the offer was unattractive or unobtainable then proceed as follows:
All in all, the consultants' report indicated that Regina's chances of remaining autonomous had plunged very low indeed. Though it had been reported when its gas turbine was installed that the City would have ample power for eight to ten years, now only two and a half years later it was quite apparent that Corporation assistance was essential. Two crises had demonstrated as much. Further, according to the consultants, the City required a 32,000 kilowatt unit by the end of 1963 but would be unable to have it ready for service until a year later. As if to complicate already existing problems a new one was also rapidly emerging. Long-range plans for the development of the Wascana Lake area into a park were being formulated. Not long after the consultants reported, the Wascana Centre Authority was created and given wide powers over the area. One of its objectives was removal of the Regina powerhouse from its existing location.

Knowing that the City had at last to come to them, what were the thoughts of Corporation officials? Did they consider attempting to

(b) determine under what conditions the interconnection with Corporation could be retained or enlarged, (c) obtain firm commitments from the Corporation for the supply of gas and a clear outline of the conditions under which it would be available, (d) determine oil requirements for fifteen years and negotiate long-term supply contracts, (e) determine if the alteration of Wascana Lake or the extension of the existing power plant would be permitted, (f) determine if any legal barriers would prevent construction of a plant outside the city, (g) the foregoing steps being completed, proceed to procure equipment for a 32,000 kilowatt installation at the site decided upon.

77. The Leader-Post, (Regina), 10 July, 1959. Though it is not clear that Nicholl made the statement, it appears in a report covering an interview with him.

78. Haddin Report, p. 18. If the City were cut off from the Corporation and had to provide its own standby, it would require two such units rather than one by the end of 1963. See ibid., p. 17. The City could also expect to encounter financial problems, having to spend almost as much on its power plant alone during a seven-year period as it had on its entire system during the preceding fifty-eight. The Local Government Board would have to approve the outlays and would probably insist upon examining them closely.
prolong talks with municipal authorities in order that it might become progressively more difficult for the City to solve any of its power problems? Or did they consider adopting an extremely tough policy? In view of the abuse their organization had received, resulting at least in part from Regina'a determined effort to remain independent, and realizing that an attempt to cooperate with the municipality could bring more, they might well have. However, if they did, such methods received little consideration. While they evidently decided to make use of the powerful bargaining points they had come to possess they also determined to do so very cautiously, their aim quite clearly being to obtain at least Regina's generating facilities and if possible its entire system.

Within a few weeks of receipt of the consultants' report Regina authorities began to take action upon it. Early in February James Dutton, chairman of the Power and Transportation Committee, announced that discussions with the Corporation would be instituted concerning purchase of power and the 1958 boundaries. No doubt by way of reply to Brown, who had suggested that the City also consider selling out since the Corporation was producing power more cheaply, he said as well that a reasonable purchase proposal would be considered.

Dutton and his associates, Joseph Wilkie and Ian Forbes, could scarcely have found much reason to rejoice over the information obtained when they met with members of the Corporation a few days later. Peak load power, they were advised, would probably not be attractive or available because of its high cost. Integration to supply it or to

79. The Leader-Post, (Regina), 22 January, 6 February, 1962.
provide stand-by would be of no great advantage. Base load power would require definition but, for public relations reasons, would be sold only on a continuous basis and would be priced in accord with the formula for such sales. The existing connection between the two systems was of no advantage to the Corporation and would be terminated unless the City contracted to pay for the facilities and rental on the generating capacity necessary to back them up. If the City decided to expand its plant, the Corporation stated, it should install all the capacity required to meet its peak load together with adequate stand-by. Though in not so many words the committee was told that if it chose to make capital expenditures it should think in terms of at least $7,000,000.

During the meeting Alderman Wilkie asked if the Corporation would object to establishment of a new plant at the municipal lagoon. Cass-Beggs was noncommittal: the Local Government Board would have to examine the proposal from the point of view of the general public benefit, at which time his organization might wish to comment. That he would not favor it was already evident, as he had pointed out that it would scatter generating facilities and might create problems in treating sewage. Among other matters touched upon briefly was natural gas, the committee being advised that supplies would be adequate for 1963 but might have to be cut off soon thereafter.

80. Additions to the Corporation's peak load would necessitate major capital expenditures. As well, transmission losses would be incurred in serving the City's peak. During the winter of 1962, before Squaw Rapids came into operation, the Corporation believed it might have little spare capacity. The veracity of the Corporation's statement is questionable. One of the main economies of integration is achieved through using standby in one plant as standby for others.

On the surface it would appear that the Corporation was adopting a very hard line. However, such was not really the case. From all indications Corporation officials were fearful lest the City be antagonized and plunge into something quickly which both parties would regret later. Practically all their statements seem to have been designed to emphasize the problems facing Regina. Their next step bears out such a conclusion. During the meeting they agreed to work out rates for both base and peak load power. However, rather than do so immediately, in order to avoid dealing with details, an attempt was made to reach an understanding on a fairly broad basis. To that end the Corporation submitted a proposal for supplying all of the community's electrical requirements under conditions which would necessitate little direct negotiation between itself and municipal authorities. In brief, the committee was offered a slightly modified version of the Saskatoon agreement designed to leave the City in exactly the same position with respect to power revenue as it had been in the past.


83. In making the offer the Corporation stated that, while it did not wish to interfere in the relationship between City Council and the citizens of Regina, it could not sit by and watch the development of an island of generation in the province on such a small scale that was known to be illogical and uneconomic at a time when the Province was building large hydro and steam plants and looking forward to an ever-increasing scale of production with attendant economies. It, therefore, offered to take over the power plant, assume the debts against it and sell power to the City at prices calculated to be those the City would encounter given the continued use of its plant and the best available extensions that could be made to it. Prices for power would be set by two firms of consulting engineers, representing respectively the City and the Corporation, who would be empowered to name an arbitrator if they could not agree. The City would continue to handle distribution and be free to retail power as it saw fit. Further, the Corporation would accept responsibility for the ultimate removal of the plant from the Wascana area and absorb all staff continuously employed in operating the plant. See Statement by the General Manager, 8 May, 1962, ibid., PC 16-4, City of Regina Power Agreement.
Months of secret negotiations ensued in the course of which the Corporation made some minor concessions. However, the City found the terms unacceptable. More than that, each side eventually received what virtually amounted to an ultimatum from the other, the Corporation having stated that unless the City contracted to pay for stand-by and its fair share of the cost of the connection between the two systems those facilities would soon be dismantled, and the committee having indicated that unless a basis for agreement was worked out quickly it would recommend that the City expand its power plant.

84. The City found fault with the proposal mainly in respect to the amount it would receive for its power plant. See The Leader-Post, (Regina), 29 December, 1962.

85. When the committee indicated that the Corporation's offer would not be accepted and that steps might be taken to expand the Regina plant, Cass-Beggs issued a warning to the City. If it decided to "go it alone" it would be faced with expenditures of about $25,000,000 on generating equipment during the next twenty years, would cut itself off from the benefits of hydro developments and place itself in a position where it could scarcely expect the provincial system to come to its aid if it did not take reasonable steps to insure an adequate power supply and protect against rising costs. He also stated that the Corporation, in fairness to its own customers, would have to charge Regina its share of the costs of the connection between the two systems and for standby if it was to be provided. See S. P. C. News Release, 28 December, 1962, Brown Papers, PC 16-4, City of Regina Power Agreement; The Leader-Post, (Regina), 15 January, 1963. It was estimated that the City would require 20,000 kilowatts of standby in 1963, 25,000 in 1964 and 30,000 in 1965 for which it would be charged $500,000, $625,000 and $750,000 respectively. See Minutes of Regina - S. P. C. Meeting, 13 February, 1963, Brown Papers, PC 16-4, City of Regina Power Agreement. From discussions with their electrical superintendent, the committee concluded that for $1,700,000 the City could install a 30,000 kilowatt unit in its existing plant. See Report of the Power and Transportation Committee, 7 February, 1963, in Regina Council Minutes, 4 July, 1963. The Committee, therefore, rejected the Corporation's stand-by proposal. Declaring as well that it would not accept the limitations of the boundary legislation, it requested a rate for base load power, adding that if it was not forthcoming by March 15 the City would be advised to expand its plant. See L. C. Sherman to R. Brown, 28 February, 1963, Brown Papers, PC 16-4, City of Regina Power Agreement.
With negotiations threatening to break down and the Power and Transportation Committee considering recommending the spending of $1,700,000 on what could scarcely be more than a temporary expedient, a new approach had to be worked out. But what was that approach to be? Cass-Beggs evidently decided that the time was ripe for a bit of quiet diplomacy. Exactly what took place is not completely clear since discussions took place in secret and no records were kept. However, it is quite obvious that the Corporation carefully reassessed its position and that of Regina and found that it could offer the citizens of the community considerably greater advantages by operating the local utility than could the City itself. But how were such terms to be offered to municipal authorities with any assurance that they would be accepted or that the Corporation could, having conceded all it believed proper, stand on them as a basis for settlement? Cass-Beggs saw an opening. Ian Forbes had been on the Power and Transportation Committee negotiating with the Corporation until replaced by Leslie Sherman following his defeat in the mayorality contest. Possibly during discussions Cass-Beggs concluded that Forbes was inclined to dispose of the utility and would carefully examine any reasonable offer. In any event, he soon realized that such was the case. No sooner had the new committee suggested that Regina's generating facilities might be expanded at their existing site than

86. That the committee members were considering a temporary expedient is evident from the money they envisaged spending. They were proposing to install a 30,000 kilowatt unit for considerably less than half the amount their consultants estimated should be spent in adding almost identical capacity. In addition, had they proceeded to add the unit they would still have had to come to some agreement with the Corporation regarding stand-by. They could not have had the unit ready for service until late in 1965. Events were to demonstrate that Corporation assistance would be required on more than one occasion before then.
Forbes attacked the idea. Cass-Beggs thus contacted Forbes and discussed the power question with him. It would seem that they decided that the best procedure would be to hold an informal meeting with some of the most able, influential and respected members of the community, outline the terms to them and learn what their position would be. Next Cass-Beggs apparently discussed the matter with Joseph Pettick, chairman of the civic affairs committee of the Chamber of Commerce. Eventually Fraser McConnell, Chamber president, invited a small group to meet at his home on Albert Street. Present in addition to Forbes, Cass-Beggs, Pettick and McConnell were Gordon Grant, ex-mayor and a past president of the Chamber, and Alex Aitken, its manager. Though perhaps not so planned, Liberals, Conservatives and C. C. F. were all represented, at least indirectly, holding out the possibility that the local power question could be kept out of politics.

As nearly as can be established the discussion proceeded somewhat as follows. Cass-Beggs asked if they would be willing to consider sale of the utility under terms which would guarantee the City the revenue it might earn if it continued to operate it. He named an amount representing the annual minimum the City would obtain, probably about $2,000,000. The Corporation would also assume the debts against the system. The answer was no. Would they if rates were also reduced by ten percent? That was well received, someone referring to it as .....................

Forbes claimed that altering the lake would only be a make-shift solution as there would be dry years. He also believed that the power plant had a detrimental effect on neighboring residential areas and that local generating costs were rising and would continue to do so. See The Leader-Post, (Regina), 9 February, 1963. When interviewed he confirmed these beliefs. Forbes also indicated that he favored selling the plant and that he might have been prepared to accept the Corporation's first offer. Price, he stated, was unimportant as it would determine the level of rates. See ibid., 8 January, 1963.
"sweetening the pot" and another as "cake." While these terms were being discussed Cass-Beggs added that the Corporation might also be willing to install underground wiring in new subdivisions and gradually convert the system to underground. Those present expressed a readiness to lend their support to assure that such terms received careful study in the event they were offered to the City.

Proceeding as if nothing had happened, the Corporation soon thereafter resumed negotiations with the Power and Transportation Committee. It summarized proposals it had already made and enlarged upon them somewhat. Then the terms outlined at the above meeting were offered. If the new proposal were accepted, the Corporation claimed, Regina would be freed from removing its plant from the newly established Wascana Centre Development, the boundary question would be eliminated, the community would be assured of the lowest rates in Saskatchewan as long as it remained the largest city, industrial rates would be as low within the community as outside and the City itself would be guaranteed at least $2,000,000 annually in perpetuity. All told, the arrangement would provide the City with well over $50,000,000 in twenty-five years and enable citizens to obtain cheaper power while continuing to enjoy tax relief through the utility as before. Added to that, Regina would be in a position to benefit fully from future power developments, with commercial and industrial expansion being stimulated by low rates and unlimited power.

Within about six weeks the Corporation was advised that its new proposal, too, was unsatisfactory. How had it been evaluated?

88. The above information was obtained through interviews with Ian Forbes, Joseph Pettick and Fraser McConnell, Gordon Grant and Alex Aitken, July, August, 1967.
Simply, it would seem, in terms of municipal revenue. In commenting on the offer Sherman stated: "... Members of the City Council cannot consider the proposed rate reduction to the citizens of this City. It is the opinion of the Members ... that the rate reduction is your concern." Further, the offer "does not maintain the City's position in respect to revenue ... ." The municipality, he wrote, expected to obtain a surplus of about $2,235,000 from power during 1963 and about $3,000,000 in 1970, whereas it would clear only about $1,900,000 under the proposed arrangement for the former year. On the basis of such figures the Corporation was requested to guarantee the City $3,000,000 yearly, pay all debts against the system and to relinquish five percent 90 of its gross revenue to boot.

In submitting its proposals the Corporation had taken issue with some of the assumptions used by Haddin, Davis and Brown and had claimed 91 that electrical surpluses had been overestimated in their report. In replying to Sherman the Honorable Russell Brown repeated the claim. As well, he pointed out that the City's 1963 surplus was abnormally high 92 because its plant had insufficient spare generating capacity. Also expressing surprise at the City's position with respect to the proposed rate reduction, he went on to state:

...there are only two fundamental objectives before us in making our offer .... The first is the necessity of obtaining for the Capital City an adequate and reliable power

91. The Corporation claimed that in estimating revenue the consultants had used a constant rate of return per kilowatt hour sold during the period studied, had based all estimated costs of expanding the plant on existing costs and had assumed that existing rates would remain in effect thereby inflating the size of profits the City might expect. See R. Brown to L. C. Sherman, 14 March, 1963, ibid.
92. The inability of the Regina plant to handle its load a few months later attests to the validity of Brown's claim that it had insufficient spare capacity.
supply to meet its needs for a long period into the future, and secondly, to secure for the individual citizens and industrial customers such a supply at the lowest possible cost. It has been our hope to achieve for Regina citizens an immediate reduction in their electricity bills ... with no increase in the mill rate as a result of the sale. However, any significant increase in payment to the City would make the rate reduction impossible and the deal would therefore be of little interest to us.

It seems to us that the question of what, in fact, is the City's expectation of profit in the next decade or two is the fundamental question at issue. If the City seriously believes that it is possible to proceed on the old lines building a further plant and paying the S. P. C. for stand-by services (or providing them by some other means) and still secure a profit significantly in excess of two million dollars, then clearly the City should proceed to do so and the Corporation will make no further effort in these matters and will remove the interconnection as soon as this is feasible.

The City's counterproposal, Brown declared, was unacceptable as it was about double his organization's offer. Suggesting as well that agreement was unlikely, he added that a contract to cover stand-by services as of July 1 would soon be drawn up so that the matter could be settled before winter.

No doubt secure in the knowledge that his organization's terms were already quite certain of influential support and that careful examination would demonstrate that acceptance would be in the interests of the community, much of Brown's letter rang with finality. Nonetheless, maybe desiring to woo the Regina Council itself by meeting the committee's request, at least in part, he made certain concessions. He expressed a readiness to be flexible regarding a pattern for paying the City. And much more important, Brown stated that the Corporation would consider the $2,000,000 as a guarantee for surcharge payments alone and grant the City an additional five percent of gross revenue as a separate payment in lieu of taxes. By doing so he brought the minimum Regina would

93. R. Brown to L. C. Sherman, 6 May, 1963, ibid. According to figures given to the press by the Corporation the concession meant about $250,000 to the City in 1964 rising to about $1,250,000 in 1988. See The Leader-Post, (Regina), 6 June, 1963.
receive pretty well into line with Sherman's estimate of municipal power profits for 1963. Having thus "upped the ante" the Corporation estimated that the City would receive about $70,000,000 and citizens save about half that amount on their power bills over a twenty-five year period. Included in the amount the City would obtain through the guarantee was roughly $17,000,000 for its utility. No doubt believing that its proposal would eventually be accepted, the Corporation in offering these terms had, as events were to demonstrate, set the limits to which it would go.

After studying the terms for some time the Power and Transportation Committee drafted a brief report and submitted it to Council the same evening. During the course of the day Alderman Sherman described the offer as "fairly good" and meriting serious consideration. Dutton went further, stating that it should be accepted. In council, however, they immediately encountered opposition. Upon reading the report, which concluded with the recommendation that the offer be duly considered, accepted or rejected and, if accepted, that thought be given to submitting it to the burgesses, Sherman and Dutton moved its adoption. Wilkie objected, expressing the belief that Regina would receive only about $7,000,000 for its system and claiming that it was worth twice as much. Matthews called for further negotiations to obtain a better deal. Mayor Baker alleged that Regina could make an additional $14,000,000 during the next twenty-five years by operating its own system. "I couldn't even support putting to the burgesses it is so poor," he was reported as saying. Baker, it seems, wanted to seek concessions in the political sphere for he suggested that the full council meet with the

95. The Leader-Post, (Regina), 21 May, 1963.
Corporation and the city's four members of the legislature for further discussions. Alderman Cooper was also critical. Though indicating that he knew little about the offer, he declared that if it was a final one it meant that the City was dealing with an "octopus" which used tactics associated with the "gestapo." Lastly, Alderman Wilson, who had left for the land of the Blarney stone a few days earlier and hence could not have read the committee's report, indicated by letter that he was unconditionally opposed to disposal of the system on any terms.

All the foregoing opinions were evidently expressed with little understanding of the Corporation's offer. In the course of the meeting both Sherman and Dutton requested their colleagues to discuss it and find out the answers to their questions before expounding on whether or not it was good. Young quickly came to their aid and asked if it would be possible to consider the rate reduction as part of the offer. He, together with D. K. Macpherson, suggested that the consultants be called in to evaluate the terms. Though in the end their motion was unanimously approved, Sherman and Dutton were given a taste of the opposition they would have to overcome to wring acceptance from their associates.

During the days immediately following, the power question received considerable publicity which put the Corporation's offer in a favorable light. Sherman informed the press that if the City did not accept, the sums laid down in the consultants' report would have to be expended without delay and that stand-by costing about $500,000 per year would have to be purchased. He also released figures from the consultants' report.

96. Ibid., 22 May, 1963; D. J. Anderson to D. Cass-Beggs, 22 May, 1963, Brown Papers, PC 16-4, City of Regina Power Agreement.
report showing that local generating costs were high because of the lack of cheap fuel and sufficient water. Gone for the moment was talk of expanding the plant for a mere $1,700,000. The Corporation also released figures concerning the amount of revenue the City would obtain and the reduction in costs to consumers under its proposal. Meanwhile, the consultants and civic officials completed evaluations of the offer. In short, they concluded that, while City revenue would be reduced by slightly over $6,000,000 from what was estimated might be obtained through municipal operation during the next twenty-five years, the community as a whole stood to gain $23,000,000 when rate reductions worth $29,000,000 were considered. Some of their figures were also publicized. Yet despite such statements and findings there still remained dissatisfaction among municipal officials.

After a brief postponement the matter came before council for a decision. Sherman and Dutton moved that the offer be accepted in principle and negotiations on details be instituted. Sherman

97. The Leader-Post, (Regina), 4, 6 June, 1963.

98. Ibid., 11 June, 1963. Estimates of municipal revenue which were compared with the amount the City would obtain under the Corporation's proposal were based on Regina operating its system without a connection with the Corporation and hence were probably high. The report also indicated that to operate independently and have adequate standby until more capacity was installed the City would have to pay $4,000,000 for such service. The Corporation had stated that it would agree to provide nothing less than adequate standby. Hence, it would seem that at most there could have been only about $2,000,000 difference in City revenue under the two forms of operation. See W. I. McFarland to City of Regina and attached report to Mayor and Council, 7 June, 1963, Regina City Commissioners' Records. In fact, there may have been even less difference. See Sherman's comments below.

99. Mayor Baker allegedly stated that the only way Regina would realize anything for the future would be for the Corporation to give it $25,000,000 cash for investment purposes plus all the other trimmings. See The Leader-Post, (Regina), 19 June, 1963.
stated that a point had been reached where the City would have the same revenue whether it kept or sold its system, while sale would benefit the citizens. Complex problems would be solved, and whereas the City had refused to reduce rates for certain industries during the preceding year the Corporation would do so. Aldermen Young, Peart and Mullin also called for passage of the motion, but it went down to defeat, MacPherson, Wilkie, Cooper, Wilson and Matthews opposing and Mayor Baker breaking the deadlock. Again the proponents of sale faced determined but scarcely a soundly based type of opposition.

However, the Albert Street meeting and the value of the Corporation's offer now began to bear fruit. "Has the power consumer been forgotten?" thundered Ian Forbes. "Surely he is entitled to some consideration." The decision, he was said to have asserted, was one of the most stupid ever made by Council and would be paid for heavily in years to come. If the City was sincere, he argued, it must reduce rates. Leslie Hibbs, ex-chairman of the Power and Transportation Committee, also attacked the decision. Among other things, he charged that Regina's stated utility profits did not present a true picture since certain items were not charged against its operation. Further, the Wascana Lake water supply

100. Regina Council Minutes, 2 July, 1963. MacPherson moved that the Corporation be asked to guarantee that rates would not be increased for twenty-five years -- an economically impossible request. He also reportedly described Corporation stand-by proposals as "both exorbitant and outrageous." The reference was quite irrelevant to the issue before them. Having previously alleged that the City would be getting only $7,000,000 for its plant, Wilkie now claimed it was getting nothing. Baker reportedly made the wild assertion that Regina could scrap its system in fifteen years and be money ahead. And Cooper called the proposed rate reduction an unfair gimmick, quite a description for a possible $23,000,000 in the pockets of his fellow citizens. See The Leader-Post, (Regina), 3 July, 1963.

was inadequate for economical service and much of the machinery in the plant in "desperate need of repair or renewal." Stating that he did not agree politically with selling but that such matters should be put aside, he urged both the City and the Corporation to reopen negotiations aimed at completing the deal. Chamber of Commerce spokesmen also expressed disappointment. And Brown sought to raise doubts concerning Council's action. "It appears the issue has been decided on an emotional basis," he said, "rather than on the basis of dollars and cold, hard economic facts."

Such criticism was not without effect. One of the aldermen who had cast a negative vote seemingly had quick second thoughts. In council two nights later Matthews alleged that the Power and Transportation Committee had not been firm enough in dealing with the Corporation and that an attempt had been made to rush through the offer at the previous meeting. "I think some members ... were mixed up in making their decision," he stated. Alderman Cooper denied that this applied to himself but suggested that the City wait for the Power Corporation to reopen negotiations. In view of Regina's declining ability to assure its citizens of adequate power, such a procedure would have been quite impractical. In any case, those favoring sale continued to press for acceptance.

Dutton's strategy, it would seem, was to get a move under way to expand the Regina plant in order to bring out all the problems which would be faced in doing so. He quickly obtained passage of a motion whereby the City agreed to take prompt action to install a turbine at

a cost of $1,900,000. Shortly thereafter he declared that immediate consideration would have to be given to establishing a $7,000,000 plant at the lagoon. Sherman seems quickly to have followed his cue, stating that stand-by would shortly have to be contracted for or the City would have to gamble with its power supply during the next two years while building facilities. Their comments probably helped to bring expansion of the plant into question in another quarter. When the Local Government Board was approached it questioned the advisability of so doing and expressed concern for the municipality's credit rating. The board reportedly also wanted to know if the plant would be moved and expressed the belief that the City could not afford to install a unit and later move it to another location. An official was recorded to have said: "We don't want the people to throw $1,900,000 down the drain."

As well, the Chamber of Commerce again took up the power question publicly. Following the Albert Street meeting a substantial number of its members studied the whole situation extensively. Concluding, among other things, that the existing powerhouse and site were rapidly approaching obsolescence and would have to be moved to make way for the development of the Wascana area and to ensure adequate water, that the community would benefit from sale, and that the City and Corporation

104. Ibid., 12 July, 5 August, 1963; Regina Council Minutes, 4 July, 1963. Dutton also stated that the Wascana Centre Authority wanted the existing plant moved as quickly as possible.
105. H. S. McMillan to C. R. Johnson, 12 August, 1963, L. G. B. File, City of Regina, Electric Light Plant. Stating that it appeared that the City needed two units rather than one if it decided to do without the Corporation, and that expenditures of $10,000,000 or more probably have to be made on the plant in six to eight years, it questioned the ability of the bond market to absorb such issues at going rates and asked for a great deal of additional information.
should not duplicate facilities, it called upon municipal authorities to reopen negotiations. "The view has been expressed," its brief read, "that more time might possibly have been spent by our City Council in studying the motion made by your Power and Transportation Committee regarding the SPC offer and we believe that the foregoing might be kept in mind in determining whether or not to reconsider the motion."

This time the Chamber got immediate action. Though a motion by Wilkie and Matthews to table the brief and consider it if and when it was properly brought before Council mustered five votes, the majority agreed to do as suggested.

Council, however, was still no nearer to accepting the terms. Possibly in the hope of rendering them more palatable to opponents, the Corporation was quickly asked for all sorts of concessions: an additional $500,000 per year under the surcharge guarantee, $7,000,000 cash, diversion to city hall of half of consumers' savings, a guarantee of no rate increases in twenty-five years, a forty-five year agreement, interest on the value outstanding during the twenty-five year period. The opponents very clearly did not agree among themselves on what they wanted. Under such circumstances it was no doubt easier for the Corporation to answer uniformly in the negative. Either the request was impossible, would mean subsidizing Regina or was simply unacceptable. The Corporation, Brown asserted, had to treat all parts of the province on a reasonably equal basis and added in summing up: "This offer was intended as a reasonable, fair and generous proposal submitted ... in an effort to deal with what appears to be an extremely serious situation.

As we have already stated ... we believe that the power situation in

\[107\] Brief, 6 August, 1963, Regina Chamber of Commerce Records.
\[108\] Regina Council Minutes, 6 August, 1963.
Regina is somewhat alarming, and that reasonably prompt action should be
taken to make certain that the electrical requirements of the citizens...
can be met over the coming winter."

Unable to agree among themselves without further concessions, City Council referred the question of sale to the citizens, who voted
strongly in the affirmative. But even that did not settle anything
insofar as a number of councillors were concerned. Shortly afterwards
when Sherman brought in a motion to empower the City Commissioners to
conclude the sale, it was defeated five to four. Some of the aldermen
continued to call for a better deal or denied that the vote was binding
on them. Wilson, for example, reportedly stated: "The people just
asked us to continue negotiations not to sell at the last offer." And
Baker charged that Sherman's motion was "a betrayal of the people's
wishes."

Notwithstanding the adverse vote, the referendum largely settled
the matter. Accepting the appeal to the people as final, Cooper voted
for the motion. A majority in council was thus ready to accept the
Corporation's terms. But Alderman Sherman had selected an inopportune
moment to introduce it; both Dutton and Mullin were absent from the
meeting. In addition, D. K. MacPherson, having decided to seek his
fortunes in a larger political arena, did not run in the aldermanic
election which took place at the same time as the referendum. His seat
was filled by Bruce Cowie, an individual prepared to accept the Corpo-
ration's offer. No doubt wanting to see the motion carry with as

109. R. Brown to A. B. Smith, 20 September, 1963, Brown Papers,
PC 16-4, City of Regina Power Agreement.
110. The Leader-Post, (Regina), 20 November, 1963.
111. Ibid., 20 November, 1963, 6, 10 January, 1964.
large a majority as possible, Sherman decided not to reintroduce it until the new council was in office.

While waiting for the new council to be installed Sherman, one gathers, continued to seek converts among opponents by demonstrating the insecurity of Regina's power supply. His efforts, however, were unproductive. So also were much more spectacular demonstrations of the inability of the Regina plant to meet the demands now being placed upon it. As Christmas approached the spectre of power rationing stalked through the community. Having sprung a leak, one of the City's largest steam turbines was said to be limping along on wearing parts when the gas turbine failed completely. The Corporation had to be called upon to supply all the power which could pass through the interchange -- 25,000 kilowatts. Fortunately, the steam unit held out until the gas turbine could be repaired. Had it not done so customers' demands would have exceeded supplies by a considerable margin. Inside of three weeks a blackout struck the capital. The plant had failed again and only about five hours later was full service restored. Though under no contract, the Corporation was again called upon to supply all electricity possible, together with all surplus gas for the local power plant. The days of an independent power system, it was fairly evident, were over. And as if to signal that such was the case the new head office building of the Power Corporation towered over the darkened community like a brilliant candle until its lights, too, were extinguished to assist the municipal system.

Six nights later the City Council voted eight to three to sell out to the Corporation. Only Baker, Wilson and Wilkie held out to the end. They, together with Matthews, tried to pass an amendment instructing the Power and Transportation Committee to approach the provincial cabinet with a request for an additional $500,000 per year. Though he would have liked to see the City get more money, Cooper declared: "We'd be like puppy dogs going back to try to get a bit more of the bone." With the decision going against them and perhaps wishing to have their analyses of the event recorded for posterity, Wilson and Baker still stubbornly objected. The former alleged that Regina was getting the "worst deal of any of the cities" and Baker uttered the direful prediction: "Regina will rue the day it voted in favor of selling." "I said that before, and I haven't changed my mind." But, as in earlier instances, they presented nothing with which to support their statements and suggested no satisfactory alternative which the City might pursue.

With Regina's decision the last barrier against integrated operation of Saskatchewan's electrical facilities vanished. Though it took many months to draft an agreement and complete arrangements leading to takeover by the Corporation on May 1, 1965, the final major obstacle to a province-wide power system had been overcome. That such an outcome was possible under the circumstances, it is quite evident, was largely because of the economies made possible by the system the Corporation had created. Isolated plants simply could not cut costs in a comparable manner.

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114. Ibid., 17 January, 1964; Regina Council Minutes, 16 January, 1964. Matthews wanted to go on record as opposing the financial arrangements governing the sale. The majority stated that he would have to vote simply for or against.
But, in turning at last to an integrated system, Regina made its decision some thirty years late. Certain other communities and utilities did so only slightly earlier. What were the costs? In only three expenditures during the last ten years -- for a steam turbine, a gas turbine and a boiler -- Regina's outlay had been about $4,500,000. While the money was not simply wasted, it could have been invested more effectively in facilities capable of producing lower cost power and perhaps providing greater security of supply. How much was spent by Regina in a similar manner during the preceding twenty-five years is unknown. Unknown as well is the amount expended by other cities, towns companies and the publicly owned system in much the same fashion in the years which followed the rejection of the report of Sullivan, Kipp and Chase in 1928. Duplication of facilities and efforts, unnecessarily high operating costs, capital expenditures on small equipment, avoidable inefficiency in the use of existing facilities, and -- because of a divided utility field -- failure to utilize the borrowing power of the Province to best advantage must have led to the dissipation of substantial sums. Even the Corporation, in spite of all its achievements, did not come out smelling like a rose. Perhaps partly as a reaction to the difficult years in which it had been short of generating facilities, during the late 'fifties it expanded its capacity more rapidly than was necessitated by the demands being placed upon it. Though far from solely responsible, it also permitted itself to get into difficulties in connection with Squaw Rapids. Timber in the area forming the reservoir was cut down but only partly disposed of, with the result that much debris floated to the surface when flooding 115. In 1959 and 1960, system capacity was 458,260 and 548,060 kilowatts respectively, whereas, peak loads were only 272,300 and 333,600 kilowatts. See S. P. C. Annual Report, 1966, p. 22.
took place. Removal of trash from the reservoir may well yet cost more than a thorough cleanup would have at an earlier date. And these were merely the direct losses. There were others as well. How much was lost through failure to utilize lignite resources as fully as they might have been? How much through industries which did not locate in Saskatchewan either because power was lacking or too expensive? The total losses are incalculable, but it is quite probable that they were also considerable. Be that as it may, Saskatchewan was at last completing its electrical system.

CHAPTER THIRTEEN

OPERATION "STUBBLE JUMPER"

While the Power Corporation was engaged in integrating the province's electrical facilities, it was also rapidly extending its operations into rural areas. In slightly over a decade electricity was supplied to or placed within reach of roughly ninety-nine percent of Saskatchewan's agricultural community. Though the program at its inception was confronted by apparently insurmountable obstacles, in none of the Corporation's other undertakings do the final results appear to have as greatly exceeded initial expectations. To the Corporation is due considerable credit for the achievement, yet basic to it were economic factors. The generally favorable income position enjoyed by farmers greatly facilitated the electrification of a province commonly thought to be of questionable suitability for such a program.

The electrification of farms, not only in Saskatchewan but on the prairies as a whole, is almost exclusively a post-World War II development. Though Ontario had succeeded in making power available to approximately one-third of its farms by 1943, only about one percent of those on the prairies then obtained electricity from power lines. If windchargers and individual power plants were considered, the showing was somewhat better. On that basis the percentage of farms having electric lights
stood at 37.3 in Ontario, 7.3 in Manitoba, 5.5 in Alberta and 4.8 in Saskatchewan, the latter figure being the lowest for any province. Economic and geographic circumstances were mainly responsible for this fact. Then too, farmers had not made much use of power when they had it.

Not until the 'forties were serious attempts made to formulate schemes by which electrical service could be extended to western farmers on anything like a comprehensive basis. That efforts to do so were put forth then can doubtless be attributed to a number of factors. It is quite possible that events in the United States provided the initial impetus. There the Rural Electrification Administration, an agency of the Federal government, had had a good deal of success in providing power to sparsely settled areas. It encouraged the establishment and growth of locally owned electrical cooperatives, loaning such organizations funds on very generous terms. No similar program was worked out in Canada. But, as the farm economy improved during the war, widespread and sustained demands for rural electrification gradually arose. With more funds at their disposal farmers could seek ways to raise their living standards, increase efficiency or reduce the

2. For brief discussions of these factors see Thornton to J. H. Brockelbank, 14 January, 1944, S. P. C., Power Development, General, and B. Montbriand to Thornton, 5 August, 1942, S. P. C., Rural Electrification, General, August, 1942 - December, 1951.
3. The activities of the R. E. A. were frequently mentioned. For some details concerning it see "Rural Electrification in Manitoba, Saskatchewan and Alberta," The Country Guide, (Winnipeg), August, 1950, p. 13, in Brown Papers, PC 10, Rural Electrification, Saskatchewan. R. E. A. loans were for thirty-five years at two percent, repayment commencing in the sixth year.
manual labor inherent to farming. Their interest and demands came at an opportune time. In general, governments and other organizations were anxious to prepare programs for implementation following the war, lest conversion of the economy to a peacetime basis be marked by unemployment and a slowdown in business.

Responses to the desires of rural residents for electricity came over a period of time and assumed different forms in each of the Prairie Provinces. Action was forthcoming quickly in both Manitoba and Alberta. In 1942 the Manitoba Government created a commission to study rural electrification and the possibility of instituting such a program. In due course it reported that ninety percent of the province's farms could be furnished with power. The Government thus adopted a plan designed to connect 5,000 farms annually to the provincially owned system and undertook to subsidize such expansion by an amount equal to one-half the interest on the necessary capital. The latter decision by the Province enabled its utility to take electricity to farmyards free of charge.

The response in Alberta was quite different. Of the three provinces, Alberta, then as now, was the stronghold of privately owned utility companies. Probably for that reason action by the Government was negligible. However, the private operators quickly took up the subject. During 1943 and 1944 they established test areas in the Olds, Swalwell and Vegreville districts, leading to adoption of plans for expansion through cooperatives. Under the arrangement the costs of rural electrification were borne by the farming community, farmers being required to finance construction of facilities needed to serve them.

4. Ibid., pp. 4, 8, 12-13. In Manitoba a farmer was required to deposit sixty-five dollars with the Power Commission. When he had purchased the required number of approved electrical appliances, the
Action came more slowly in Saskatchewan. The province was regarded as the most difficult of the three to electrify. Indeed, for a considerable length of time the opinion was widely held that serving farms on an extensive scale was out of the question. However, plans for expansion into rural areas were eventually developed, bearing some of the characteristics of those worked out the two other provinces.

In the fall of 1944, in line with the Saskatchewan Reconstruction Council's recommendations, investigation into the field of rural electrification commenced. A series of meetings took place between representatives of the Government, the various utilities and others. These eventually led to the appointment of a six man committee, headed by Professor H. Van Vliet of the Farm Management Branch of the university, to study possibilities of undertaking such a program with special emphasis on the utilization of individual power plants in areas which would not be reached by transmission lines. Though the committee returned money was returned. Of the three provinces Manitoba was perhaps in the best position to subsidize farm electrification. All power was generated by the Winnipeg Electric and the City of Winnipeg. This freed the Commission from the task. Further, Manitoba's rural area was most densely settled and smallest. See J. A. Darling to G. McKeen, 18 July, 1950, ibid., PC 15, Power Co-operatives. The Manitoba Government also collected water rental from the generating firms. Hence it had an income from power with which to subsidize the Commission. In this manner the citizens of the Winnipeg metropolitan area contributed toward rural electrification. As the reader is aware the situation in Saskatchewan was quite different. In Alberta the Province guaranteed loans to power cooperatives provided recipients of power raised fifteen percent of the capital required. The provincial research council also coordinated activities of utility companies.

5. The reactions of Walter Schlosser appear quite typical. After reading the report of the Manitoba commission, he stated that Saskatchewan was not nearly as densely populated, adding: "There are only a few sections ... where there is sufficient density to justify any type of rural electric service by means of transmission lines." Schlosser to E. H. Morrison, 1 February, 1943, D. E. P. No. 125. Also see Schlosser to L. Loeb, 29 November, 1944, D. E. P. No. 227, and B. Montbriand to Thornton, 27 November, 1944, S. P. C., Rural Electrification, Rural Projects, 1942-1954.

never filed a final report, its studies were productive of certain conclusions. Briefly, findings indicated that a comprehensive program would require subsidization and would cost over $80,000,000, exclusive of expenditures for lines comprising the high-voltage grid, but that only part of the province's rural areas could be electrified. The committee believed that it would be advisable to start where prospects of success were most favorable and expand as far as economically possible while attempting to develop other sources of power for the remaining areas. To place the province's utility in a better position to make extensions to farmers, it suggested that the main power lines connecting towns and villages be built first.

To a significant extent, the committee's suggestion describes the Power Commission's activities during the years 1945 through 1948. The main concern of the Commission at that time was to consolidate the various utility properties and create a provincial system which would permit the generation of greater amounts of low cost power at strategic locations. The state of generating and transmitting facilities and the limited supply of construction material available ruled out any more than token expansion in rural districts. The small number of farm extensions undertaken each year were designed to provide the provincial utility with experience in the field and possibly to meet criticism and reduce pressure on it and the Government.

7. Minutes of meeting of Rural Electrification Committee, 25-26 March, 1946, Department of Natural Resources, File G-3-7, A. S. The committee concluded that over half of the province's 124,000 farms lay in areas having a farm density of less than 1.2 per square mile and that the high density areas of the north might prove unsuitable for electrification due to subsistence farming.

While the Van Vliet committee was conducting its inquiry the
Government instituted a complementary study on farm electrification.
The objectives of the two were somewhat different. The former was
intended to determine if such a program could be inaugurated and
what areas might be served. The second study, a much more technical
one, undertaken by David Cass-Beggs, called for the formulation of
plans for the electrification of all rural Saskatchewan, estimates of
the costs of such a scheme and recommendations for carrying it out.
Largely on the basis of the two investigations rural electrification
policies were adopted by the Government late in 1948.

From the information collected the Government concluded that it
would be wise to use caution in making power available to farmers. It
saw such a program as a borderline proposition at best. Geographic and
economic factors, it was believed, would greatly retard extension of
service in some areas and perhaps completely prevent it in others.

Viewed from the standpoint of geography, the electrification of

9. Memorandum, 1 May, 1945, Brown Papers, PC 10, Rural Electri-
fication, Saskatchewan; The Leader Post, (Regina), May, 1945, 23 July,
1948, Saskatchewan News, (Regina), 4 August, 1947, in S. P. C., Rural
Electrification Clippings.

of the Saskatchewan Power Commission for the Supply of Power to Rural
and Farm Areas," October, 1947. Among his general comments were:
"The desirability of a high percentage of farm electrification needs
no arguing. It must be remarked, however, that there is no satis-
factory intermediate position between a thorough going electrification
scheme and virtually none at all. ... it is essential that a very high
proportion of potential customers be connected in order to keep the
capital expenditure per farm within limits and it is also essential
that loads be quickly developed to a high level... ." See pp. 75-76.
Cass-Beggs estimated that it would cost about $75,000,000 to serve
75,000 farms and believed that seventy percent of potential farm
customers could be obtained early if rates were attractive. See
pp. 77-78, 87. He also suggested that rural expansion be accomplished
by establishing power cooperatives and that all funds be raised by the
Government to take full advantage of its borrowing power. See p. 79.
farming districts would be very expensive. Of the nation's agricultural land the Prairie Provinces possessed approximately seventy-five percent, with almost three-fifths of that amount lying in Saskatchewan. The farm population was also large. It was estimated that the province had nearly nine-tenths as many farms as Manitoba and Alberta combined. The size of Saskatchewan farms presented a further difficulty. On the average they are the largest in Canada. As a result, farm homes were more dispersed, requiring more line to bridge the gaps between them. More than that, the location of buildings -- frequently in the interior of agricultural holdings -- tended to obstruct electrification. Since power lines had to be constructed near roads to facilitate inspection and maintenance, long tap-offs were often required. Statistics indicated that an average of 1.18 farm customers per mile of power line could be obtained in the province, whereas corresponding figures for Quebec, Ontario, Manitoba and Alberta were 5.83, 3.5, 1.96 and 1.27 respectively. On the basis of such factors, it was judged that rural electrification in Saskatchewan would prove much more costly than in most other provinces, both on a per customer basis and in total.

When the heavy costs of rural electrification were examined from the point of view of the agricultural economy additional problems were observed. In Saskatchewan wheat may be king, but to an electrical utility the straight grain farmer scarcely rated membership even in the lesser nobility. Over large sections of the province farmers were concentrating almost exclusively on grain production, the proportion of such operators being the highest in the country. This form of land utilization was not regarded as conducive to large scale consumption of electricity. Areas devoted to cereal production also generally had
low farm population densities and the highest proportion of farmers living in towns or wintering in urban centres. Further complicating matters was the fact that Saskatchewan farm incomes were relatively low and extremely variable, with certain portions of the province containing higher than average numbers of low income farms.

Aware of these considerations and conversant with the financial position of the province, the Government's Economic Advisory and Planning Board, in cooperation with the Power Commission, drew up a set of principles to govern rural expansion. It was agreed that:

(i) with certain exceptions, rural electrification is not a major factor in the farm economy of Saskatchewan;
(ii) the objective should be to develop rural electrification on a self-supporting basis;
(iii) all areas capable of such self-support should be eligible for service, depending on the capital position of the Power Commission;
(iv) since the policy of the government is to encourage the movement of population into more compact communities, priority should be given to providing service to villages, hamlets, cooperative farms, etc.;
(v) in any allocation of capital, due consideration should be given to more efficient servicing of present connections.

These principles were submitted to the cabinet and may well have been approved by it as a basis for the Rural Electrification Act passed shortly thereafter. Both the principles and the act were characterized by caution.

11. For limited discussions of these problems see J. F. N. Perry, "Farm Power," undated, Brown Papers, PC 10, Rural Electrification, Saskatchewan; Memorandum on Farm Electrification, March, 1951, S. P. C., Rural Electrification, General, August, 1942 - December, 1951; The Leader Post, (Regina), 30 March, 1949, in S. P. C., Rural Electrification Clippings. In addressing the Estevan Board of Trade J. A. Darling stated that a cautious approach would have to be taken, adding: "it would be unwise and unfair to exaggerate the possibilities." See ibid., 15 January, 1949, in ibid.
13. One informed observer stated: "My general comment is that the Act seems to support an almost entirely riskless operation on the part of the Corporation ... ." H. Van Vliet to H. S. Lee, 10 March, 1949, ibid.
Insofar as the electrification of Saskatchewan farms is concerned the early months of 1949 may be regarded as a watershed. Though the Rural Electrification Act passed at that time was essentially a hesitant step, it marks the beginning of provision of such service on a systematic and comprehensive basis. Before then farmers obtaining power had, for the most part, resided on the outskirts of urban centres or within a few hundred yards of transmission lines. Thereafter the Corporation moved further afield. In view of the varied and profound effects electricity has had on rural life, it is difficult to gauge the full significance of the changes which then began to be instituted.

In essence, the Rural Electrification Act created the legal framework for expansion by the Power Corporation into farming districts under three different plans. Parts one and two of the act dealt with the supply of power on an individual basis and the creation of rural power districts comprising seven or more farms. Part three laid down procedures for the formation of rural electrical cooperatives. Characteristics of both the Manitoba and Alberta plans were evident. Under parts one and two a portion of the cost of rural extensions was assumed by the Power Corporation; under part three farmers bore the full burden.

The provisions of the act for extension of service to individuals were simple. A farmer or group of farmers desiring power filed applications with the Corporation. If upon study it was found that the requests could be granted under existing regulations, construction was authorized. Obtaining service by means of a power district was more complicated. Here seven or more farm occupants were required to submit a joint application to the Corporation requesting the creation of a district. Following receipt of the application the Corporation conducted
a survey in order to determine the number of farm occupants prepared to take power, the cost of the system required to serve them, the cost of operation and maintenance, and the revenue which might result. On the basis of these data the application was accepted or rejected. If it was accepted, meetings were held and a vote taken in which two-thirds of the farm occupants within the proposed district were required to approve establishment before the district was created and construction authorized.

In certain respects the two methods were alike, providing as they did for rural electrification on a cost-sharing basis. In both cases the main power lines extending from farm to farm along road allowances were financed jointly by the Corporation and parties served. The former supplied the material from which they were built while the latter bore the labor costs arising from construction and clearing rights-of-way. In addition, farmers were responsible for the costs of material and labor for tap-offs from main power lines to farm yards, together with the necessary transformers. The essential difference between the two plans from the point of view of cost was in the apportionment of charges for labor. Where service was provided on an individual basis, each customer was responsible for labor costs resulting from the construction of his tap-off, while such expenses covering main power lines could be assessed in the same manner or divided as mutually agreed upon among a number of parties if more than one was served. In short, those receiving power bore all such costs. In a power district, on the other hand, all labor costs were totalled and the sum divided among all parcels of land in the district on an acreage basis. Though certain land might be declared submarginal and excluded, every parcel lying
within half a mile of main power lines was considered part of the district. In this case all landowners, even those who did not take power, contributed toward the labor costs. Under either method the Corporation retained ownership of the distribution system, maintained and operated it and supplied electric meters.

Part three, providing for the creation of cooperative associations, was quite different. It authorized the establishment of cooperatives for the purpose of purchasing electricity wholesale from the Corporation and distributing it to members at retail rates. In this case ownership of the distribution system was vested in the cooperative which assumed all costs involved in its construction. Operation and maintenance of such systems could also be undertaken by them or contracted to the Corporation. It was intended that such organizations should consist of groups of 100 or more farmers.

The only provision for credit under the act applied to power districts. Before work on a district distribution system began, payment to the Corporation of seventy-five percent of the amount for which all landowners were liable and fifty percent for which each was responsible had to be made. The balance might be deferred and levied as taxes over a five-year period.

All in all, the conservative position of the Government was evident in the act. If rural residents sought power through a cooperative, they assumed all costs. If they chose to be supplied as individuals or members of a power district, their share of expenditures worked out

\[14. \text{Statutes of the Province of Saskatchewan, 1949, Ch. 122.}
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The decision to distribute labor costs over all land in a power district was based on the belief that electrification would increase land values. Hence, it was thought proper that nonresident farmers bear some of the burden.
to approximately sixty percent. Farmers were as well required to perform much of the organizational work preparatory to establishing power districts and cooperatives. And since applications for service had to be made before action was taken by the Power Corporation, the initiative for expansion was in their hands.

In view of the lower costs to farmers under parts one and two as compared to part three, at first glance one might be inclined to wonder why the third section was included. Aside from the Government's intention to encourage the development of cooperatives in general, this was apparently done to assist the Power Corporation financially. Believing that the utility would not have sufficient funds to provide service immediately to everyone desiring it and to build the provincial grid at the same time, it was thought the provision might encourage groups able to finance the full costs of electrification to do so in order to obtain power at an early date. The prospect of purchasing power wholesale may have been intended to act as a further inducement.

The distribution of expenditures under the cost sharing arrangements included in the act were also based on various considerations. In view of the Manitoba scheme the Province deemed it desirable to formulate a plan which would be reasonably equitable and possess fair public appeal. At the same time, it believed it advisable not to make too radical a departure from previous apportionment arrangements lest accusations be produced that farmers already served -- approximately 1,500 -- had received too much consideration. J. L. Phelps, who assisted in drafting the bill, judged that its terms were quite generous. The Corporation

estimated that the cost to a farmer would be roughly in line with the
outlay occasioned by installation of an individual thirty-two volt
plant, a less satisfactory source of power. It also saw the division
as possessing certain advantages. It would be readily understood, and
its own share could be quite accurately determined in advance, the only
variation being the rise and fall in prices. Lastly, it is highly
probable that the sixty-forty split was also chosen as a means of
limiting the Corporation's contribution to a maximum of $300 per
customer, calculated as being the ceiling for a self-supporting scheme.

The cautious attitude of the Government toward rural electrification
received further emphasis during discussions in the Legislature. In
moving the second reading of the bill, J. A. Darling dealt at length
with the difficulties which would be encountered in serving farms,
indicating the necessity for discretion. Too rapid expansion, he
warned, would place a heavy burden on the Power Corporation and could
force a return to deficit financing. Experience elsewhere suggested to
him that it would take five years until revenue from farm lines would
be large enough to retire any portion of capital investments. In
further justifying the requirement that members of the agricultural
community make substantial contributions toward capital costs, Darling
pointed out that urban residents also paid construction charges exceeding
a certain amount. He maintained as well that under existing conditions
farmers would be able to bear the expense, while their doing so would

16. Memorandum by J. L. Phelps, undated, S. P. C., Rural Electri-
fication, Co-ops; W. B. Clipsham to M. Brownstone, 23 February, 1955,
S. P. C., Rural Electrification, General No. 2. Prior to passage of the
act farmers had borne about forty percent of costs. The division of
costs gave Saskatchewan farmers terms approximately mid-way between
those in Manitoba and Alberta.
17. J. F. N. Perry, "Farm Power," undated, Brown Papers, PC 10,
Rural Electrification, Saskatchewan. The limit of $300 could have been
increased by raising rates, but this was not deemed desirable.
permit a greater number of them to be served with the capital made available to the Corporation. To keep actual payments as low as possible, he stated, every encouragement would be given farmers to build their own lines under the supervision of Corporation engineers and, in conclusion, he described the bill as a means of extending electrical amenities to rural areas on a self-supporting basis and through a cooperative effort. That the Government was rather pessimistic about what could be accomplished, however, was clear. Darling predicted that fifteen years would elapse before a substantial showing was made.

Criticism of the bill was brief but succeeded in throwing additional light on the Government's position. Walter Tucker, leader of the Opposition, expressed doubts that the scheme would be self-supporting and urged subsidization as in Manitoba. He also suggested that the division of costs placed too heavy a burden on farmers, adding that even a fifty-fifty split would make a great deal of difference. In reply Darling declared that he would favor a subsidy if he thought it was possible. While holding out the possibility that service might be provided at lower cost sometime in the future, however, he reiterated that for the present those obtaining the advantages of electricity first would make substantial contributions.

While Darling's reply seemed to indicate that subsidization was not adopted due to the financial position of the province, it appears quite evident that this was not the only reason. While rural electrification was undergoing investigation, it was frequently stated that significant

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19. The Leader Post, (Regina), 2 April, 1949, in S. P. C., Rural Electrification Clippings.
progress in the field would be impossible without a subsidy. Though sympathetic, the Government was probably not altogether convinced that this was really desirable. Subsidies would have to come out of its revenue or be raised by borrowing. In either case the results would be somewhat unsatisfactory. It was not definitely known to what extent the province could be electrified. With subsidization people who might never obtain power would be assisting those being served. Furthermore, expansion would be restricted to the rate at which subsidies were forthcoming and would likely occur mainly in the most favorably endowed parts of the province, areas best able to bear part of the costs. To raise money by borrowing would also result in complicating the financing of new generation and transmission facilities for which large amounts of capital had to be obtained in that manner. Then too, if electricity were brought to farmyards at little or no cost, almost everyone could be expected to request service, including those who lived on their farms only part-time or planned to vacate in the not too distant future. The result would be additional expenditures and the danger of a high rate of disconnections before capital costs were recouped. Individuals operating uneconomic farms would likewise be more inclined to connect up, resulting in encouragement to such persons to continue their operations and thereby assisting in the perpetuation of subsistence farming.

20. Ibid., 23 July, 1948, 2 April, 1949, in ibid.; T. C. Douglas to L. Stinson, 16 January, 1958, R. Brown to D. Williamson, 10 April, 1959, Brown Papers, PC 1, Minister. The question of rates was evidently also considered in deciding to charge farmers a significant portion of construction costs. Doing so meant that lower rates and minimum bills could be applied than if the Corporation had borne all costs. If farm incomes fell it would be easier for farmers to continue using power than if rates and charges were higher. See W. B. Clipsham to M. Brownstone, 23 February, 1955, S. P. C., Rural Electrification, General No. 2.
Though the Government decided not to subsidize directly, what might be described as two types of subsidies were, nonetheless, provided. These were made available by the Power Corporation itself and were paid for by the publicly owned utility's retail customers. Rural electrification was based on the principle that the urban customers of the Corporation would bear all the capital costs incurred in establishing the province's generating facilities and high-voltage transmission system. Farm revenue, on the other hand, was expected to cover only the costs of energy consumed by rural customers and capital costs of 21 rural distribution systems. In effect, this amounted to urban residents placing all the advantages of large generating stations free of charge for the rural community at the numerous substations throughout the province where rural lines began. In recommending adoption of the principle Cass-Beggs stated that as a proportion of the long term load (when farm electrification had been completed) the farm load would not represent more than a quarter of the total load. Therefore, whether or not farms were connected to the system, expansion of generation and transmission facilities would be on practically the same 22 scale. Assuming that Cass-Beggs' contention was valid, this form of subsidization, while very important to rural inhabitants in that it placed cheap power within economic reach, rested lightly on urban 23 citizens.

23. While this was almost certainly true after farm consumption increased, it was less so at the beginning. Had the capital costs of generation and transmission been charged to rural electrification in proportion to the percentage of such facilities that were used for it in 1951, it would have shown each farm customer receiving a subsidy from other Corporation customers of $32.40. See Memorandum re Economics of Farm Electrification by J. W. Tomlinson, 17 October, 1952, S. P. C., Rural Electrification, General No. 2.
Secondly, consumption of electricity by farm customers upon receipt of service was generally low, many farmers paying only minimum bills. To break even under such circumstances the Corporation should have contributed somewhat less than forty percent of the cost of providing service. Consumption by farmers had to be built up, and until it was urban retail customers of the Corporation covered the losses. This was a major reason why the Corporation opposed the sale of power at cost to the municipalities and wanted to retain distribution systems.

Designated a test year by the Power Corporation, 1949 saw the Rural Electrification Act applied in the field. For purposes of testing approximately 1,500 farms were selected from among 4,000 to 5,000 applications on hand. These consisted of singles and groups varying upwards in size to a block of 150 farmers and numerous urban residents in the Muenster-Lake Lenore district. Regulations formulated to govern the year’s program prescribed that in general farms receiving service should require no more than a half mile of distribution system. Due to priority considerations most of those chosen lay in the eastern half of the province, being concentrated in mixed farming areas.

In the course of the year all three methods of providing service were put into practice. Of the results Charles E. Smith, rural

\[24\] For 1951 farm customers were using an average of 1,300 kilowatt-hours per year. On that basis the Corporation should have been furnishing twenty-six percent of capital requirements. At the time the cities of Prince Albert, Yorkton and North Battleford, together with numerous towns and villages, provided the funds for this type of subsidization. See ibid.

\[25\] Decisions of Board, 13 June, 1949, S. P. C., Rural Electrification, Co-ops; Saskatchewan News, (Regina), 1 September, 1949; in S. P. C., Rural Electrification Clippings. Priority was given on the basis of where power was available and where it would be best used.
electrification superintendent, informed Tomlinson: "Basically the provisions of the ... Act ... as I have seen them in operation to date are sound. I cannot say that any major changes would be warranted at this time." For the most part, farms had been connected up on an individual basis, only one power district and one cooperative being established. Difficulties were encountered in organizing groups under either arrangement. Smith probably believed such problems were not insurmountable, however, for he discussed some of them and made recommendations for their solution. But at the same time he pointed out that the Corporation, through its rural electrification policies, could find itself pursuing contradictory ends. In concluding his analysis he stated:

It is a possibility that we could eventually be asked to explain a policy that might not appear consistent to the general public. Supposing a large co-operative were formed, served out of or close to Yorkton. In fact we have that exact situation in Prince Albert today. On the one hand we are fostering formation of a co-operative where the customers buy at wholesale and retail to their customers. On the other hand in the city of Prince Albert we refuse to sell to the city at wholesale so that they can retail .... Would it not be more difficult to argue ... that we should retain ... distribution ... if, at the same time we are conducting an intensive program of building up co-operatives?28

Within a short time the Corporation submitted a brief to the Government requesting instructions. Drafted by J. R. Sarsfield, the submission discussed power cooperatives elsewhere and in Saskatchewan. Such organizations, it stated, were successful in the States, having been developed there because of the lack of attention given the farm market

27. S. P. C. Annual Report, 1949, p. 7. Difficulties were encountered in establishing co-ops where transmission lines already served urban centres while organizing power districts proved time consuming.
by privately owned utility companies. The American Government's original intent in establishing the Rural Electrification Administration had been to encourage privately operated firms to expand into rural areas. Meeting no success, official efforts turned to promoting locally owned systems through a policy of self-help. Saskatchewan, the paper asserted, was altogether different. Private companies had practically disappeared and a publicly owned utility stood ready to serve the farming community.

Power cooperatives, the brief continued, would not result in more farms being served. They supplied extra capital, but programs for 1949 and 1950 were or would be restricted more by unavailability of material than by financial limitations. Besides, generating capacity and the transmission network involved the heaviest expenditures, costs borne solely by the Corporation. The latter would also be required to supply the skill and staff necessary to construct cooperatively owned distribution systems. Consequently, the brief argued, cooperatives would not result in more rapid development in the farm field. On the contrary, it added, taking the existing one as an example, they resulted in fewer farms being served when material was in short supply. The line mileage per customer was greater in the one at Prince Albert than in the Corporation's own projects.

Coming to the point raised by Smith, the submission asked if the short term advantages of cooperatives as a source of capital were sufficient to offset their long term disadvantages. If power was sold at cost to them, the same might have to be done in other cases. On that basis, the cooperative section of the Rural Electrification Act ignored the problem of building a province-wide, publicly owned utility. Further, cooperatives would most likely find favor in the best agricultural
areas, leaving other districts to the Corporation. Those developing in marginal or submarginal areas and finding themselves unable to meet their obligations would look to the Corporation or Government for aid, while the profits from the successful ones would accrue to members. The results would be detrimental to the financial position of the provincial utility. "There is a need for guidance by the Government," the brief declared, "for clarification of the Government's policy ... . Is it the desire of the Government that the publicly owned Saskatchewan Power Corporation should favor the establishment of rural power co-operatives in the Province of Saskatchewan?"

Additional implications of Smith's question were brought out in a second memorandum from him to Tomlinson. In it he stated:

The whole question of co-operative development of rural power schemes is one that can drastically affect the future policies of the Government and the set-up of the Saskatchewan Power Corporation as we know it today. ... where will such a policy eventually lead? ... it seems to me the future holds two possibilities. First, the Power Corporation would have to deal with co-operatives on a strictly impartial basis in practically the same way they are handled by the private utilities in the States and in Alberta. This has some advantages, but it does bring on a number of evils, with the result that both parties usually wind up fighting for survival. As we know, this policy is not very popular in the States, and certainly is not in Alberta. Secondly, the other alternative would seem to be for the Power Corporation to gradually step out of the distribution field, until we wound up with generating facilities only. This plus acting in an administrative capacity, such as the Rural Electrification Administration in the States, would probably be our final role. It is on this matter of broad general policy that I think the stand must be taken either one way or the other. A change in policy would be much easier to make now than it would be in a year or two, after a number of co-operatives are alive and functioning.

From the technical and purely economic viewpoints Smith demonstrated that such organizations were not a wholly satisfactory method of

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supplying power to rural Saskatchewan. Mentioning a proposed cooperative for the Birch Hills district, he related:

We have a main trunk power line running through this area, and farmers on either side of it requesting service. Metering problems under a co-operative system are virtually insurmountable. Either the co-operative idea is abandoned, or if it is to function as a true co-operative, a separate line would have to be strung under our existing hi-line. Either this, or the co-operative would do as in the States, build another rural power line parallel to our own line, and only a few feet away. This, of course, becomes ridiculous under our set-up. Under such a condition, it seems that a co-operative would be rather impractical.

In spite of the lengthy inquiry into rural electrification, it seems quite evident that neither the Government nor its advisers had fully examined power cooperatives in terms of the results they might produce. In any event, had the Douglas administration not done so before, it did upon receipt of the Corporation's brief. As a result, the utility had built what proved to be its first and last cooperative.

Though unrepealed, part three of the Rural Electrification Act became a dead letter. Moreover, the cooperative created was scarcely robust. It was less than half the size such ventures were intended to be, and it seemed questionable if standard Corporation rates would yield enough revenue to pay interest on the investment, let alone retire the construction costs. The members also became somewhat alarmed. Because of low consumption during the first few months of operation, line and transformer losses accounted for thirty to fifty percent of the energy purchased. On December 28, 1951 the association went out of business, selling its distribution system to the Corporation.

31. To be exact, no more were established in the settled portion of the province; a number were organized in northern communities.
While not so denoted by the Power Corporation, in many respects 1950 was also a test year. Again most of the rural program was carried out on the basis of farmers paying individual costs. Only two power districts were established, both in the Humboldt area. Though the procedures for organizing them had been streamlined somewhat, these proved to be the last ones created, chiefly because of the time required to organize them.

With the abandoning of plans for power districts and cooperatives, rural expansion reverted to a modified form of the policy adopted at the birth of the Commission. The possibility of farmers obtaining credit also disappeared. In view of such results there can be little doubt that the Rural Electrification Act failed to measure up to the expectations of its architects. In the light of certain facts the outcome is not surprising. When asked to comment on the Act prior to its passage, Professor Van Vliet had indicated that it would be somewhat difficult to apply. Among other things, he stated, "The definition of a proposed rural power district seems to be too lax to control a desirable form of power development." "The provisions respecting the form of districts and their extension would seem to involve an extremely complex administrative task." "In view of the indeterminantness of an equitable land tax levy for electrification, and ... the administrative burden which such levies will imply for municipalities concerned, I am of the opinion that it should, if at all possible, be avoided entirely." Perhaps allegations that the act was passed in 1949 to improve C. C. F. chances

in the federal election were not without foundation. The professor's remarks and subsequent events mark it as a measure drafted in haste.

Of significance for the future, however, the means to avoid the pitfalls of the first two years were largely worked out. As the 1950 program drew to a close J. R. Sarsfield pinpointed the basic problems and proposed methods to circumvent them. The Rural Electrification Act was too specific, particularly regarding the division of labor and material costs for main power lines, the segregation of costs for main lines and tap-offs and the division of costs between farmers. This necessitated detailed cost accounting on individual projects, though it was impossible to be sure that correct divisions were made. Among other things, some lines off road allowances could be classed as either main line or tap-off, while weather or road conditions could produce varying labor costs. At the same time, the requirements resulted in detailed discussions of costs during promotional activities, confusing the sales program and creating dissension among farmers and between farmers and the Corporation. Estimates covering a project would be drawn up on the basis of a group of farms, whereupon other farmers might decide to join. Reestimating would follow; some might then

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34. For allegations by the press see The Leader Post, (Regina) 30 March, 1949, in S. P. C., Rural Electrification Clippings. Liberals also made the same charge. The possibility that it was true is indicated by the following evidence. On 4 November, 1948, T. H. McLeod wrote H. Van Vliet that there was a "demand coming from certain quarters for some type of legislation dealing with Rural Electrification to be placed on the Statute Books this year. The government realizes that any action to be taken should properly await consideration of your report ... ." Brown Papers, PC 10, Rural Electrification, Saskatchewan. Before passing the act the Government did obtain some data from Van Vliet while he was drafting the report. See "Professor Van Vliet's Comments, Rural Electrification in Saskatchewan," undated, ibid. However, in conversation with the latter the author was informed that a complete report was never filed with the Government.
drop out or others join. Almost endless paperwork was required. Yet in spite of all the calculating, it was impossible to know exact costs to farmers until after a project was completed. "This results in a complete muddle to the farmer and the Corporation," Sarsfield declared. Moreover, he added, much of the procedure could be eliminated as the vast majority of groups wished to pool their costs.

Lack of credit, Sarsfield further stated, restricted sign-ups and resulted in unsatisfactory coverage. Often fifty to fifty-five percent of farmers in an area agreed to take power, but credit would be needed if sixty-five percent or more were to do so. As a consequence, even those able to finance their share might not be able to obtain service.

Turning to the subject of villages, Sarsfield asserted that serving those remaining would adversely affect the financial stability of the Corporation. To safeguard the latter, extension to them would have to be made at the expense of those from which a favorable investment return was being received, through Government subsidy or by assessing them with part of the money spent to serve them.

To solve these problems Sarsfield recommended that the act be changed to facilitate "area coverage." Under such an arrangement, rather than dealing with an indiscriminate group of farms, an area would be marked out, mapped, a distribution system planned for the whole, and one price set for each and every farm therein, the price varying throughout the province according to farm densities. If a sufficient percentage of farmers contracted for power, they would be served regardless of their location within the area in question. This would let the farmers know exactly where they stood. Experience demonstrated,
Sarsfield asserted, that a high proportion of farmers would sign for service under such a method provided some form of credit was made available. He also believed that villages could be included in farm schemes and capital contributions obtained from them by various means.

C. E. Smith had arrived at much the same conclusions. Of the existing system, he declared: "The whole psychology is restrictive. 'Cut off farms to reduce the mileage.' The final result is a fringe around every project that will be difficult or impossible to ever serve." Smith maintained that the procedure was unfair in practically every case as lines were built through sparsely settled areas to reach concentrations of farms. Those in thinly settled districts along lines not only received service but did so at the pooled price while farms on the fringes of projects, though perhaps more heavily concentrated, were left out. In addition, if the fringes were served later farmers located there paid more than those in thinly settled districts served with the main groups. He too called for "area coverage," a policy soon authorized by the Government.

Throughout 1949 and 1950 as problems were encountered Power Corporation officials modified their practices in certain respects. Originally they planned to build only a half mile of line per customer. This did not prove altogether satisfactory and was quickly increased to an average of seven-tenths of a mile for large groups. Maximum permissible extensions for individuals and small groups were also

36. Memorandum on Area Coverage by C. E. Smith, undated, ibid.

The problems were caused not only by the act but by Corporation regulations. Because material was in short supply, it was necessary to limit the mileage of line which would be built to serve a customer.
revised. As well, procedures for serving small hamlets were developed. In joint farm-hamlet schemes four hamlet customers were equated with one farm in computing the average mileage of line per farm. Such customers were assessed construction charges, varying with the size of hamlets and the costs of distribution systems required to serve them, the amount thus collected being used to reduce charges to farmers in projects affected. Such a method of grouping and assessing construction costs frequently made it economically possible to serve an area which was not so considered when farm and urban populations were examined separately. The financial impediments to serving small towns, villages and large hamlets were soon to be overcome in a somewhat similar manner. In such communities residents were also required to contribute toward capital costs. The practice was deemed reasonable, as serving them not only involved a fairly heavy expenditure on a distribution system but also necessitated the construction of a more substantial main line than if service was provided only to farms.

Classification of customers in rural areas also took place. Originally farms, schools, business establishments and so forth were all given the same rates. This was inconsistent with standard utility practices: it did not properly protect Corporation revenues, did not correctly proportion charges and would not accurately reflect growth. Thus separate farm, domestic and commercial rates were adopted, minimum charges being set at five dollars per month, except for churches, schools and community halls which received special consideration. In line with

the self-help nature of rural service, customers were required to read their own meters and submit the figures to the Corporation.

Modification of the methods of making electricity available to the rural community during these years was not confined to purely administrative and organizational matters. On the contrary, the results of experimentation in the technical field, especially the development of one-wire, single-phase transmission -- the distribution of power using one wire with the earth forming the return portion of the circuit -- were of signal importance, greatly aiding expansion into the sparsely settled portions of the province.

Originally rural lines in Saskatchewan were of the two-wire type. During the inter-war years, here and there in the United States, some rural cooperatives began using a single wire. The practice, however, did not become widespread. It was feared that the system might create hazards to life and property and unduly interfere with communications. During the late 'forties, while Berry was in charge of the Commission, approximately 400 miles of this type of line were erected for experimental purposes. The results became evident early in 1949. W. B. Clipsham, Chief Electrical Engineer, concluded that the alleged disadvantages of such systems had been much overrated. Due to the composition of prairie soils, their operation was both satisfactory and safe, while interference with communication utilities could be avoided by placing power and telephone lines further apart. From the point of view of cost the

system offered the greatest single economy possible in rural electrification -- a saving estimated at $200 per mile. Thus the Corporation adopted it for general use with very satisfactory results.

In spite of the trials encountered in launching rural electrification, fairly significant progress was made during the two years. Out of a target of 1,200 farms set for 1949, 1,142 received service. This increased the number of farm customers by eighty-five percent. Again in 1950 the goal, 2,400 farms, was not quite reached; but over 2,000, requiring 1,500 miles of rural line, were connected up. Construction crews were enlarged and increased in number as new men were trained. As a result of arrangements with the Saskatchewan Timber Board, the supply of poles for rural projects was also greatly augmented. Local timber lands were developed to obtain jackpine poles, which after treatment at Prince Albert, were used to replace imports.

Partly because of the problems being encountered in the rural field, a Government Finance Office committee was established in 1950. Its recommendations were to have an important bearing on later expansion. The committee quickly concluded, on the basis of a report from Cass-Beggs, that existing policy would restrict electrification to between 10,000 and 15,000 farms situated in the better parts of the province. On this account, it described the 1949 legislation as not being expressive of

40. Memorandum on Earth Return Rural Power Distribution by W. B. Clipsham, 16 February, 1949, S. P. C., Rural Electrification, General, August, 1942-December, 1951; B. Montbriand to W. B. Clipsham, 27 February, 1950, S. P. C., Rural Electrification, Rural Projects, 1942-1954. By the end of 1955 about 25,000 miles of this type of line had been built at a cost of about $650 per mile. See L. G. Ganne to L. A. Surtees, 17 February, 1956, S. P. C., Legislature, Votes and Proceedings No. 9. It is quite possible that the Corporation was the first major utility to employ the system on such a scale.

41. S. P. C. Annual Reports, 1949, pp. 6-7, 1950, p. 5.
the Government's considered and long term attitude and decided to
review the entire program. As a result, the Power Corporation
received authority to adopt area coverage methods, and new credit
arrangements were established for farmers. Thereafter, up to one-third
of the members of any group were permitted to finance up to two-thirds
of the amount due from each individual, while individual farmers were
granted credit up to one-third their costs, payments being made over a
three year period. Plans to electrify 50,000 farms by 1960 were also
outlined; and a five-year program, calling for the provision of power
to 3,000 farms in 1951, 4,000 in 1952 and 5,000 in each of the following
three years, was adopted. Finally, since rural electrification was
judged to be primarily the responsibility of the Corporation, other
utilities were confined to municipal boundaries so that extensions from
them would not interfere with overall planning for the province.

While the Finance Office was conducting its studies, a detailed
survey of all agricultural areas in the province was also begun. This
was essential for long term planning and a program of area coverage.
Only through such a survey could the Corporation determine the ultimate
mileage of line per farm which would have to be built and the limitations,
if any, which would have to be imposed. Just where the better agricul-
tural areas lay and how large they were could also only be established
in that manner. Rural municipal councils and agricultural representatives
rendered much assistance in this work. The Corporation obtained maps of

42. Minutes of Government Finance Office Committee on Power
Development, 14 June, 1950, S. P. C., Rural Electrification, General,
August, 1942-December, 1951.
43. J. W. Tomlinson to J. R. Sarsfield, 13 April, 1951, ibid.;
J. A. Darling to A. Hayworth, 6 November, 1950, Brown Papers, PC 14,
Power Plants; Modification of Farm Electrification Policies, 1949-1956,
ibid., PC 3A, Rural Electrification Committee Minutes.
every rural municipality and plotted the locations of farms thereon. When the task was finished it had mapped all agricultural areas and had rated each municipality according to its ability to sustain electrification. On the basis of this information long-range programs were laid out, a large part of each year's expansion being centred in the oldest districts where farms were better established and population densities higher. A number of projects were also provided for in the newer areas of the north and thinly settled districts of the south in order that the whole province might be covered in stages. At about the time this study and that of the Government Finance Office were largely completed, probably late in 1951 or early in 1952, electrification of virtually all rural Saskatchewan began to be regarded as a distinct possibility, though it was realized that a major farm recession could have serious repercussions.

All things considered, 1951 marked a major turning point in rural electrification. First, the introduction of area coverage greatly simplified procedures and placed the initiative for expansion in the hands of the Corporation. Secondly, more liberal credit regulations

44. C. E. Smith to J. R. Sarsfield, 17 July, 1950, M. Leach to District Superintendents, 4 September, 1951, S. P. C., Rural Electrification, General, August, 1942-December, 1951; The Leader Post, (Regina), 20 July, 1951, in S. P. C., Rural Electrification Clippings. Rural areas were rated on such factors as farm density, type of farming, wheat yield, and cattle population.

45. Area coverage prices were set in the following manner. On the assumption that eighty percent of farmers in a designated area would ultimately take power, the average line mileage to serve each was determined. From this the average cost of serving each farm was calculated. A percentage of the figure constituted the area coverage price payable by each farmer. The Rural Electrification Act had created principles for the division of costs -- the Corporation was to provide the material for main power lines. Because the cost of material in a power line exceeded the cost of labor necessary to construct it, the method of establishing prices operated to provide increasing assistance to farmers as expansion moved from denser into more thinly settled districts. From approximately sixty percent in 1951, a farmer's share of costs
encouraged wider and a more desirable form of expansion. And thirdly, difficulties which might be expected in serving groups to whom area coverage could not be made fully applicable at once were guarded against. Among other things, deadlines for inclusion in such projects began to be established. Despite the fact that the construction season was one of the wettest encountered, and though guarantees on delivery of material could not be obtained, the year's goal of 3,000 farms was achieved and numerous small urban communities served in joint farm schemes. However, no sooner had the Corporation succeeded in meeting the task set out for it than it was called upon to expand much more rapidly than had been anticipated.

Nineteen fifty-two was an election year and, as such, a special occasion for power politics. One of the planks on which the Douglas administration successfully campaigned spoke of electrical service for 40,000 farms and all towns during the life of the next legislature. Since its 1952 program included only 4,000 farms, it was evident that the Government was setting a major task for the Corporation. Some of the latter's reactions were summed up in a lengthy memorandum by C. E. Smith:

The Farm Electrification program as laid out prior to the last election is tremendous almost beyond belief. Forty thousand farms in the next four years is a goal that will declined progressively. In instituting the system area coverage was limited to densely settled areas by restricting each customer to an average of 0.85 miles of main power line. In addition, farmers representing sixty-five percent of the habitable farms in an area had to agree to take service when construction began. As a result of its adoption rather than attempting to hold the line mileage required to serve a group of farms to a minimum, engineering, taking into consideration future customers, became the prime concern in laying out rural lines. For further details see S. P. C. News Release July, [1951] Memorandum by J. H. Rutherford, 24 September, 1951, Report of Meeting, 23 October, 1951, C. E. Smith to J. W. Tomlinson, 30 October, 1951, S. P. C., Rural Electrification, General, August, 1942-December, 1951.

46. S. P. C. Annual Report, 1951, pp. 6, 8. Only two projects where complete area coverage was applied were completed during 1951, but their number increased rapidly immediately thereafter.
tax our resources to the utmost and calls for the most extreme degree or organization and planning. The specific statement - 40,000 farms - will be the basis on which the Saskatchewan Power Corporation and the C. C. F. government's power policy will be judged at the next election. Failure on our part to implement this program can only be justified on the soundest reasons. Failure to properly plan and implement this huge program will, I am certain, be no excuse if we should ever be held accountable for not attaining our goal. I further believe the issue is extremely important to the Government as a whole. Management, the Board of Directors and our staff must realize fully the scope and magnitude of our responsibilities.

The statement is an excellent illustration of the close relationship between power and politics in Saskatchewan. But that is not all. The document also casts a great deal of light on party platforms. "So far as I know," Smith continued, "it has never been clarified whether we are to serve 40,000 new farms in the next four years or whether we are expected to be serving a total of 40,000 farms in four year's [sic] time. I shall assume here it is the latter that was meant, because I feel that an entirely different method of planning, even possibly uneconomic, would be necessary to produce the goal of 40,000 new farms."

Smith pointed out that on the basis of a sixty-five percent sign up, 60,000 farms would have to be canvassed to obtain 40,000 customers and likewise, that supplying power to 40,000 farms would make it available to 60,000 over half the total in the province. Even on the basis of his interpretation, 28,000 farms would have to be connected up, an average of 7,000 per year, a number equivalent to the 1951 and 1952 programs combined. Believing that it would be impossible to double the size of the farm program in a single year, Smith urged progressive acceleration, beginning with about 6,000 farms in 1953.

But that was only part of the task; the Government had also promised electricity to all towns. In this regard Smith wrote:
How literally this was intended, I do not know, but presumably it would mean villages and hamlets since most towns are already served. At least it is not too incorrect to assume there will be as many new urban customers as farms - 28,000. This will make a grand total of 56,000 new customers in the next four years! 75% of the total number of customers presently served by the Saskatchewan Power Corporation (counting the cities of Prince Albert, Yorkton and North Battleford)! Building in four years many more miles of line than were built in all the preceding twenty-five years! Providing, as well, extra generating equipment and main trunk lines to supply these new customers and handle normal load growth of existing customers! In other words planning, I will venture to say, a relatively more ambitious program than has ever been carried out on this continent, or perhaps in the entire world! A program calling for detailed planning and a ruthless determination to carry it out!

Having both defined the task facing the Corporation and critically examined his organization's past performance and existing practices, Smith turned to solutions. In short, he called for a much higher degree of planning, reorganization of the rural branch and further streamlining of its methods. While stating that material might not be available for the size of the program envisaged, Smith urged that plans be made as if supplies were unlimited. "I would rather be criticized," he declared, "for having planned, then not get the material, than to be accused of no plans and a surplus of material!" And in conclusion he added:

I think the time is ripe for the announcement of a firm policy. It would seem politically wise at this time, in the same sense as the "Twenty Year Hospital Plan" by the Department of Public Health looks impressive and sound. The adoption of such a program and policy will above all require the sincere and whole-hearted support by everyone concerned - by the public, by the government and by ourselves. There will be times when we will be tempted to allow expediency to override judgement. However, if we do hold firm I have every confidence that the progress made in four short years will be so phenomenal that nothing but praise can be forthcoming.47

47. Memorandum on Farm Electrification Policies by C. E. Smith, 16 July, 1952, S. P. C., Rural Electrification, General No. 2. In criticizing practices Smith called for better long-term planning and adoption of methods designed to reduce pressure on the Corporation from farmers wanting power. He was of the belief that such pressure led to piecemeal construction which produced a large amount of routine work and possibly reduced efficiency in construction. Emphasis in original.
For all practical purposes, Smith's recommendations became the policy of the Corporation. Early in the new year rural electrification was decentralized, the province being divided into three sections. Field representatives, engineering and clerical personnel were assigned to district headquarters at Regina, Saskatoon and Yorkton. Greater emphasis was also placed on area coverage, it being made applicable to a larger portion of the province. Requirements were relaxed to enable areas with a farm density of forty-eight per township to qualify with a sixty-five percent sign up, while those of higher densities were permitted to do so with lower percentages. A ceiling of one and one-half miles of line was set for individual farms within but on the fringe of area coverage projects at standard prices, greater mileages being permitted if a habitable farm was passed enroute. Lastly, new regulations governing service to those districts not immediately placed under area coverage were also formulated.

At the same time the Corporation drew up new plans providing for the electrification of 5,500 farms and thirty-one urban centres in 1953, 6,500 farms and twenty-five urban centres in 1954 and 7,500 farms and twenty communities in both 1955 and 1956. In an effort to insure the program's success, it also assumed a larger share of costs than before.

<table>
<thead>
<tr>
<th>No. of Farms per Township</th>
<th>Sign up Required</th>
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<tr>
<td>48-60</td>
<td>65 percent</td>
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<tr>
<td>61-70</td>
<td>60 percent</td>
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<tr>
<td>71-80</td>
<td>55 percent</td>
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<td>81 and over</td>
<td>50 percent</td>
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See Farm Electrification Problems, 1 August, 1952, Brown Papers, PC 10, Rural Electrification, Saskatchewan; Modification of Farm Electrification Policies, 1949-1956, ibid., PC 3A, Rural Electrification Committee Minutes.

49. Mileage limitations were relaxed for farmers obtaining service in areas not under complete area coverage and a Farm Electrification Committee established to deal with individual cases where regulations might impose particular hardships.

A study by Cass-Beggs indicated that this would be possible if the Government could provide the capital and aggressive load building activities were conducted. Thus during 1953 and thereafter farmers agreeing to take power when the initial sign up for a project was underway received a fifty dollar discount. As well as reducing the burden on farmers, the change assisted the Corporation in obtaining the percentage of customers necessary to institute area coverage.

In the following years rural electrification progressed without further far-reaching procedural changes. Major policy modifications fell largely into two classes: progressive relaxation of the qualifying requirements for area coverage and improved credit arrangements for farmers. Along such lines rural electrification in Saskatchewan was carried through to a successful conclusion.

Though the discovery of a suitable approach to farm electrification played an important part, it was by no means solely responsible for the Corporation's achieving its objectives. Economic conditions doubtless played a primary role. Many farmers would probably have been financially unable to take electricity had it not been for the generally favorable position enjoyed by agriculture during the 'fifties. The human factor was also of significance. For carrying the program out in the field a good deal of credit is due to such men as Daniel Dojack, H. Garnet Parcher and James Rutherford, field representatives at Saskatoon, Yorkton and


Regina respectively, and those serving under them. The same is true of the multitude of rural municipal officials, farmers and others who gave freely of their time in mapping the province's farms and organizing their districts in cooperation with the Power Corporation. The assistance of men like Father Mathew of Muenster and George Lincoln of Wawota, for example, proved invaluable in obtaining applications for service and arranging easements for power lines. Here, the self-help character of rural electrification really came to the fore. The task of actual line construction did not prove very popular with farmers. Though quite a lot of work was done in certain districts, such as the Kelvington-Wadena-Rose Valley area, the idea did not really catch on. Of somewhat over 6,500 rural services built in 1954, for example, only about 200 were undertaken by farmers themselves.

Load building and related activities were also of significance in facilitating the electrification of rural Saskatchewan. Investigations preceding passage of the Rural Electrification Act showed that expansion would require a two-fold approach. Simply making power available to the agricultural community was seen to be insufficient; rural inhabitants had also to be educated in its use. Compared with other services, there was a serious lack of appreciation of the value of electricity. If such a state of affairs had been permitted to continue not only would it have had a detrimental effect on the Power Corporation but expansion would not have been nearly as extensive.

Active encouragement of electrical consumption on Saskatchewan farms began in 1950. The Corporation's main effort that year resulted in the publication of a bulletin, "Power Talks," which was enclosed with every customer's account. It was designed to acquaint the public with the wide range of uses to which electricity could be adapted and to provide information concerning the Corporation's policies. At the same time advertising through daily, weekly, and farm papers was inaugurated. To promote development of the farm load specifically, printed material was given to every farmer receiving service, together with a subscription to the magazine *Electricity on the Farm*. In addition, to assist farmers in obtaining value for their money and to protect its future revenue, the Corporation appointed a wiring supervisor whose duty it was to encourage the installation of adequate wiring on farms. The following year the program was expanded. A series of meetings designed to emphasize the importance of adequate wiring was initiated and a farm wiring handbook published for distribution.

With more and more farms possessing power, the Corporation added an agricultural expert to its staff in 1952. The appointment carried with it the responsibility of working closely with farmers who had electricity to assist them in using it to best advantage. The Corporation hoped that techniques developed in the United States for applying power to farm operations could be introduced into Saskatchewan and that successful applications by individual farmers could be passed on to others. The program involved personal contacts, correspondence, numerous rural meetings, and demonstrations of the versatility of electricity at fairs, field days and electrical shows.

With the same objective in view the Corporation took part in other activities designed to promote better or expanded use of power. In 1952,
under the sponsorship of the Dominion-Provincial Youth Training Program, two-week short courses in farm electrification were introduced at the University of Saskatchewan, with instruction in such topics as elementary farm wiring, maintenance and repair of farm electrical equipment, and the application of electrical energy to farming operations. As well, annual farm electrification conferences, jointly sponsored by the Corporation, electrical equipment suppliers, wholesalers and dealers, the University and Dominion Experimental Farms, were conducted and the Saskatchewan Electric Service League was established. The latter organization had as its purpose the safer and more intelligent application of electricity in the home while the former stressed the need for and problems associated with rural electrification.

Greater consumption of electricity by farmers and improvement in the Corporation's financial position with respect to its rural section were also promoted through rate making. Results in the electrical industry demonstrate that the more attractive rates are, the more rapid is the growth in kilowatt-hour consumption. Schedules in effect when rural electrification began were not of the type likely to produce such results. The two-dollar service charge was unpopular with the public, and the three-cent rate for the final block of energy was too high to encourage farmers to become large consumers. Thus in 1952 the service charge was cut in half, and a two-cent rate established for consumption in excess of 135 kilowatt-hours. Further modifications were made in 1956 and 1964, the charge for the final block of power falling

to one and a half, then one cent per kilowatt-hour. As a result, all customers received cheaper power while a farmer using a large amount was enabled to buy energy at a much lower unit cost.

The response of the farming community to promotional activities proved encouraging. Significant results were obtained immediately upon institution of the adequate wiring campaign. As well, average per farm consumption of power rose appreciably. From about 1,300 kilowatt-hours per farm in 1952, utilization increased between 700 and 750 kilowatt-hours in each of 1953 and 1954 in spite of the fact that new farms were constantly being connected up. Since then consumption has continued to rise with growing numbers of farmers becoming relatively large users. In 1964 average consumption exceeded 5,000 kilowatt-hours per farm, an increase of more than 400 percent in twelve years.

Rural electrification attained its maximum rate of expansion in 1956 and thereafter took place at a decreasing tempo. In 1957 expansion into the Meadow Lake area and the extreme southwestern portions of the province brought the Corporation into the most difficult districts to electrify. The following year witnessed the end of major projects; in fact, most of the five thousand odd farms served in 1958 were dealt with individually rather than as groups. Rural electrification on a

56. S. P. C. Annual Report, 1953, p. 9; Memorandum on Economics of Farm Electrification by J. W. Tomlinson, 17 October, 1952, W. B. Clipsham to M. Brownstone, 23 February, 1955, S. P. C., Rural Electrification, General No. 2. During 1965 per farm consumption averaged 5,997 kilowatt-hours indicating a 450 percent increase in thirteen years.
massive scale thus drew to a close. A total of 51,027 farms had received electrical service, necessitating the construction of slightly over 50,300 miles of rural line. Total costs of the rural distribution system were approximately $47,500,000 of which farmers contributed just in excess of $25,000,000. The average cost to each farmer was therefore roughly $500. All in all, fewer than 900 farmers paid the Corporation over $600 to obtain electricity.

As a last organized and centralized approach to complete electrification of the province's agricultural areas, the Corporation launched "Operation Complete Coverage" in 1959. A three year program, it envisaged the contacting, signing up, and serving of any farmers desiring but still lacking power. For the undertaking, the province was divided into three groups of rural municipalities, one of which was dealt with each year. As a result of the program completed during the previous eight years, area coverage prices had been established for all districts. Anyone wishing to obtain power under the scheme could thus do so at a cost of $600 or less by paying $100 down and the balance over six years. Extensions of up to two miles were permitted for this price while farmers requiring three or four miles of line paid the same but were obliged to sign a three-year contract and accept a double capacity service with its higher minimum bill. During the three year period about 10,000 farms were added to the system. Provided Corporation estimates of the

number of occupied farms in the province were correct, approximately seventy-five percent of them had electricity, though it was available to all except a small number of inaccessible ones. Since 1961 farms have continued to be connected up at a rate of from one to two thousand per year.

Thus far rural electrification has been examined mainly from the point of view of the Power Corporation and the Government. However, the whole province was interested in the subject. Hence in conclusion a few words will be devoted to what farmers thought of official policies and what rural electrification has meant to the farm population and the province generally.

On the whole, farmers seem to have looked upon electrification quite realistically. About a year after systematic expansion began C. E. Smith analyzed their reactions:

Generally speaking, I have heard very little criticism on the cost of service to farms. Where there have been misunderstandings or lack of information, I have found that an explanation of our problems clears up the criticisms that may exist. The fact that we have no cheap hydro power, the vast distances involved, and the sparseness of the farm population, are always well accepted and fully understood by the farmers. The cost of service from us as compared to the cost of operating private individual plants, plus the fact that from us they receive from three to four times the amount of power with no future maintenance expense, is also a strong

59. At the beginning of farm electrification it was thought that there were over 120,000 farms in the province. By 1956 it was judged that there were only about 86,000 potential farm customers. The downward revision of the figure was due to a number of causes: people were moving from rural to urban areas, numerous farms had nonresident owners and, among other things, census figures were based on a definition of a farm which took in agricultural operations as small as three acres and those from one to three acres if their annual agricultural production was valued at $250 or more.
selling point. The farmers generally appear to realize it is impossible to ask the Government to bear full costs of rural lines and equipment.

Smith went on to state that in most instances where farmers thought costs were high they adopted the attitude that they would take power if and when they could afford it, many laying plans for doing so as soon as possible. Exceptions, however, did exist. Difficulties were quite often encountered in areas bordering Manitoba where farmers were well aware that their neighbors could obtain service without charge.

During the 'fifties the farmers themselves were given an opportunity to express their opinions. Briefs presented to the Royal Commission on Agriculture and Rural Life indicated that the principal objections to rural electrification policies concerned the costs of installation and the distribution of costs between rural and urban areas, together with expenditures which had to be made on equipment. The submission from farmers in the Churchbridge district threw much light on the position they found themselves in:

From past experiences ... we find that the initial outlay for a farmer will be approximately from $1,400 to $1,600. This amount is arrived at in the following way: $500 or more paid to the Power Corporation for bringing power to the yard ... $400 for wiring of the farmstead and about $600 for home appliances and motors which are absolutely necessary in order to make economical use of electricity. This high initial cost, we believe, is definitely too high for the smaller farms whose overhead expenses, because of mechanization, are also necessarily high in relation to their income.61

Out of a total of seventeen hearings, the concensus of opinion at thirteen was that installation costs were excessive, four supported .................................. 60. C. E. Smith to J. A. Darling, 7 March, 1950, Brown Papers, PC 10, Rural Electrification, Saskatchewan.

61. Quoted in Royal Commission on Agriculture and Rural Life, Report No. 11, "Farm Electrification," Regina, Queens Printer, 1957, p. 8, A. S.
Viceroy farm goes on power

Source: The Leader-Post, (Regina), September 12, 1953.
the opposite view and all favored arrangements which would permit farmers to finance their costs over a longer period of time.

Some farmers believed that a solution to their problems lay in assessing urban residents for a greater portion of their costs. Carrot River, for example, branded construction charges a "penalty for living in the country" and a badge denoting "second class citizens." Such opinions doubtless arose from an unawareness of the extent to which rural electrification was being subsidized by most urban communities. The royal commission, on its part, found no fault with the size of the initial payment farmers were required to make and, while stating that it would prefer to see less disparity between rural and urban installation costs, concluded that the Corporation could do little in that regard because its system was not completely integrated.

Minor complaints were also voiced by certain types of farmers and those in particular areas. Spokesmen for renters pointed out that as a group they frequently could not obtain power because they could not persuade landowners to assume installation costs. Even area coverage was criticized, Meadow Lake farmers stating that in districts like theirs, where there was considerable submarginal land, the system tended to create hardships. Because many could not afford power, it was difficult for others to obtain it. While the latter criticism was probably valid at the time it was made, such was not the case later. The $600 ceiling on area coverage prices, the increasing mileage of line provided for that price and liberalization of credit regulations

62. Ibid., p. 10.
63. Ibid., p. 88.
64. Ibid., pp. 10-11.
were all designed to aid farmers in such districts as well as those
where settlement was scattered.

On the basis of its hearings the commission concluded that people
were generally satisfied with the operation and accomplishments of the
Corporation's rural program and that farmers had come to recognize
electricity as a necessity rather than a luxury.

With respect to the effect of rural electrification the commission
expressed the belief that farm life had been "revolutionized." Among
other things, it stated:

With electric power at the farmstead, a series of developments
generally occurs. It often creates a number of side effects, such as
improving or remodelling the farm home, the introduction
of a new farming enterprise, and the use of idle farm resources
such as empty buildings or vacant pasture. Used fully, electricity
can significantly change the structure of farm costs. Since
it creates economies in time and labour required to perform
many tasks, central station electricity may make it possible -
with no additional labour - to expand the farm business,
either through acquiring additional acreage or through
intensifying production on existing acreage.66

According to the commission, electrification affected rural society
both socially and economically, its greatest impact being of a social
nature. It reached this conclusion because at the time of its inquiry
the use of power was concentrated in the home with lighting, washing,
ironing, and refrigeration being the most common applications. Farmers
were definite in their opinion that power had made farm life more
pleasant and had improved living conditions, having done more than any
other recent technological development to make such conditions compa-
rable with those in urban centres. In addition to providing such
services as mentioned, it made more feasible the installation of water
and heating systems. Besides, the leisure it created permitted the farm

65. Ibid., pp. 82, 87.
66. Ibid., p. 1.
family to broaden its social contacts. Finally, while the commission could not state definitely that electrification slowed down the migration of people from rural to urban areas, it asserted that the development at least removed a cause for such movement.

On the economic side, the commissioners concluded that power tended to improve and stabilize farm income, the amount of improvement and degree of stabilization depending on whether or not sufficient power was applied to save substantial time and labor. Increased efficiency was particularly evident in livestock production, one kilowatt-hour of electricity, for example, being capable of pumping as much water as a man could in two days. On the basis of such economies the commission judged that the utilization of a generous amount of power could remove the need for a hired man. It also pointed out the value of electricity in general farm operations, stating, among other things, that electric brooders reduced the mortality rate among young pigs and chicks, that electric lighting substantially increased winter egg production and that installation of refrigerating equipment improved the quality of milk and facilitated storage of produce. In regard to grain production, it maintained that electric power could be applied to such operations as loading, cleaning, drying, and grinding. More than that, installation of power tools and equipment such as arc welders permitted greater home maintenance and repair of machinery, saving both expense and time, while lights contributed to efficiency in production, particularly during rush season. Last but not least, electricity considerably reduced the fire hazards on farms through virtual elimination of kerosene or gasoline lamps and lanterns.

At the time the commission reported approximately ninety percent of all power consumed on Saskatchewan farms was for household purposes.
Since then per farm consumption has risen substantially, suggesting that more electricity is being employed for other purposes. However, it is quite probable that social effects still outweigh economic ones and will continue to do so for some time to come. Straight grain farming does not require large scale application of electricity, while farmers in the lower income groups do not possess the capital necessary to install a wide range of power equipment.

In regard to the province generally, the commission expressed the belief that the expansion of the electrical utility to serve as many 67 people as possible was good for the whole economy. The conclusion was doubtless valid. Buoyancy or stability in the agricultural economy reacts favorably on urban communities. Besides, there were other economic gains. The sale of electrical equipment and appliances to farmers alone ran into many millions of dollars. Both temporary and permanent work was created and development of certain industries encouraged. Indirect benefits also appear to have accrued to the province through the Power Corporation. During 1957 and 1958, to take only two years, consumption of electricity by rural customers accounted for approximately fifteen and sixteen percent respectively of all power sold by the Corporation. Farm demands thus produced a significant increase in output of electricity with associated economies in generation and transmission. Additional benefits also came to the Corporation as a result of expansion into rural areas. The addition of farms to the urban load on the system facilitated the better use of generating and transmitting facilities through diversification of the total load.

67. Ibid., pp. 17, 67-70, 87.
On the whole, the load factor in rural areas is higher than in urban areas. Combining the two loads meant that the system load factor was improved. Then too, urban and rural peak loads come at different times of the year. As a result both can be served with less generation and transmission capacity than would have been the case if the urban load had simply been increased by an amount equal to that of the rural load. Such results of rural electrification react to the benefit of all Corporation customers. On the other hand, rural electrification also had an opposite effect. Rural expansion was characterized by high capital costs and low revenue. It followed that the utility had to be content with a lower ratio of revenue to total capital invested than would have been the case had it served only urban areas. Its annual surpluses were also reduced, since for some time after being connected up many farms did not use sufficient power to cover the costs of serving them. The problem, however, no longer appears to be serious. Indeed, in view of the great rise in farm consumption it would seem to have largely disappeared. That being the case, the province is obtaining a net gain through the Corporation from rural electrification. All things considered, it would seem quite in order to say that the urban customers of the utility who subsidized rural service are now being repaid and, further, that they can look forward to future dividends, barring unforeseen developments adversely affecting rural consumption.

68. What might be regarded as the second phase of rural electrification is now in progress. As large scale expansion drew to a close in 1958, a definite tendency toward more intensive use of power could be observed. That year over 500 farm customers applied to the Corporation to have their contracts increased from five to ten horse-power. See S. P. C. Annual Report, 1958, p. 3. The development has continued since then at an accelerating rate, roughly twenty percent of rural customers having converted to ten or more horse-power by the end of 1964.
But even supposing careful calculations should show this opinion to be incorrect, could the people of urban Saskatchewan afford to permit the majority of their farmers to carry on without the advantages of electricity? With farmers caught in a cost-price squeeze and agricultural commodities being sold in an international market, it would seem rather unrealistic to deny them any opportunity to become more efficient, to reduce expenditures or to guard against technologically preventable losses of produce. The world requires more and more agricultural products. It also is desirable that Saskatchewan farmers be in a position to play their part in meeting those needs.
In addition to its activities as an operating electrical utility, the Saskatchewan Power Corporation has, for somewhat over a decade, been engaged in the distribution of natural gas. For this reason the subject will be treated briefly. However, it should be pointed out, the succeeding pages are by no means presented as an exhaustive discussion of the topic. Rather they are intended merely to describe the establishment of the gas system, partly explain its operation and familiarize the reader with certain assumptions and official policies on which the construction of the system was based.

Prior to the entry of the Power Corporation into the natural gas business during the early 'fifties, few communities in the province had access to such fuel. Plans for establishing local systems in a number of centres had been formulated from time to time, but none of them materialized until 1936 chiefly because of an absence of known gas supplies. The first commercial gas well in Saskatchewan came into production at Lloydminster in 1934. Two years later, following discovery of three additional wells, the community became the first in the province to use the fuel. In subsequent years small strikes in the

vicinity of Unity, Kamsack and Lone Rock resulted in similar utilization on a local scale. However, reserves were considered insufficient for further development.

Not until the mid-'forties did the province's electrical utility become concerned with natural gas. Though a committee of the Government's Economic Advisory and Planning Board was then considering the possibilities of its distribution as a domestic and commercial fuel, the Power Commission's interest at the time centred on producing electricity. In 1946 its first natural gas-fueled power station was erected at Unity. Such a method of generating electricity was seen as a means of eliminating a number of isolated diesel plants which were more expensive to operate. By 1948 the Unity plant had been increased to a size sufficient to act as base load station for an area extending to Wilkie, Kindersley and Macklin. Only later did the attention of utility officials turn to gas transmission and distribution.

Exploration for oil on a significant scale began in Saskatchewan in 1948. Resulting discoveries soon made it reasonable to assume that important gas strikes would be made. To establish a definite market for the commodity and likewise to encourage oil companies to seek out and develop gas fields, Darling announced late in 1950 that the Power Corporation was prepared to purchase gas either at the wellhead or at some central gathering point on gas fields anywhere in the province, provided sufficient quantities existed and wells were reasonably accessible. The gas, he stated, would be used for power production or distribution to consumers, depending on the proximity of fields to

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population centres. General terms of purchase were also formulated as a further incentive to companies to accelerate exploration.

Shortly after Darling's announcement the Government designated the Power Corporation as the provincial authority to distribute natural gas within Saskatchewan. While differing in engineering techniques, many problems related to its handling were believed to require the same type of experience as the distribution of electric power. In addition, a substantial portion of the personnel in a gas utility were seen as performing the same function as those in an electrical utility.

Upon receipt of its new responsibilities the Corporation established the position of gas development engineer, appointing John E. Mollard to fill it. A graduate of the University of Saskatchewan's College of Engineering, he had been mechanical engineer in charge of diesel plants in the western portion of the province. In addition, the Fish Engineering Company of Houston, Texas was retained as consultant. The firm enjoyed a wide reputation in the oil and gas engineering field, having just completed a pipeline from Texas to New York City. Economic analyses of potential markets and preliminary engineering studies to show the feasibility or non-feasibility of possible gas projects were undertaken in order that distribution might commence without delay if adequate gas reserves were discovered.

Within a few months of the establishment by the Corporation of an assured local market for gas, exploratory drilling by the Husky-Phillips Oil Company was productive of promising results. A strike by it in the

6. Ibid. Also see clipping from Western Business and Industry, no citation given, p. 98, in author's possession.
Brock area in August, 1951 was quickly followed by the completion of other wells. Early the following year it became apparent that reserves were sufficient to warrant building a pipeline to the adjacent communities of Kindersley and Brock. Since design and cost studies had been completed and plans developed, construction got under way quickly. Though somewhat hampered by difficulties in obtaining steel, work was completed in time for the winter heating season. With the official opening of the system on October 20, the two communities became the first to be served with natural gas by the publicly owned utility.

All told, the Corporation's initial natural gas project consisted of only twenty miles of transmission pipeline plus eight and a half miles of distribution system, and it reached 290 customers. Total costs were in the neighborhood of $350,000. Experienced personnel were brought in to operate the system. As well, through a program instituted during the construction period, a number of Corporation employees were trained in handling gas. The nuclei of a natural gas department and a gas system were thus created within the Corporation.

Anticipating the discovery of much larger reserves, market surveys of all cities in the province were conducted; and complete plans for pipelines and distribution systems to supply Saskatoon and Swift Current, which were reasonably close to the discovery field, were also drawn up. Then late in 1952, following continued and successful drilling in the Brock-Coleville-Driver area, the Oil and Gas Conservation Board of the Department of Natural Resources reported that sufficient reserves existed to justify a pipeline to Saskatoon and intervening towns and villages. Negotiations were immediately instituted with the Saskatoon City Council.

and agreement reached providing, among other things, that the Corporation would make gas available in the community during the coming year. In the process of fulfilling the contract, Rosetown, Delisle and Netherhill, situated along the route of the pipeline, were also supplied with gas, while a newly discovered field at Coleville, a few miles northwest of the original strike was tapped to serve that community.

Expansion to Saskatoon in 1953 was followed by a year of consolidation. The Corporation constructed distribution systems in a number of additional communities in the immediate vicinity of its pipeline; it continued to acquire new customers in those already served, and it built a pipeline connecting the Brock field with a gathering system on the Coleville field to assure an adequate and continuous supply of gas. It also conducted further investigations to determine the feasibility of extending to Prince Albert, and gave consideration to the establishment of a natural gas system in the southern part of the province. Trans-Canada Pipe Line Ltd. had been organized for the purpose of transporting Alberta gas to the eastern market. The possibilities of purchasing gas from the firm and utilizing its projected facilities to move local gas to southern Saskatchewan were discussed with officials of the company. As well, the Corporation pondered other means of supplying southern cities from Saskatchewan fields.

Nineteen fifty-five ushered in a period of rapid expansion for the Power Corporation in the natural gas field. Meetings with Trans-Canada Pipe Line Ltd. officials continued throughout the year but were inconclusive

10. Ibid., pp. 20, 23.
because of uncertainties regarding the time of construction of their project. The possibility that laying of the Trans-Canada Pipeline might be seriously delayed, together with the need for economical fuel for generating electricity in the southwest, resulted in a start being made on a provincially owned, southern pipeline system. Gas for it had been discovered in the Success district northwest of Swift Current and on both sides of the provincial boundary near Maple Creek. On the basis of reserves near Success, the Corporation constructed a gathering system and a short pipeline to Swift Current. Though the city itself was not supplied until the following year, fuel was thus made available for the newly erected natural gas-fueled generating station there permitting closure of the diesel plant. In the north the size of the system was more than doubled, being extended to serve Prince Albert. In addition, in order to provide sufficient transmission capacity to supply the northern city and to afford operating flexibility and greater reliability of service at Saskatoon, the Corporation laid a second pipeline from the Coleville field via Biggar to Saskatoon.

The addition of 235 miles of high-pressure line in 1956 brought the total length of the system to over 650 miles. Distribution systems were constructed in the cities of Swift Current, Moose Jaw and North Battleford and in ten other communities. Throughout the year the southern system was dependent on the small Success field, except for the community of Cull Lake which was served from adjacent wells. In the north crews connected a new field at Hoosier to the system and brought it into production.

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Expansion during 1957 and 1958 was largely confined to the south. In 1957 the Trans-Canada Pipeline was laid across the province. A supply of gas obtained from the company enabled the Corporation to build a distribution system in Regina. During 1958 construction of natural gas lines from Moose Jaw to Regina, Success to the Alberta border, and Regina to the Steelman oil field via Weyburn resulted in the establishment of a Corporation pipeline extending virtually across southern Saskatchewan. Completion of the year's program made natural gas available to the system from the Gull Lake field, from the Hatton-Many Islands field straddling the western boundary, and in addition permitted the utilization of residue gas from the Steelman oil field.

The climax in natural gas developments took place in 1959. Completion of a pipeline from Regina to the northeastern part of the province, serving Melville and Yorkton, meant that gas was now available to all cities. Construction of another line from Success to Rosetown linked the northern and southern systems, permitting the movement of gas from one to the other. And expansion of the northern system to Unity connected up with the gas field there. Pipelines built in subsequent years have given service to approximately 110 additional communities, including most of the province's larger towns, as well as to industries engaged in development of resources in various localities. During the same period customers have increased at the rate of approximately 8,000 per year, rising from roughly 59,000 in 1959 to 105,000 at the end of 1964.

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13. For statistics on communities and customers see Table 2, p. 499 and for extent of system see map p. 500.
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Source: SPC Annual Reports
NATURAL GAS SYSTEM
1965

The Power Corporation's natural gas system as it exists and functions is rather complex. In establishing it careful consideration had to be devoted to developing it as economically as possible. This was essential as the construction of such a system is a very expensive undertaking. Table 2 indicates that the 1965 ratio of assets at cost to customers served was approximately 1,360 to one. In other words, it cost an average of $1,360 to supply each customer with natural gas.

Conservation of an exhaustible natural resource, among other things, has also played a part in the planning. To gain an insight into the establishment of the system and its operation, it is desirable to examine the undertaking from a number of perspectives: production and acquisition of natural gas by the Power Corporation, transportation of the commodity, and distribution to and utilization by consumers.

Natural gas production has been and still is essentially a joint undertaking conducted by the Corporation and private gas and oil producers. The major sources of supply are the Hatton-Many Islands gas field, the Steelman-Nottingham oil field, the Coleville and Hoosier gas fields and Trans-Canada Pipe Line Ltd. Production by the Corporation itself is confined to the Hatton-Many Islands field and came about in 1959 through the adoption of a policy of buying quantities of gas "in place" -- in the ground. Early that year the Corporation purchased important reserves held by Britalta Petroleums and the Crescent Oil and Gas Corporation in the Many Islands field in Alberta. The agreement committed the Corporation to pay the companies a fixed sum over a twenty year period. It was estimated that by doing so natural gas would be acquired for approximately thirty percent less than was being paid to producers, while the possibilities of price increases during subsequent years would be
guarded against. Further, it was predicted that after twenty years, when payments ceased, the remaining gas -- estimated at half the reserves -- would be available without cost except for production expenses. The following year, as a result of a proposal from producers, reserves were also purchased in the Hatton field in Saskatchewan. Together the acquisitions brought the Corporation over a trillion cubic feet of gas, giving it a greater measure of control over the supply situation and greater freedom to coordinate the operation of the field with supplies from other sources and demands on its system.

Much of the gas not produced by the Power Corporation itself is obtained in various fields at the wellhead. This practice began in 1952, partly as an incentive to oil companies to explore for gas. Under the arrangement the Corporation constructs, owns and operates the pipelines on the field which carry gas to the central point or points at which it is collected for transmission to load centres. To gather gas in the Alberta portion of the Hatton-Many Islands field, a wholly-owned, Alberta subsidiary of the Corporation, Many Islands Pipelines Ltd, was incorporated in 1957. Trans-Canada Pipe Line Ltd. provides additional supplies. During 1956 agreement was reached with the latter assuring the Corporation of a moderate and continuous amount of gas for a twenty year period, together with all the requirements of Regina and Moose Jaw for a brief interval. The two parties have subsequently completed additional contracts.

Significant quantities of gas are also obtained from oil fields. To assist in the conservation of resources and increase its gas supplies, the Corporation began purchasing residue gas in the late 'fifties. The Royalite Oil Company thus erected a plant for its extraction in the Coleville area. Similar arrangements, made shortly thereafter, resulted in extraction plants being erected on the adjacent Smiley field and in the Steelman-Alida area of southeastern Saskatchewan. The procurement of gas in this manner consists of the extraction of natural gas, butane and propane from flare or casinghead gas produced in conjunction with oil. Without storage facilities or pipelines such gaseous fuels, unless used as produced or reinjected into the oil field to maintain pressure, are flared or burned. The construction of the pipeline from the Steelman district to Estevan, Weyburn, Regina and intermediate communities has permitted greater utilization of such by-products. Subsequent expansion of plants or the construction of new ones resulted in somewhat over fifteen percent of the total gas requirements of the Corporation being supplied from such sources during 1964. That year residue plants were operating at Steelman, Nottingham, Smiley and Dollard. In each case gas is purchased by the Corporation at the plant.

When the Power Corporation began building its natural gas system in 1952, and for some time thereafter, its needs provided the only significant market for gas in the province. Under such circumstances it followed that the limited reserves known to exist would be used locally. However, when it became certain that the Trans-Canada Pipeline would be constructed, the situation changed by making practicable the export of

16. Ibid., 1957, p. 18, 1958, pp. 4-5.
Saskatchewan gas to Eastern Canada. In 1956, to assure itself that local
gas would not be exported until provincial requirements for a number
of years had been safeguarded, as was done in Alberta, the Government
designated the Power Corporation as the sole purchaser and distributor
of natural gas in Saskatchewan. The price paid by the Corporation was
apparently based on local production costs, rather than estimates of what
might be obtained for the gas in a hypothetical market elsewhere, and
was judged to give producers a better return on their investments than
obtained in Alberta.

Initially natural gas was moved through the pipeline system to
consumers' premises by the wellhead pressure of the gas itself. When
more gas was required at Saskatoon for consumption and for transmission
to Prince Albert in 1955, a second pipeline was constructed from the
gas fields to Saskatoon. Transmission facilities have been similarly

17. Some Considerations Regarding the Pricing of Natural Gas, undated,
Fines Papers, 2. S. P. C. Natural Gas, AF 494. Adoption of the policy
possibly sprang from the effect it was thought competition of an inter-
provincial pipeline might have on local gas prices and ultimately on
provincial development. It was apparently thought that it might lead to
a situation where the price offered by Trans-Canada was determined
by the selling price in Eastern Canada rather than by production costs
in the producing province. With fuel costs in Ontario significantly
higher than in Saskatchewan, gas sold there and in Quebec as a luxury fuel
might command an enormous, high-priced market even though not distributed
widely. Under such circumstances the effective price for Saskatchewan
gas might be the sale price in Eastern Canada less transportation costs
from Saskatchewan. If such a development occurred the price might be so
high that no gas could be used locally for domestic and industrial
purposes. From reports it would seem that such events did not take place.
According to the Honorable Russell Brown the prices were fair and equal
to what Trans-Canada would pay for gas. When producers wanted a higher
price the matter went before arbitration. The arbitration board, he
informed the legislature, found Corporation prices equal to Trans-Canada
prices and could find no reason for increasing the price. Nevertheless,
it recommended a slight increase. See Debates and Proceedings,
duplicated on other occasions. For example, in 1961 a second line was laid from the Hatton field to Success to ensure dependability of service and increase the amount of gas that could be delivered to the system. Along somewhat similar lines, in 1964 the Corporation arranged to deliver gas to Trans-Canada at Success and receive an equivalent thermal quantity from the company at Regina. By this means the company's pipeline was made to serve as a second line for the Corporation.

As the system expanded and greater quantities of gas were required, however, duplication of pipelines and reliance on wellhead pressure alone to transport gas were neither economically satisfactory nor physically practicable. To begin with, duplication of pipelines is expensive; and secondly, as gas is withdrawn from a field wellhead pressure declines. Consequently, in 1957 compressor stations began to be established at key points on the system. By increasing the pressure of the gas at such installations, it can be moved over longer distances and in greater quantities without enlarging the size of existing pipelines. Since then stations have been established at such locations as Success to facilitate the movement of gas eastward and northward and at St. Louis to provide additional capacity for the pipeline to Melfort and Nipawin.

To keep expenditures on pipelines to a minimum and to utilize existing ones to the optimum, the Corporation has also resorted to means other than the erection of compressor stations. Saskatchewan's climate is such that the gas system must meet very heavy demands during the winter. In addition, demands vary with the time of day and day of the

19. Ibid., 1957, p. 11. The location of compressor stations is shown on map p. 500.
week. A system designed to bring all the fuel from production centres as required would be used at only a fraction of its capacity much of the time. To avoid such a situation, storage facilities, where gas is held in readiness to meet peak demands, have been or are being developed by the Corporation at various locations near provincial load centres.

Investigation into the practicability of using underground sites for storing gas commenced in 1955. It was thought that the Success field might be used for the purpose. Both the Corporation's Board of Directors and the Government approved the scheme but it has not been followed up. However, other sites are being employed. In 1959 Corporation pipelines reached Unity, whereupon the local distribution system and gas field were acquired. The field was nearly depleted so was used for storage immediately. Additional wells have since been drilled to increase the amount of gas it can deliver to the system in a given period of time. Each summer since 1959 gas has been injected into the field by a compressor station located there for the purpose. At times of heavy demand during the winter the station withdraws the gas and pumps it into the pipeline for adjacent communities.

Other underground storage sites in use by the Corporation are man-made, having been hollowed out of salt beds at a depth of a few thousand feet. Four storage caverns of this type exist: one at Melville, one at Prud'homme and two at Regina. Only the cavern at Melville has been completed, having been chosen as a test site because it was close to a pipeline and because underground storage of liquified gas had already been successfully accomplished there by the Steelman Gas Company.

\[20\] During the summer of 1964, for example, over 2,000,000,000 cubic feet of gas were placed in storage at Unity and over half that amount withdrawn the following winter.
Creation of it, employing solution mining techniques, began in 1962.
Water was taken from the Blairmore formation -- a bed of water-bearing sandstone -- and injected into the salt deposit to dissolve it. The resulting brine was then returned to another part of the Blairmore. By repeated washings a cavern gradually took shape. Development of the Regina caverns began in 1963 and the one at Prud'homme in 1964 using the same methods. As in the case of the Unity field compressor stations have been erected at the sites to inject and withdraw the gas.

All in all, the establishment of storage facilities has resulted in more effective use being made of pipelines, has permitted the construction of smaller diameter lines, and has resulted in the system requiring fewer gas wells and, hence, smaller gathering systems to obtain its required fuel supplies than would otherwise have been the case. Capital investments have thus been kept to a minimum. The economies introduced by storage are significant in cases like that of Saskatchewan where gas supplies are many miles from load centres. Gas production has also tended to be more stabilized. Last but not least, in a province where interruptions can be particularly hazardous in winter, storage facilities have been considered as emergency sources of fuel.

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22. The Regina caverns will occupy 30,000,000 cubic feet and be capable of storing over 2,250,000,000 cubic feet of gas when completed. Three additional caverns are planned for the Prud'homme site. See S. P. C. Annual Report, 1963, p. 13. Development is taking place in stages with washing operations ceasing each fall in order that existing space may be used for winter storage.  
In 1952, as previously noted, the Power Corporation was designated by the Government as the provincial authority to distribute natural gas. This policy was expanded upon in 1956 when the Government declared that the Corporation would be the "sole ... distributor of natural gas in Saskatchewan." Owing to these decisions, particularly the latter, gas has been sold only by the Corporation, unlike electricity which is still distributed by the Cities of Saskatoon and Swift Current. In view of the fact that establishment of the gas system coincided in its timing with Corporation efforts to create an integrated electrical system, it is not at all surprising that such a policy was adopted. In order to justify transmission costs in a province of great distances and small population, the retail price had to be low enough to command virtually the whole fuel market. Had the gas utility been permitted to fall into the hands of city authorities, and perhaps been converted into another taxing machine, fewer people using other fuels could have been expected to convert to gas with the result that expansion would probably have been less widespread. As well, a lower volume of sales would have had an adverse effect on the Corporation's ability to grant industries favorable rates.

A natural gas agreement with Saskatoon set a pattern for terms eventually agreed upon by all cities. When the size of gas reserves indicated that supplies would be available for the community, municipal authorities gave some thought to purchasing their requirements at the field, piping the fuel to the city and selling it to residents. However, ......................

Fig. 5  "The Long Arm of Socialism"  

Source: The Leader-Post, (Regina), November 27, 1952.
the Government took a dim view of this idea. Darling was said to have stated that if it was permitted only the city, rather than the city and intervening communities, would be supplied. To prevent such a course being followed, the municipality was offered gas under either of two plans. Cities, the Corporation advised Saskatoon, would be permitted to purchase gas from itself for resale to their citizens at rates yielding a profit of up to five percent or they could refrain from distributing and receive five percent of the revenues from sales made within their boundaries as payments in lieu of taxes. It was really not much of a choice. The limitation on profits which the Corporation proposed meant that a city could expect no greater earnings if it assumed responsibility for its own distribution system than if it left everything to the Province. Not surprisingly, the cities selected the second of the two plans. Though opposed by some Corporation officials on the ground that it would reduce the distance to which gas could be economically transmitted to serve smaller communities, a similar concession with respect to payments from gross revenue was made to towns.

Upon undertaking the distribution of gas the Corporation adopted certain other principles in regard to its sale. Because high volume sales were deemed necessary, it decided not to regard gas as a luxury fuel to be priced higher than others on account of its more desirable features. Rather, it determined to attempt to make it the fundamental fuel for the province's urban centres. It fixed retail rates at a level believed to be high enough to meet all operating costs

Fig. 6  "Next Victim"

Source: The Leader-Post, (Regina), January 9, 1953.
and provide a moderate surplus to be used in expanding the system. Rates established shortly after the commencement of operations were approximately twenty percent less than for alternative fuels, the difference being considered necessary to obtain the required percentage of conversions. Within limits the Corporation also adopted a policy of equalizing rates, similar rates being applied to communities of comparable size. Since the main transmission lines were justifiable only through the loads provided by the larger communities where distribution costs were also lowest, such centres were granted the most favorable rates. On the basis of such principles it was judged that service could be provided to all communities with a population of 1,000 or more.

To promote the economical use of transmission facilities, special rates were also provided for commercial and industrial consumers willing to negotiate contracts for an "interruptible" fuel supply. Under such arrangements customers maintain alternative heating systems and can be required to revert to them for brief periods in order to keep demands for gas within the capacity of supply facilities.

Although the provincial utility's initial interest in natural gas was sparked by a desire to obtain cheap fuel for the generation of electricity, such considerations now appear secondary. In relation to the total volume of gas used in the province that burned in power plants has declined annually. Upon being appointed general manager of the

28. Some Considerations Regarding the Pricing of Natural Gas, undated, Fines Papers, 2. S. P. C. Natural Gas, AF 494. With respect to equalizing gas rates Cass-Beggs stated that the policy was to regard natural gas as a provincial asset, adding: "The fact that gas is adjacent to one town and a considerable distance from another does not of itself give one town a right to an advantage with respect to another." Further, he said, with an integrated grid it would be impossible to say a city was getting its supplies from a central field. See The Leader Post, (Regina), 19 January, 1956.


30. See Table 2, p. 499.
Corporation in 1955 Cass-Beggs made reference to the subject and stated:

"It is cheap ... but it's not sound conservation to use up gas reserves for power where you could use coal or some other fuel. Natural gas should be used for the most important markets -- domestic and commercial."  

The use of gas in generating stations has been largely confined to cases where the fuel would be wasted or not otherwise economically used, where no other energy source is available, and during summer to improve loads on pipelines without which the lines themselves might be uneconomic.

For the most part, utilization of Saskatchewan gas falls into two main types: domestic, commercial and small industrial uses, and consumption by industries dependent on low cost fuel. During the past decade the trend has been toward greater commercial and industrial sales, probably reflecting the changes taking place in the economic life of the province.

............... 31
33. Ibid., p. 126.
34. In 1955 sixty percent was used for domestic purposes. See ibid., Appendix to Chapter V, p. ii. Ten years later industrial and commercial customers were accounting for about sixty percent.
CHAPTER FIFTEEN

A NEW LOOK

The defeat of the C. C. F. Government in 1964 came within months of Regina's decision to link its future with that of the Power Corporation. In going into opposition the party could look back over the years it had been in office and note with satisfaction the progress which had been made in providing electricity and natural gas to the province. Though the Government was open to criticism on certain details concerning the handling of its programs, those programs had been carried through to virtual completion. A province-wide, integrated electrical system capable of exploiting the province's energy resources and of producing power on a large scale at low cost required only the final touches. In the process of building it the geographic barriers imposed upon Saskatchewan because its energy sources lay on the periphery of its settled area had been shattered. Almost in defiance of economic considerations, electrical service had been provided to people residing in the province's small urban communities and rural districts. A natural gas system serving most of the larger and numerous small communities had been created. More than that, the age old dream of harnessing the Saskatchewan had been realized and some of its benefits passed on to citizens in the form of a general rate reduction.
In a sense a phase in the life of the Power Corporation was ending. It had expanded to a point where it could claim to be truly a province-wide electrical and gas utility. For that reason 1964 was perhaps an opportune moment to begin a careful reassessment. Policies, practices and objectives to be emphasized by a utility rapidly establishing itself in new areas or providing new services are not necessarily those which receive emphasis in a period of consolidation. Indeed, it may be desirable for some of them to be changed. That a reexamination of the Corporation would take place at once was assured by the Liberal victory in 1964. While in opposition the party had questioned the advisability and justice of certain Corporation policies and practices. It was, for example, definitely opposed to the Corporation's position as the sole purchaser of natural gas in the province, maintaining that the policy was both unfair to producers and a brake on expansion by the petroleum industry. Party leaders also believed that the Corporation was spending too much money, was placing a strain on the Province's finances and could be more efficient. Perhaps the Corporation's most vocal critics in the years immediately preceding 1964 were W. Ross Thatcher, the Liberal leader, and David G. Steuart, M. L. A. for Prince Albert, who later became chairman of its Board.

While the new Government did not make any lengthy statement upon assuming office, its first act -- an act which, by the way, was its most controversial -- indicated the general form its policies would take. Premier Thatcher quickly appointed H. F. Berry, formerly president of National Light and Power, to investigate the Corporation. Though he was said to have conceded that the inquiry was cursory, it probably played a part in his Government's decision to dispense with the services of

1. See, for example, The Leader-Post, (Regina), 2 March, 1964 The Moose Jaw Times, 7 April, 1964, in S. P. C. Clippings.
Cass-Beggs. Following receipt of the report Thatcher was somewhat complimentary as well as highly critical of the general manager. "This government," he said, "has had no quarrel with Mr. Cass-Beggs' engineering and planning ability. We have not been satisfied, however, with the financing and administration of the Corporation." He indicated earlier that the Government wanted the Corporation to increase its profits, saying: "Superficial evidence would indicate that the poor profit picture is due primarily to unbelievably high administrative costs and business methods which simply would not be tolerated by private enterprise." Responsibility for the conditions as the Government described them was placed on Cass-Beggs, who in turn denied the validity of the charges leveled against him. Without Berry's report or Cass-Beggs' brief to the Board of Directors relating to his stewardship, it is impossible to decide whether Premier Thatcher's charges were just.

As a further cause for Cass-Beggs' dismissal Premier Thatcher was reported to have asserted that he and the general manager differed "in philosophy and outlook on how a Crown corporation should be run." This was no doubt an important reason. The Premier indicated that he wanted the Corporation to finance more of its capital expansion through profits, thereby reducing the pressure placed on the Province's financial resources. Here was a point where differences could arise. It is doubtful if Cass-Beggs would have agreed that such a procedure was really desirable if at all avoidable. On the contrary he might well have regarded such

2. The Leader-Post, (Regina), 25 July, 1964, in ibid.
3. Ibid., 26 June, 1964, in ibid.
4. Ibid., 13 July, 1964, in ibid.
a method as tending to increase the cost of power and reduce the possibility of rate reductions.

It may well be that there was yet another though unexpressed reason for the Government’s wishing to change general managers. During their long years in opposition, years in which the Corporation had grown into a powerful organization, Liberal leaders may well have come to dislike and distrust it. The Corporation’s rise to a prominence in provincial affairs and its constant presence in the limelight had resulted in numerous political controversies concerning it. If there was dislike it would have tended to focus on Cass-Beggs. If distrust existed it would not have been unnatural for members of a new government to feel that they could not place confidence in the then general manager or that they could find out fully how the Corporation was being run or feel assured it would be run as they wished without a change of top executives.

All in all, statements by the Government at the time it took power indicated that it wanted the Corporation to show a greater return on investments, do more self-financing, increase efficiency and operate much like a private company. Subsequent policy speeches have elucidated essentially these points. For example, when bringing down the 1966 budget Premier Thatcher stated with reference to the Power Corporation: "Our

7. In connection with depreciation methods Cass-Beggs had written that the Corporation "could not expect any significant rate reduction until the monetary situation will allow us to borrow more for expansion purposes and as a result to reduce the financing out of operating revenues. ... We face today a situation in which operations that are economically perfectly sound and profitable may show a loss or appear unsound under our present method of financing and presenting our accounts. This is particularly unfortunate in that it will be the electrical side of our operations, where the ratio of capital to revenue is greatest, that the effect of excessive depreciation rates will be most noticeable, and thus, observers may tend to conclude erroneously that the electrical operation is a losing proposition, only sustained by substantial profits from gas." See D. Cass-Beggs to C. M. Fines, 27 October, 1959, Fines Papers, 1. S. P. C. AF494.
Government ... is determined to increase the percentage of equity capital." During the same session the Honorable David Steuart summed up the Government's attitude toward the provincial utility: "... from now on in, the Saskatchewan Power Corporation is going to act like a sound business." While the statement was very broad, Steuart's meaning was fairly evident. He spoke in much the same vein as the Premier and gave a few more details. The Corporation would attempt to pay off its debts as they fell due. The Board of Directors would set targets for profits to be made by the Corporation each year. As well, he made reference to what would become policy in the future: among other things, Corporation profits could be given to the Government to do with as it saw fit. A year later the Government collected a dividend of $3,000,000 from the Corporation for 1966.

While it is yet too soon to attempt to evaluate the policies of the new administration at any length or to speak in terms of overall effects,

10. This should not be taken to mean that the Corporation's financial methods were unsound; it was following the procedures laid down by the Power Commission of the United States. Rather it indicates a difference in philosophy. What the Corporation was doing was simply this. The assets it creates are depreciated over their expected life. At times this was longer than the life of the loans used in creating them. In such cases when a loan fell due it would be paid off, partly through a new loan which would be in turn paid by depreciation from subsequent years. In short, under the Corporation's system of financing some debts would naturally require refunding. The present objective is to pay off loans in full as they fall due without refunding, extra depreciation being set aside for the purpose.
11. Ibid., pp. 278-280.
12. This brings out a further difference in existing and previous views. Cass-Beggs had, for various reasons, strongly opposed such a suggestion. See Brief by R. Brown and D. Cass-Beggs, 14 January, 1960, Douglas Papers, 12-11. One might conclude that the present Government is following contradictory policies: instructing the Corporation to do more self-financing and simultaneously taking money from it in the form of a dividend. However, if one concedes that the Corporation should, as the Government asserts, operate like a private company then no such contradiction exists.
it is nevertheless possible to point out some of the steps which have been taken toward their institution, together with some of their immediate results.

For a few months after the departure of Cass-Beggs, W. B. Clipsham acted as general manager, as he had for a short time in 1954. The Government then appointed David B. Furlong -- president and manager of Westspur Pipeline Company and Producers Pipeline Limited and a director of Saskatchewan Government Telephones -- to the post. A graduate in natural sciences and a chemical engineer, Furlong had spent much of his life in the petroleum industry, having served with Imperial Oil and, before coming to Canada, with the Anglo-Iranian Oil Company in Iran.

After familiarizing himself with the Corporation, Furlong concluded that it would function better if reorganized. As a result, the electrical and gas departments were largely separated, each being placed under its own manager. R. R. Keith and J. E. Mollard were named their respective heads. According to Furlong, the object was to vest responsibility for each department in a single individual and to enable the Corporation to operate more efficiently. It is not at all impossible that he believed too much decision making had been done in committees. "Because of the growth of the Corporation and particularly the growth in importance of natural gas," Furlong stated, "the lines of responsibility had become unclear and, in many cases, overlapped." That he looked upon the two sections of the utility somewhat differently from his predecessors was also evident, for he added: "Although both natural gas and electricity are sources of basic energy, they are very different businesses. If they are

to be ready to meet the demands of the province in the most efficient way, they must be treated differently." According to the Corporation the change has proven its worth, resulting in better control over expenditures and improved service to customers.

Changes in official policy and their effects are most evident in relation to natural gas. In the fall of 1964 the Government rescinded regulations requiring Saskatchewan producers to sell only to the Power Corporation. Its purpose was no doubt twofold. Not only did it hope to encourage exploration for petroleum by creating a competitive market for gas, but in all probability it regarded the change as a means of reducing capital investments by the Corporation. In reference to the modification the Honorable A. C. Cameron, Minister of Natural Resources, stated: "... the Government believes it is in the best interests of the province to have the private sector of the economy develop gas reserves, construct the gathering system, and market the products." It will be recalled that during earlier years the Corporation had developed some fields and had purchased much of its fuel at the wellhead, constructing the gathering systems, pipelines and other facilities.

That changes in policy and practice relating to natural gas were designed to minimize Corporation investments was made even more explicit somewhat later when a contract was signed with Trans-Canada Pipe Line Ltd., ........................

15. S. P. C. Annual Report, 1966, p. 2. Since then the Corporation has instituted a program aimed at increasing the effectiveness of management through planning, organization and control. Targets are set for supervisory personnel, the fulfillment or nonfulfillment of which indicates where training may be beneficial. Training where deemed advisable is provided by the Corporation at its expense.
16. The Leader-Post, (Regina), 19 September, 1964. Since the change in policy private industry constructed gathering facilities on the Bayhurst gas field.
for upwards of half a trillion cubic feet of gas over a twenty-five year period. The agreement covered a much larger volume of gas than had previously been purchased from the company and also called for the laying by Trans-Canada of a pipeline from Alberta to the Corporation's Unity storage field. In announcing the contract Steuart stated that the Corporation could probably have equalled the company's proposal by buying into Alberta gas fields and piping the fuel to Saskatchewan. "However," he asserted, "this would have involved an investment by the people of Saskatchewan of more than ten million dollars. At the present time, the ... Corporation has more important things to do with capital available for investment."

While it would appear too early to attempt to illustrate how Liberal policy is being applied to the electrical section of the Corporation, it is fairly evident from developments relating to gas that some progress is being made toward the Government's objectives. Private investors have built some of the facilities which previously the Corporation would have. To that extent Corporation investments have been cut back. Facilities provided by private investors have made available to the Corporation quantities of gas, the sale of which has increased revenues. According to Steuart, the contract price with Trans-Canada was highly competitive. That being the case, Corporation profits can also be expected to increase. Under such circumstances, the Corporation will show both a higher profit and a greater return on its investment while reducing its demands on the Province's financial resources.

$5,000,000 in 1964 to over $10,000,000 in 1966. At the same time the Province's equity in the Corporation climbed from 7.5 to 12.3 percent. Such figures, however, must be treated more cautiously than specific results. How much they were the result of increased sales and how much the product of changes in policy or practice is impossible to say. The trend suggested by the figures could change appreciably when the hydro-electric plant at the Gardiner Dam, the Success power station and the extension of facilities at Boundary Dam are completed and fully capitalized. Then too, it could be influenced by increases in industrial sales of gas and electricity and in greater sales of power at run-off rates.

Despite the fact that the Corporation's planning and operations seem to emphasize financial considerations to a greater extent and that it is more strongly motivated by thoughts of profit than heretofore, the change does not appear to have placed service in a secondary position. This is indicated by developments in connection with both its gas and electrical sections. Concluding in 1965 that all towns and villages which could be economically served at existing rates had been reached by its gas lines, the Corporation worked out a new scheme for expansion. Essentially the idea was to relate the costs of serving an area to the rates established for it. Higher than standard rates were applied, and for communities to qualify for service a specified number of their residents had to agree to convert to gas. In commenting on the new policy Steuart stated that it was not expected to "be a great profit maker" but rather was "definitely in the area of service." The Corporation hopes to break even by the third year and thereafter obtain a modest profit. With a profit being shown

rates will be reduced, reaching standard levels in five to ten years.

It is the announced intention of the Government that service under the scheme will be offered to all communities where it is found that gas is competitive with other fuels. At the same time, the electrical department's policy of providing service to Indian Reserves, first applied in four districts in 1962, has led to electricity being made available to over twenty. The Corporation is thus engaged in expanding into the last frontier open to it in the province's settled areas.

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<th>Expenditures</th>
<th>Surplus or Deficit</th>
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Source: City Light and Power Department.
Table B
LIGHT AND POWER REVENUE AND EXPENDITURE ACCOUNT
CITY OF MOOSE JAW

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Source: Moose Jaw Financial Statements, Department of Municipal Affairs.
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Source: Saskatoon Financial Statement, Department of Municipal Affairs; Annual Reports of Department of Municipal Affairs, and Report of the Saskatchewan Power Resources Commission.
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Source: Prince Albert Financial Statement, Department of Municipal Affairs.

Electric light and power revenue, Prince Albert, Saskatchewan, Power Corporation file: Prince Albert, Town No. 1.
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Source: North Battleford Municipal Financial Statements, Department of Municipal Affairs; Local Government Board file: North Battleford, 1914-1940; Report of the Saskatchewan Power Resources Commission; J. R. Cowley to L. A. Thornton, 29 February, 1929; Saskatchewan Power Corporation Ltd.
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Source: Swift Current Financial Statement, Department of Municipal Affairs; R. N. Blackburn to Mayor and Council, 8 April, 1930, Saskatchewan Power Corporation file: Swift Current, Town No. 1.
### Light and Power Revenue and Expenditure Account

**City of Weyburn**

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**Source:** Weyburn Financial Statement
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Analysis of Cost of Production, Electrical Department, City of Weyburn, Saskatchewan Power Corporation file: Weyburn, Town No. 1.
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**Source:** Report of Department of Municipal Affairs, 1922-1923 and 1927-1928.
TABLE I

STATISTICS OF LIGHT AND POWER PLANTS IN THE PROVINCE OF SASKATCHEWAN, 1926

Privately Owned and Operated Plants

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APPENDIX B

HOW THE ROYAL COMMISSION APPARENTLY
REACHED THE DESIRED CONCLUSIONS

In commencing an analysis of the Power Resources Commission report,
it is advisable to recall certain events which took place between the
appointment of the Commission and the publication of its final report,
in conjunction with certain details concerning the report itself. First,
the Commission was appointed on January 7, 1927. On April 12 it held its
first meeting and determined the form which its investigation would take.
On June 15, according to the Commission report, R. N. Blackburn completed
Appendix No. 6. This appendix, it will be recalled, claimed that it was
cheaper to transport the coal required to produce a given number of kilowatt-
hours of electricity from the Souris coal fields to Regina and produce the
energy there than it was to transmit the same number of kilowatt-hours
electrically. On the basis of this argument and on this argument alone,
the Commission rejected Roche Perceee as a site for a central generating
station. The reference to duplication of fixed charges and stand-by
costs was simply a red herring thrown in to confuse the issue. These
charges had been included in the estimates of the consultants when they
declared such a central station to be economically practical. The
uncertainty of the water supply should not properly have been used as
a reason without investigation by the Commission. The consulting engineers
had not rejected it on this basis. They had said that before the site was selected, an investigation should be conducted to make certain there was sufficient water for a 50,000 kilowatt station.

The Commission handled the question of availability of coal at Lake-of-the-Rivers in the same manner and rejected the site on the basis of duplication of fixed charges and stand-by costs alone. Again, these were taken into account by the consulting engineers in declaring a central station there economic. For the moment the Elbow site may be disregarded; it too was improperly rejected, though in a different manner. In short, what the matter boils down to is this: by June 15, 1927, according to their report, the Commissioners believed that a large central generating station was economically out of the question. Yet they issued instructions to their consulting engineers on September 23 to study the economic practicability of such a project. On January 21, 1928 the consultants reported that the project was economic and recommended it for the very near future, and on March 1 named three sites, one of which was to be selected as quickly as possible. On May 16 the consulting engineers' recommendation of the central generating scheme was proposed to the cities. The cities did not like the plan as it would eventually lead to closing their plants. The final report of the Commission was due in two weeks but was not filed for seven; it then declared the proposals presented on May 16 to be economically impractical. In short, if one takes the Commission report at face value, the performance of the Commissioners appears rather ridiculous. Knowing as early as June, 1927 that the construction of a large central generating station was out of the question, they spent a full year investigating it and even proposed establishing one before informing the Government that it was impractical.
There are two ways in which to account for the apparently erratic behavior of the Commission. Either the Commission had no faith in its own findings or there is something wrong with the sequence of events as reconstructed from the records of the time. The answer is obviously the latter; to be exact the Commission's behavior is explicable in terms of Appendix No. 6 to the report. It would appear that the date which the appendix bears is not the actual date on which it was produced. One is inclined to believe that it was drawn up after the conferences with the cities in May, 1928 rather than on June 15, 1927 and was given the date which it bears simply for appearance's sake. One is also led to conclude that it was prepared after the meetings with the sole purpose in mind of creating some sort of a document to support the rejection of the Roche Percee and Lake-of-the-Rivers sites by the Commission. Had it been in existence during 1927, Sullivan, Kipp and Chase would have almost certainly been required to overcome its arguments in producing their report. They made no reference to it.

The appendix, one must admit, was brilliantly conceived and admirably drawn up. Its purpose was to overthrow the whole idea of the economic practicability of a tri-city transmission system in conjunction with a central power plant on the Souris coal fields on the basis of one factor -- the cost of electrical transmission from there to Regina. All the other economies of such a system -- fuel economy, operating efficiency, the avoidance of duplicate capital expenditures, reduced labor and administrative charges -- were omitted. Furthermore, it was essentially a "one-shot" proposition in that the argument was designed primarily for the purpose of rejecting a site on the Souris coal fields. If such a site could be made to appear uneconomic it would simplify disposing of the others.
Blackburn chose his ground carefully. To begin with, he selected the Regina plant. Of the city plants it used the smallest amount of fuel to produce a kilowatt-hour of electricity. Next he chose a very good year, 1926, for which to measure the plant's fuel costs. The previous year a new generator had been installed. With regard to 1926, the consulting engineers stated, "The low costs ... were attained by operating the newer and more efficient 5,000 Kw. unit as base load carrier, other units being operated only during hours of peak demand beyond the capacity of that unit. Higher fuel costs would accompany more liberal use of other generators, as will be necessary for greater loads of [the] early future." This combination gave him the least possible quantity of coal required to produce a kilowatt-hour of energy. For purposes of comparison, the choice of a transmission line was obvious; the proposed line from Roche Perce to Regina was not only the longest from a plant to a city but, due to the length, would have the greatest line losses in transmission. From this vantage point he worked out his argument, beginning with a theoretical plant which could be located either at the coal fields or at Regina. He stated:

As relative costs only are required, the problem may be simplified by omitting from consideration those costs which would be the same in each case. It may be assumed that the capital cost of the power station, cost of operation, depreciation, and maintenance, would be the same in each case. Also that the thermal efficiency of the plant, that is, the number of pounds of Souris Lignite coal required to generate one K.W.H. would be the same in Regina as at the mine. It is only necessary, therefore, in the present instance to compare the freight charges from Bienfait to Regina on the amount of coal required to generate one K.W.H. electrically.  

2. "Comparative Costs of Transmitting Power from the Souris Coal Fields to Regina," by R. N. Blackburn, Appendix No. 6, SPRC, p. 61. Bienfait and Roche Perce are only a few miles apart.
On the surface it sounded like a very reasonable statement and it will be accepted as such for the moment, although it rested on a completely inapplicable assumption. The point to note for the present is that, in laying the basis for his argument, Blackburn was dealing with a theoretical power plant completely up-to-date and as efficient as it could be made and that he had only to compare freight charges with transmission costs.

His second step was to discuss fuel consumption at the Regina municipal plant, claiming that the plant had a high thermal efficiency. In doing so he substituted the Regina plant for the theoretical one. From all appearances, this made the proposition look even more reasonable. If it were cheaper to haul coal to the existing plant, it should certainly be so in the case of a new, theoretical one. By this maneuver, however, he was also preparing the way to substitute Regina's electrical consumption for the larger amount which a tri-city system would utilize. He then worked out the cost of freight on the required amount of coal, determined the capital costs and annual charges on the necessary transmission line, computed the cost involved in transmitting one kilowatt-hour, and added the allowance for transmission line losses. The results were 0.285 cents to 0.300 cents in favor of freighting coal. But, really, what did these figures determine? Did they show that it was uneconomic to supply three cities by transmission line from a central plant on the Souris coal fields? They did not but that was how the Commission used them. Blackburn's presentation merely demonstrated that it was somewhat more economical to freight coal and generate power in Regina for the Regina market alone than to supply that market from a plant on the coal fields. It showed that a central plant on the coal fields supplying power to one city would

be uneconomic; it did not show that such a plant supplying three cities
would be. These findings should not have been news to anyone, least of
all the Commission. The capital costs of such a system to supply one city
over the distance involved, using only the amount of energy Regina was
consuming would probably have been too high to consider. Blackburn's
results could scarcely have come out otherwise. The consulting engineers
in recommending the three-city system did not even expect to be able to
bring current into Regina at a cost below local generating costs until
after 1930.

But Blackburn did not stop when he had answered the question involved;
he wanted to get as much as possible out of the argument. Thus he
continued:

If the City of Moose Jaw were also included in a power trans-
smission scheme, it is readily apparent that the relative costs
of power transmission and freight charges on Souris coal
would not be materially changed. The total power transmitted
per annum would be increased by about 52 per cent, but the
annual charges on transformer stations would also be increased
in practically the same ratio; also larger conductors would
be required and about 42 additional miles of transmission line
would require to be built to connect with Moose Jaw, so the
net costs per K.W.H. would be nearly the same.5

Regrettably, he gave no figures in support of the statement. To have done
so would have necessitated dealing with the thermal efficiency of the
Moose Jaw plant. The plant required new boilers and, therefore, consumed
more coal to produce a kilowatt-hour. It is doubtful if his findings
would have been nearly as favorable to his argument as in the case of
Regina had he taken the thermal efficiency factor into account.

To clinch the matter, Blackburn brought in the costs of stand-by
power at Regina and the continuing fixed charges on the capital costs of

5. "Comparative Costs of Transmitting Power ...," SPRC, p. 64.
the Regina plant. Such matters were completely irrelevant insofar as the comparison he was required to make was concerned. The move was apparently designed to pave the way for rejection of the Lake-of-the-River site by the Commission. The consulting engineers included these, together with similar charges at Moose Jaw and Saskatoon, in their estimates of the costs of operating the system as a whole. Such costs were to be covered by the economies made possible by the creation of an integrated system. They would be the general economies of large-scale production such as lower capital expenditures on sites, buildings and equipment, smaller depreciation and maintenance charges, a lower wage bill and lower fuel costs. Blackburn, on the other hand, set out to compare freight costs on coal with the costs of electrical transmission. But by bringing in extraneous matters he ended by saying, in effect, that if the cost of freighting coal did not at least equal the cost of transmission, fixed charges on existing capital investments and stand-by costs in a situation involving a plant on the coal fields and the city of Regina alone, the whole idea of a tri-city system was uneconomic. In short, his argument was set up to reject a system serving three cities and involving many important factors -- some of which could not even be calculated in monetary terms -- on the basis of a single factor in relation to only one city. The resulting benefits from integration which the consulting engineers stated would accrue to the cities, not to mention the intervening areas, were simply disregarded. And the Commissioners capped the matter by following right in his footsteps in rejecting the Roche Perce site. Since they did not investigate the water supply as recommended by Sullivan, Kipp and Chase their mention of a possible shortage was only so much verbiage.

6. Ibid., p. 65.
Blackburn devoted only a paragraph to the Lake-of-the-Rivers site. In regard to it, after rejecting the Roche Perce site, the Resources Commissioners stated: "... the deductions in Mr. Blackburn's report ... would not represent altogether the same conclusion, but as already pointed out, the fixed charges on the two plants at Regina and Moose Jaw must continue to be carried in addition to those at the central plant. The extra fixed charges which would result from the erection of a central plant would be much more than any saving which could result from transmitting 7 rather than freighting the coal from these coal fields." There are two important things to note about the statement. First, Blackburn's conclusions were not the same. They simply could not be. In constructing his argument with respect to the Roche Perce site he could compare the costs of freighting coal with the costs of transmitting over a distance of 130 miles from the coal fields to Regina or 172 miles if he had included Moose Jaw. However, in the case of the Lake-of-the-Rivers site only seventy-nine miles of transmission line would have been required to reach both cities. A comparison of costs would probably have strongly supported the transmission of power. Secondly, the Commissioners again said that fixed charges would all have to be met by savings on transmission over freighting coal. No other possible economies were considered. In the final analysis, the Commission rejected the Lake-of-the-Rivers site with nothing more than the red herring Blackburn had included in his argument. The Commissioners' statement regarding the uncertainty of the coal supply was quite pointless since they had not investigated it.

Now it is possible to return to Blackburn's initial assumption. His type of "economies" will become quite apparent at once, together with the 

7. SPRC, p. 9.
flaws in his methods of providing for fixed charges on capital and for stand-by costs. The reader must keep in mind at all times that his argument was used to reject a scheme involving three cities and one plant. His assumption was "that the capital cost of the power station, cost of operation, depreciation and maintenance would be the same in each case. Also that the thermal efficiency of the plant, that is, the number of pounds of Souris lignite coal required to generate one K.W.H. would be the same in Regina as at the mine." Was the assumption correct? The scheme of the consulting engineers called for a 25,000 kilowatt station on the coal fields. Let us assume that such a plant were constructed at Regina instead. But what earthly good would such a plant do in Regina? It would be far too large and it could not be used to produce any economies in Moose Jaw and Saskatoon as there would be no transmission lines. Thus, on the first attempt to apply the assumption it breaks down.

On the other hand, Blackburn's argument can be looked at from a different angle. He dealt with one city and a plant to supply its market. It would not be as large as the plant envisaged by the consulting engineers, nor would it be capable of similar economies. However, that can be disregarded. On the basis of its being cheaper to freight coal than transmit power, the sensible procedure would be to construct such a plant. Let us then assume that the plant was erected in Regina. Now, since expense could also be avoided by freighting coal to Moose Jaw, let us assume that a second plant were established there together with a third at Saskatoon, since a tri-city scheme was involved. From this point of view not one but three plants would be established -- three powerhouse sites, three powerhouse houses, three sets of boilers, three separate staffs, three sets of facilities for handling coal, three for ash, three cranes for use in the
powerhouses, three supplies of condensing water, and three of everything else needed in a power plant, plus the required generating equipment and stand-by units at each location. Simply because it was less costly to freight the coal to produce a kilowatt-hour of electricity from the Souris coal field to Regina than to transmit a kilowatt-hour electrically, it was preferable, according to Blackburn's assumption, to increase capital expenditures on generating facilities out of all proportion. This is the logical conclusion when Blackburn's assumption is applied.

The extent to which capital costs would be increased by such a procedure can be roughly estimated. The consulting engineers proposed to construct a 25,000 kilowatt station on the coal fields at a cost of $2,639,000. The cost per kilowatt of installed capacity was $105.56. The City of Saskatoon was simultaneously considering building a new plant. It would have an installed capacity of 7,500 kilowatts, and its capital cost was estimated at $1,200,000. Here the cost per kilowatt of installed capacity would be $160. The difference in cost of installing one kilowatt of capacity in a plant at Saskatoon to meet the city's needs and the cost of installing similar capacity in a plant at the coal fields designed to supply all three cities was thus $54.44 or over fifty percent greater at the city plant. The erection of plants at Regina and Moose Jaw would change the figure but little. Regina would require a larger plant, making the difference in cost there less, but Moose Jaw would require a smaller one with the result that the difference there would probably be greater.

In other words, in order to erect three plants, one at each city, the total

8. Report to the Chairman and Members of the Standing Committee of City Council from the Sub-Committee on Power Plant Extensions, 12 April, 1928, Saskatoon City Records.
capacity of which would equal that of a single plant at the coal fields, it would be necessary to make capital expenditures of $4,000,000, $1,361,000 in excess of the consulting engineers' estimated costs. This saving alone would have built 240 miles of the type of transmission line Blackburn used in his argument, more than sufficient to connect a plant at Lake-of-the-Rivers with all three cities and more than enough to join a plant at Roche Percee with Regina, using the heavier transmission line recommended by the consulting engineers. It was through economies such as the savings in capital costs made possible by concentrating equipment in large plants that the consulting engineers proposed to pay fixed charges on existing city plants and provide stand-by power.

Blackburn and the Commissioners did not recognize possible savings in capital costs when rejecting the Roche Percee and Lake-of-the-Rivers sites. That they simply closed their eyes and ignored them is obvious. In both instances they maintained that electrical transmission had to be justified by the savings it produced over freighting coal. But they did not maintain this position throughout the report. In making recommendations to the Government, they called for a transmission line to connect Regina and Moose Jaw. Now a shipment of coal from the Souris field to Moose Jaw via Canadian National Railways could pass through Regina. Since the freight rates were the same in both cases, it cost nothing to move the coal between the two cities. On the basis of their own arguments concerning Roche Percee and Lake-of-the-Rivers the recommendation was utterly ridiculous. However, the Commission then claimed that there were advantages. The line,

9. These estimates are based on the capacity of the plant only and as such can only be approximate. However, the major variable cost would probably result from the provision of cooling water, and here Saskatoon would seem to have an advantage.
they said, "would have the effect of postponing expenditures which if the
plants were not connected would have to be made." The Commission must
have believed that much was to be saved by the recommendation as they pro-
posed to spend $426,000 on a transmission line and transformer stations to
postpone an expenditure of $115,000 for a new generator at Moose Jaw.
What the central plant scheme of the consulting engineers proposed was to
eliminate such expenditures in all three cities in favor of reducing their
aggregate amount by concentrating them at selected locations. Resulting
economies would in part provide for transmission lines, stand-by costs
and capital charges on existing plants.

Before commenting briefly on the proposed power station at Elbow,
it is desirable to finish with Blackburn's submission. First, it must be
pointed out that the gross overexpenditures implicit in his assumption
would not actually take place at once. While it was true that a new
plant would be erected at Saskatoon, the same would not be done at Moose
Jaw and Regina. At those centres additions would be made to existing
facilities and this was what Blackburn really wanted to justify. By
substituting the Regina plant for the theoretical one in his argument,
he demonstrated that the plant was fairly efficient. There is no question
that the Regina plant was a fairly efficient plant for its size but it
had its shortcomings. With respect to the city plants the consulting
engineers stated:

The municipal utilities and facilities necessarily have been
developed in parallel with the growths of the cities and towns.
In each principal city the electric light and power generating
equipment now in use is an accumulation of units of various
dimensions, the rating of each unit being a definite indi-
cator of the order in time of its purchase and installation.

10. SPRC, p. 15.
11. Ibid., p. 19. For expenditures required at Moose Jaw see The
The largest unit in each station, the latest and most efficient therein, is in each case at present insufficient in capacity to carry the peak load upon the local system. The latest unit installed approaches in dimension that which is capable of the maximum modern efficiencies experienced elsewhere; in each of the three principal city stations the units less recently installed have much lower operating efficiencies; generally the over-all efficiencies are moderate to poor, though constantly advancing due to the skill and attention of the superintending staffs; improvements being attained by care in selection of newer equipment items and in maintenance and rebuilding of furnaces and auxiliaries.12

Comparing them to the type of generating station they proposed to erect, the consultants added that they had like Topsy, "just grewed."

It is interesting to point out what Blackburn could have argued in his submission had the Commission decided to recommend rather than reject the construction of a central generating station at Roche Perce. The Regina power plant burned Crow's Nest Pass coal. In order to compare freight and transmission costs it was necessary for him to convert that type of coal to Souris lignite in terms of British thermal units per pound. According to his figures, which are assumed to be correct, one pound of Crow's Nest Pass coal contained 14,000 B. T. U. while a pound of Souris lignite contained 6,744 B. T. U. This was as far as Blackburn went. He did not discuss the two types of coal in terms of their B. T. U. cost delivered at power plants. The results of such a comparison are almost unbelievable. Crow's Nest Pass coal delivered at the Regina plant cost $6.30 per ton or per 28,000,000 B. T. U. Souris lignite coal delivered at a plant at Roche Perce would have cost only $2.00 per ton or per 13,488,000 B. T. U. In other words, while a plant at Regina could purchase only 28,000,000 B. T. U. for $6.30, a plant at Roche Perce
could have secured 42,487,200 B. T. U. -- fifty-two percent more -- for the same price. A plant on the coal fields offered huge savings in fuel costs alone, savings which would grow with each passing year as consumption of electricity increased.

As already stated, Blackburn's arguments against a plant on the coal fields suggested that the Regina plant was a fairly efficient operation. The Commission carried this point to its ultimate limits. Their specific reason for rejecting the Elbow site was summed up in a single sentence: "With the present efficiency at the Regina plant and the efficiencies which will be possible at the Moose Jaw and Saskatoon plants when further expenditures are made, the central plant cannot promise such a reduction in operating costs at the plant itself to compensate for this high item of cost represented by transmission lines, transformer stations and city continuing charges." Two points made in this statement bear close scrutiny. First, the Elbow site was rejected because of existing or possible efficiencies at the city plants. And secondly, possible economies of a tri-city system were again limited to a single factor. The Commissioners implied that the costs of transmission lines, transformer stations and city continuing charges would all have to be provided for by a reduction in operating costs at the central plant itself. No other economies were considered. Rather than do so, the Commission simply rejected the site on the basis of the optimistic estimates of city production costs supplied by city officials. If the Commission's argument concerning the Elbow site

14. "Coal Costs for Alternative Steam Stations," SPRC, p. none shown. This table shows the costs of coal at various plants and sites. These estimates are on the conservative side as they base the Regina plant on the cheapest type of Crow's Nest Pass coal at the highest B. T. U. value and at the same time penalize the Roche Percee site. The price of $2.00 per ton was the selling price at a mine operating at the time. This price would probably have been reduced by contracting for a specified amount of coal for a period of time.
15. SPPC, p. 11.
was valid, why was it not applied to the other sites as it could have been with greater force? The capital costs were less at Elbow than at the other two sites. Conversely, on a percentage basis, operating costs were greatest. If it was impossible under these circumstances to reduce such costs sufficiently to cover the costs of transmission lines, transformer stations and continuing fixed charges on city plants, was there not less chance of doing so under the less favorable ratios existing at Roche Perce and Lake-of-the-Rivers? Obviously, the Commission did not believe its findings would be accepted on the basis of only this one argument which indeed left much to be desired.

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17. Upon completion of these arguments together with an analysis of subsequent events, they were presented along with all relevant documents to Assistant Professor R. J. Fleming of the Department of Electrical Engineering at the University of Saskatchewan for his comments. Following conversations with him the arguments were modified to make certain points stand out more sharply and rewritten in an abbreviated form. Chapter V and part of Chapter VI presented to Professor Fleming have been reorganized into Chapter IV and Appendix II. On 2 August, 1966, upon examination of the data presented to him, Professor Fleming wrote to the author as follows:

"I have reviewed Chapters V to VIII and the accompanying Appendices. I found it very interesting and I am in agreement with your conclusions. ...

"I have gone over the Sullivan, Kipp and Chase report and Blackburn's Appendix VI again also. The Sullivan, Kipp and Chase recommendations are based on sound economic and practical grounds and offered the best engineering solution to the problem I feel. The Blackburn Study given in Appendix VI is far too limited in extent to provide the sole basis for rejection of their recommendations. One glaring omission from Blackburn's considerations is that of the benefits due to shared reserve capacity and deferred expansion which would be possible if the cities were interconnected by a high voltage grid. The statement that the eventual meeting of the radiating systems could provide for power interchange in the event of emergent situations is meaningless since the low voltage distribution lines of the radial systems would be completely useless for the interchange of energy between systems due to voltage regulation considerations.

"It would appear that the interests of the major cities concerned were served well by the S.P.R. Commission and that power development in the province as a whole suffered as a result. Strange are the ways of politics!"
To His Worship the Mayor and Council,
Moose Jaw, Saskatchewan.

Gentlemen:

Following up the resolution of the City Council of October 21st, I offer the following comments regarding the offers of the Saskatchewan Power Commission and the Iowa Southern Utilities Company to purchase the City's Electric Light and Power System. In doing so, I am endeavouring to maintain a strictly neutral attitude insofar as that much debated subject of Private versus Public Ownership is concerned, and I trust that my comments, which are necessarily brief will not be construed as arguments either for or against the disposal of your plant.

Before dealing with the specific offers a brief statement of the financial conditions of your Light and Power System will be of some assistance in the proper interpretation of the offers.

The total capital invested in Light and Power System, as shown by the City's Books at December 31st, 1928, was $1,294,905.27 of which $1,230,614.94 is represented by debentures outstanding and $64,290.33 was reinvested from surplus earnings of the plant. The debentures
outstanding represent 19.29% of the total bonded debt of the City. From this total the amount of $597,633.34 has been set up as depreciation allowance leaving the book value of the plant at $697,271.93. The method used to determine the amount of depreciation has been to take four or five per cent of the capital invested, deduct from this the amount required for sinking fund contributions and set up the balance as depreciation allowance. The depreciation determined by this method therefore is not related in any way to the life, obsolescence or abandonment of equipment and cannot be used even as a guide to arrive at the present actual physical value of the plant.

Another feature that enters into the valuation of the plant is the fact that practically all line extensions meters, transformers, etc., and a great deal of minor power plant equipment has been paid for out of operating account during the last fifteen years, and this has not (with the exception of two years) been set up as capital invested. Further, considerable material and equipment has been sold or abandoned during this period.

The actual replacement value of the plant and distribution system may be fairly accurately estimated today as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,500 K.W. available capacity in plant @ $130.00 per K.W.</td>
<td>$975,000.00</td>
</tr>
<tr>
<td>3,500 K.W. stand-by generator capacity @ $105.00 per K.W.</td>
<td>$367,500.00</td>
</tr>
<tr>
<td>7,500 K.W. capacity in Distribution System @ 60.00 &quot; K.W.</td>
<td>$450,000.00</td>
</tr>
</tbody>
</table>

Total $1,792,500.00

Dealing now with the offers, the Saskatchewan Power Commission's proposal is to either take over the plant and distribution system and retail electrical energy in the City, or to take over the plant only and sell to the City in bulk. In either case the purchase price is to be the outstanding debenture indebtedness, less sinking fund now on hand in respect thereto,
together with an additional allowance equal to the present value of investment made by the City from Revenue Account, as set out in a letter from the City to the Commission dated June 29th, 1929. On this basis the additional allowance would be $98,696.88.

The proposal does not state in what manner this allowance would be paid, that is, whether in cash or spread over a term of years. It involves either the exclusive right to the Commission to sell electrical energy in the City, or to sell to the City all of its requirements for distribution to its customers.

The basis of the entire proposal is "service at cost" which is a very indefinite term, for "service at cost" under one management might be more expensive than service at a substantial profit under another management.

Advocates of this scheme must therefore possess faith in the Government Commission, to produce power at a lower cost than any other organisation, and to this extent the scheme takes on a political aspect right at its conception. The Commission's agreement with the City of Saskatoon is submitted as a basis of agreement with this City. In one respect this agreement does not amply protect the City. The rate structure is such that if the Commission ever connects outside towns and cities, and supplies "peak load" service to these (to save investment in the outside plants) the operating costs per K.W. Hour produced will increase as well as interest and sinking fund charges, and the City will find themselves paying a higher rate for the benefit of some other community. The Commission apparently does not recognise the well established fact that a large percentage of operating expenses are "fixed" as well as the capital charges, and are therefore effected by the maximum demand on the plant. This is probably the worst feature of the proposal from the City's standpoint.
The capital cost per K.W. of capacity in the Commission's new plant at Saskatoon, may be questioned and does not indicate that the cost of power under the Commission's proposal will be lower than it would be under municipal or private ownership.

The Iowa Southern Utilities Company's proposal is to purchase outright the plant and distribution system at a price of $2,875,500.00. It is a very clear cut proposal and complies with the instructions to bidders, except that the questions of taxation and rate schedules are left open to negotiation. The rate for street lighting is 4½¢ per K.W. Hr., this to cover all costs in connection therewith. The cost to the City on the same basis for the year 1928 was 4.6 cents per K.W. Hr.

The acceptance of this offer without mentioning any of the possible benefits due to industrial development would as I see it, have the following effects upon the City's financial condition:

1. The repayment of approximately 20 per cent of the City's total bonded indebtedness would be permanently provided for.
2. The assets of the City as shown by the 1928 financial statement would be increased by approximately $1,300,000.00.
3. Rates to Light and Power consumers would be reduced the amount of such reduction being unknown until a schedule of rates is presented.
4. Heavy capital expenditures which are demanded by the rapid expansion of this utility would be avoided by the City.
5. The surplus earnings of the Light and Power Department now available to the City for reduction of taxation, and which due to extensions and replacements of plant equipment, also to rate reductions, will in future be variable and probably
uncertain, could be replaced by a fixed and definite income, or in lieu of this other necessary assets could be created.

6. The existing practice by which Light and Power consumers, by excessive rates, contribute to the general revenue of the City, would automatically cease, and the trend towards greater consumption of electricity and consequent lower costs, as it exists in other places, would be permitted to develop in Moose Jaw.

On account of the foregoing advantages to be had by accepting this proposal, it merits very careful consideration, and my only suggestion to you at this time is that it be carefully weighed against the City retaining its own plant rather than against the offer of the Power Commission.

If I can furnish you with any further information or assist you in any other way I will gladly do so.

I remain,

Yours obediently,

(Sgd.) J. D. Peters

JDP/ET - R.D. ELECTRICAL SUPERINTENDENT

Source: SPC File, Moose Jaw, Town No. 1.
NOTE ON SOURCES

Except for a few newspapers, the material used in this thesis is located in the province of Saskatchewan. The most important and largest collection of documents examined was that of the Saskatchewan Power Corporation, stored in the Corporation's archives in Regina. Ministerial papers, departmental records, theses, most of the newspapers, and the records of the Dominion Electric Power Company, which were also used extensively, are located in the Archives of Saskatchewan. Certain other collections of documents, which proved very useful, are still held by the provincial departments or other bodies with which they originated. In this category are the records of the Department of the Provincial Secretary, the Local Government Board, municipal council minutes and other records, and the correspondence and minutes of the Moose Jaw Board of Trade and Regina Chamber of Commerce. Small portions of the material, for example, newspapers such as the Weyburn Review, Humboldt Journal, and Canora Courier are held by their publishers, while the papers of Herbert S. Sears, transcripts of interviews and a few other documents are possessed by the author.

1. UNPUBLISHED MATERIAL

A. MINISTERIAL PAPERS, SELECTED FILES:

  J. H. Brockelbank,
  R. Brown,
  W. G. Davies,
  T. C. Douglas,
  C. A. Dunning,
  C. M. Fines,
  J. G. Gardiner,
  S. J. Latta,
  J. L. Phelps,
  W. Scott,
  F. A. Turgeon,
  J. M. Uhrich,
B. GOVERNMENT OF SASKATCHEWAN RECORDS:


Departments:

Labour: File 204.

Municipal Affairs: Village of Abernethy.

Natural Resources: G-3-7 Minutes of Rural Electrification Committee Meeting, March 25-26, 1946.

Provincial Secretary: Registrar of Companies Files 3625, 7078, 7149, 7151, 7199, 7234, 7253, 7332, 7355, 7407, 7756, 8613.

Public Works: PW. 2, Correspondence of Chief Mechanical Superintendent, h. Moose Jaw 1926-29; k. Lignite Investigation 1912-1931.
   File 259, Lignite Utilization Plant, Bienfait, 1918-23.


Reconstruction and Rehabilitation: Files 1, 4, 12.

Local Government Board: Selected Municipal Files, 1915-1931; Saskatchewan Power Commission Files, 1949-1959; Stock Register.

Saskatchewan Power Corporation: Selected Files; Consultants' Reports:
   Sullivan, Kipp and Chase Ltd., Preliminary Summary Report to the Power Resources Commission of the Province of Saskatchewan on Electric Energy Supply to the Central Portion of the Province, January 21, 1928,
   A Report on the Economic Practicability of Centrally Located Electric Power Stations in Connection with a System of High Tension Transmission Lines to Serve the More Populous Areas Within the Province, March 1, 1928,
Supplementary Study of Minimum Cost of Service to Regina, Moose Jaw and Saskatoon from Central Station at Elbow, June 2, 1928,
Study of Cost of Electric Service to Regina, Moose Jaw, Saskatoon, Prince Albert and North Battleford from Central Stations at Regina and Saskatoon, June 6, 1928.

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Biggar: Council Minutes, 1932-1933; "Old Correspondence," 1932.


Melville: Council Minutes, 1927-1928.

Minutes of the Industrialization Fund Committee, 1931-1932.

North Battleford: Council Minutes, 1928-1930.

Qu'Appelle: Council Minutes, 1906-1915.

Consultants' Report:
W. I. McFarlane to City of Regina, June 7, 1963.

Saskatoon: Council Minutes, 1928-1936, 1951-1956; Report of the Special Subcommittee on Power Plant Extension to the Chairman and Members of the Standing Committee of City Council, April 12, 1928.

Selected Correspondence, 1931, 1954, 1958-1959;
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Regina Chamber of Commerce: Selected Correspondence, 1960-1963.
Herbert S. Sears papers.


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James A. Darling, Saskatoon, June 1, 1967.


Gordon Grant, Regina, July 20, 1967.


Fraser McConnell, Regina, July 18, 1967.

Murdoch A. MacPherson, Regina, September 1, 1964.

Frederick Mullin, Regina, July 17, 1967.

William J. Patterson, Regina, September 1, 1964.

John W. Peart, Regina, July 11, 1967.


Herbert S. Sears, Saskatoon, Spring, 1967.


Cecil Stockdale, Maple Creek, August 20, 1963.

Hugh A. Sweet, Craven, August 15, 1963.

Andrew Tait, Moose Jaw, August 28, 1964.


Carl A. Worth, Leader, August 19, 1963.

John A. Wilson, Indian Head, July 11, 1963.

II. PRINTED MATERIAL

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Department of Agriculture: Annual Report, 1903.

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Saskatchewan Gazette, 1944.

Department of Municipal Affairs: Annual Reports, 1922-1923, 1927-1928; Financial Statements from selected municipalities.

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Saskatchewan Power Corporation: Annual Reports, 1949-1967

Royal Commission on Agriculture and Rural Life, Report No. 11, Farm Electrification, 1957.

Saskatchewan Power Resources Commission Report, 1928; Summary of Evidence Presented to the Commission, 1928, (typescript).

A Submission to the Royal Commission on Canada's Economic Prospects, November, 1955, (typescript).
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Darling, S. M., The Carbonizing and Briquetting of Lignite, Regina: Government Printer, 1913;

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The Moose Jaw Times, 1890-1895, 1900-1905, (microfilm).


The Moosomin Courier, 1889-1892, (microfilm).

The Morning Leader, (Regina), 1912-1913, 1919, 1924-1930.


The Prince Albert Advocate, 1899-1904, (microfilm).

The Prince Albert Times, 1889-1892, 1905-1908, (microfilm).

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The Regina Standard, 1891-1893, 1904, (microfilm).

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The Swift Current Sun, 1919-1920, 1928-1930.
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1908-1932.

Liberal Party Platform, 1905.

Moose Jaw Board of Trade, The Optimeter, n. p., Vol. I, 
No. 6, 1928.

Saskatchewan Liberal Handbook, 1929.

Thomas, J. K., One Hundred Million Workers, n. p., n. d.

D. UNPUBLISHED THESES:

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Prairie Provinces," M. A. thesis, University of 
Toronto, 1934.

Reesor, B. W., "The Origin and Development of the Saskatchewan 
Power Corporation," M. A. thesis, University of Sask­
atchewan, 1955.