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Rural Electrification in Newfoundland in the 1950s and the Origins of the Newfoundland Power Commission

MELVIN BAKER

THE NEWFOUNDLAND POWER COMMISSION, which was created in 1954, was not seen initially as either an engine of industrial growth or a means of securing public ownership of electrical generation.[1] Instead, the government of Liberal Premier Joseph Smallwood looked to the private sector for capital and leadership in hydro development, giving it considerable financial and natural resources. Until 1958 the Power Commission served the province in an advisory and investigative capacity as the government received numerous requests from communities for electricity; in effect, it was limited by Smallwood to little more than a public relations role. Between 1958 and 1964 the Commission's main concern was to extend rural electrification where it was financially feasible and practicable to do so. In 1964, with the financial assistance of the federal government, the Commission became responsible for the huge hydro development at Bay d'Espoir and for all new generation of electricity on the island. After the Bay d'Espoir project, the Commission grew into a big crown corporation and became the central player in the province's energy field. It also became an instrument of economic expansion for the province through the creation of an island-wide transmission grid system, bringing electricity to most of the island's small outports.

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Hydro Development in Newfoundland to 1949

In 1924 Canadian businessman Harry Crowe, addressing the Newfoundland Board of Trade, stated that "water power is today the greatest asset of any country." He proposed a 160,000-horsepower hydroelectric development costing $10 million in the Bay d'Espoir region on Newfoundland's south coast. With the available power, Crowe planned to establish a paper mill in the region. The hydro project, which Crowe claimed would be "so great that it would not alone take care of all the unemployed who may be in Newfoundland, but it would bring back all those who have left the country in recent years," was not to be.[2] However, his vision of the Bay d'Espoir power potential loomed in the background of future plans for developing Newfoundland's natural resources. But harnessing that potential through private sector initiative remained an elusive goal for local politicians and businessmen until well into the 1960s.

Until the mid-1960s hydroelectric development in Newfoundland was of two kinds, both pursued exclusively by private companies. First, commencing in 1900, there were small hydro projects established close to large communities on the Avalon, Bonavista, and Burin peninsulas. The generating capacity of such small projects was usually between 3,000 and 5,000 horsepower in installed capacity. Second, there were large-scale hydro developments situated in central and western sections of the island, built in the early twentieth century to serve the specific industrial needs of paper mills at Grand Falls and Corner Brook. These systems were far from other urban centers, especially the St. John's urban region, and until the mid-1960s there was no island-wide transmission grid system connecting the various hydro systems to one another. Of the island's total installed turbine capacity in 1949 of approximately 262,050 horsepower, 239,400 was used by the two paper mills.[3] The estimated hydro potential of the new Canadian province was, in 1949, over five million horsepower, of which only 5% had been developed. The Dominion Bureau of Statistics reported that on the island of Newfoundland over one million horsepower awaited development, mainly on the south coast in the Bay d'Espoir area where several large rivers existed with substantial watersheds in the island's barren and marshy interior.[4]

In 1949, outside the paper towns of Corner Brook and Grand Falls, there were three private electrical utilities. The smallest, Union Electric Light and Power Company, was located on the Bonavista Peninsula. It served several small towns in the Bonavista area with approximately 1,300 customers in 1951. Founded in 1916 by William Ford Coaker, the President of the Fishermen's Protective Union, by 1953 this utility had an installed capacity of 1,250 horsepower.[5] The next largest utility was the United Towns Electric Company, established in 1902 and serving rural communities on the Avalon and Burin peninsulas. Owned by St. John's businessman Robert Murphy, United Towns Electric in 1950 had an installed capacity of 16,710 horsepower

from eight small plants, or less than 1% of the province's total installed turbine capacity. On the west coast, in the Stephenville and Port aux Basques areas, it operated through a small subsidiary, West Coast Power Company. The largest utility in the province was the St. John's-based Newfoundland Light and Power Company, which dated from 1885 and which in 1949 had an installed capacity of 21,350 horsepower from four plants.[6] From 1924 to 1949 this company was owned by Montreal businessman Izaak Killam. In 1949 Killam sold most of his common shares in the Newfoundland utility to the public through a stock issue.

1949-53

In 1931 Joseph Smallwood wrote that "the future possibilities of hydro-electric development in Newfoundland are great . . . Newfoundland is out for industrialization and won't be happy until she gets it."[7] After 1949 Smallwood as premier spent twenty-two years in office determined to industrialize Newfoundland on the basis of hydro power, while simultaneously trying to bring electricity to the remote areas of the province. Earlier in the century, Smallwood had seen two of his political mentors, Liberal Premier Richard Squires and William Coaker, help establish a large paper mill at Corner Brook based on abundant cheap hydro. Another political hero, Liberal Premier Robert Bond, had encouraged English capitalists to build a paper mill at Grand Falls in the early 1900s. Smallwood wanted to leave similar large industrial developments as part of his political legacy.[8]

To achieve this objective, he faced the daunting task of attracting foreign capital to the province. As the historian J.K. Hiller has written with regard to the establishment of the paper mill at Corner Brook, this was not easy, for in dealing with major foreign capitalists Newfoundland politicians had little with which to bargain and eventually were forced to settle on terms offered by the foreigners. The historical alternative for Newfoundland has been little or no development.[9] For Smallwood, it would be no different. While promoting industrial development, moreover, he also had to deal with the expectations of the populace for improved public services and a higher standard of living, in keeping with Newfoundland's new status as a province of Canada.

The challenge for both government and public utilities after 1949 was to get services in general and electricity in particular into many of the smaller isolated communities, and to find new sources of power. As Smallwood observed in 1957, the "people are up in arms demanding hydro-electric development."[10] Since the early years of settlement, much of Newfoundland's population had been located in tiny fishing communities, often hidden away in remote harbors on the most distant reaches of peninsulas and headlands jutting far out into the Atlantic — as near to the fishing grounds as possible. The vicissitudes of Newfoundland's geography and the

wide dispersion of its communities proved such an impediment and a challenge that by the time of Newfoundland's entry into the Canadian confederation in 1949 only 50.4% of households had electrical service.[11]

One way in which Smallwood's government attempted to provide people with electrical power and other services was through the controversial resettlement program which, beginning in 1954, was intended to move people from small outports to larger centers where services could be concentrated. This program obviously would indirectly help with rural electrification by moving residents from the isolated coastlines where the cost of providing government services was prohibitive. At a March, 1956, conference to discuss the social and economic problems of the island's south coast, Smallwood told delegates from that region that the province should eliminate 1,000 of its scattered 1,300 outports so that more people could congregate in fewer settlements and have better lives.[12] Indeed, as late as 1961, 815 of the province's 1,104 communities had fewer than 300 inhabitants.[13] According to Ralph Matthews, many politicians and officials "saw the isolation and dispersion of much of the population as an impediment to economic development . . . and centralization became a major thrust of Newfoundland's social planning."[14]

During the 1949 provincial election campaign, Smallwood promised voters that a government led by him would develop local hydro resources, since

> cheap power is the foundation of industry. Grand Falls and Corner Brook would never have amounted to anything without lots of cheap power. Newfoundland has been blessed with great water-power. Most of it is running to waste. The Liberal Party will develop it . . . [There] will be . . . lots of cheap power for Newfoundland's present and new industries to-be, and to light homes and provide power throughout the country. This plentiful supply of cheap electric power is a basic condition in the development of this country. We can never grow industrially without it.[15]

He told the electorate that he was planning to establish a public utility commission along the lines of Ontario Hydro and was in fact negotiating with Dr. Thomas Hogg, a former chairman of Ontario Hydro, to set one up. The proposed Newfoundland body would control the generation and distribution of electricity in the province and issue its own bonds.[16] Although willing to provide advice, Hogg was not interested in becoming chief executive officer, Smallwood later explained. The premier took no immediate further action on setting up a public hydro commission for, as he later wrote Hogg, he had set his "heart on getting [him] to organize and become head of a commission here."[17]

Smallwood then turned to the private sector for help in developing the island's hydro potential. His government promoted widely the province's vast hydro resources to attract Canadian and American investment in

Newfoundland, and initiated efforts to have the natural resources of the new province examined by various experts. For instance, he commissioned studies by Power Corporation of Montreal into the hydroelectric potential of several of the island's rivers.[18] Power Corporation's surveys were complete by 1951, when Smallwood called a surprise election. The surveys, according to Smallwood, showed that in the Bay d'Espoir area "huge amounts of electric power can be produced . . . at [a] very reasonable cost."[19] He made similar claims for other regions of the island. The key to any pending large industrial project, however, appeared to lie with the European investors and industrialists Smallwood was courting.

From 1950 to 1953 the premier's interest in hydro power and industrial development centered primarily on the efforts of his Director-General of Economic Development, Alfred Valdmanis, to attract German technical expertise and capital to the province and develop hydro at Bay d'Espoir and Grand Le Pierre River on the south coast.[20] Smallwood turned over to Valdmanis nearly total control of his government's efforts in industrial development, and for Valdmanis this meant getting the attention of German and other European investors. Because of Valdmanis's interest in seeking European capital, he recommended to Smallwood that the province turn down a 1950 request from United Towns Electric for financial support. United Towns wanted a government guarantee on a proposed $1 million bond issue to develop a new 5,000-horsepower site on the Burin Peninsula, where frequent power shortages hindered the operations of several fish plants and the fluorspar mines at St. Lawrence, and prevented further general industrial expansion.[21] In August, 1950, Valdmanis recommended that the government concentrate on efforts by European industrialists interested in developing south coast hydro power. Some of these industrialists were thinking of building a third pulp and paper mill at Bay d'Espoir.[22] German investors in 1951 also had their eye on another large hydro development at Grand Le Pierre River at the head of Fortune Bay. In September, 1952, the Europeans suggested to Smallwood that a $25 million power station be developed at Grand Le Pierre River, with a generating capacity of about 100,000 horsepower. The proposed development would include an aluminum industry and the construction of transmission lines to the Burin, Avalon, and Bonavista peninsulas.[23] This development proposal, however, was never realized.

On the advice of Valdmanis, Smallwood also put on hold a proposal for developing Bay d'Espoir power that had come from Newfoundland Light and Power. In mid-August, 1952, the company's general manager, Herbert Forbes-Roberts, discussed the matter with Smallwood, who was about to leave for Europe in pursuit of foreign investors. The premier told Forbes-Roberts that some industrialists were interested in establishing an aluminum plant on the south coast if adequate hydro power was available there. According to Forbes-Roberts, Smallwood preferred that Newfoundland Light

and Power rather than government provide the necessary hydro in the Bay d'Espoir region. Newfoundland Light and Power was willing to finance and develop this power if a market were found. Smallwood offered to pursue the matter upon his return from Europe.[24]

Later that month Smallwood, Attorney General Leslie Curtis, and Valdmanis travelled to London and appeared before the Fleet Street press to announce that Newfoundland was open to development by British investors. The approach was ultimately successful. Following interviews with British Prime Minister Winston Churchill and financier Edmund Rothschild, Smallwood returned to Newfoundland with Rothschild's promise to form a consortium of business interests to develop Newfoundland's natural resources. This consortium was later to be called the British Newfoundland Corporation or, simply, Brinco. It included N.M. Rothschild and Sons, the English Electric Company, Bowater Paper Corporation, Anglo-Newfoundland Development Company, Rio Tinto-Zinc Corporation Ltd., Anglo-American Corporation of South Africa, and Frobisher Limited.[25] In 1953 Brinco received from the province extensive land and water rights in the Bay d'Espoir area.

Smallwood envisioned Brinco as an ideal partner in his efforts to industrialize the province, but industrial users had to be found before Brinco would undertake the costly development of Bay d'Espoir power. After 1953 he continued to try and attract foreign capital to the Bay d'Espoir region — for instance, to build industries that consumed large amounts of power, such as a paper mill or an aluminium smelter. These efforts were without success.

Large-scale hydro development at Bay d'Espoir, he thought, would make it possible for the government to extend electrical service to the island's outports. Rural electrification was a matter in which he had taken "personally . . . a very close and intimate interest," and he resented any suggestions, in public or in private, that he had to be "pushed or hustled" on the issue. As he wrote to a Gambo resident in 1954, "I am the one who is doing the pushing. And I am the one who knows all the facts of the case."[26]

Creation of the Newfoundland Power Commission, 1954

In 1953 Smallwood, who was also Minister of Economic Development, pursued rural electrification with increased vigor. In February of that year he received a telegram from Nova Scotia Premier Angus Macdonald, requesting information on Newfoundland's rural electrification program. Macdonald was conducting a nation-wide inquiry into the matter. Smallwood replied to the effect that Newfoundland had no program of financial assistance for rural electrification, and he then sent Oliver Vardy, the Director of the Tourist Development Division in the Department of Economic

Development, to Halifax to examine information collected by the Nova Scotian government.[27] In May, 1953, Vardy, a close adviser and friend of Smallwood's, informed the premier that no extensive rural electrification for Newfoundland was possible without a transmission network connecting all the province's towns with the power supply. Vardy outlined two alternatives for the government. It could undertake power development projects itself in areas to be serviced, or it could concentrate its efforts on areas which already had transmission networks available, but which had not been serviced by public utilities because such service was uneconomical. In discussing the second alternative, Vardy noted that in Nova Scotia the provincial government subsidized the public utilities, through the Nova Scotia Power Commission, to provide electrical service based on the number of customers per mile in a given area. From 1937 to 1952 Nova Scotia had in fact spent over two million dollars on this approach to rural electrification, but the "scheme had failed completely in its original aim to bring economic development to the rural areas. [It] had brought the comforts which power provides in remote areas." Officials at the Nova Scotia Power Commission advised Vardy that if the Newfoundland government was not prepared to consider public ownership of electrical generation, then the province should at least establish a public body to coordinate all efforts at power development in Newfoundland and thereby avoid any possible duplication of costs and services. In conclusion, Vardy wrote that

> any program of rural electrification based upon the Nova Scotia program would be an expensive one for Newfoundland. Most of Nova Scotia's capital expenditures were made prior to the present increase in costs of labour and material. Because of the remoteness of certain areas and the limited customer potential the provision of power is likely to be a costly undertaking. On the other hand, the situation is not hopeless and an energetic program of investigation might disclose many unanticipated advantages.

One such advantage, Vardy told Smallwood, was political — public ownership of hydro development "will have to come sooner or later and . . . the party that goes to the electorate on that platform will sweep the country."[28] This last piece of advice would not have been lost on Smallwood.

The premier had seen in Brinco the potential solution to the rural electrification problem. During legislative debate in April, 1953, on the bill giving Brinco its land and water rights, he optimistically expressed the hope that the large English Electric Company, through its partnership in Brinco,

> or the electric people in Brinco will establish here in Newfoundland what has been done in many other Provinces of Canada. They have their various hydro-electric commissions, in Nova Scotia, in New Brunswick, in Quebec, Ontario and other Provinces of Canada and in place of a Newfoundland Hydro-Electric Commission providing rural electrification to our remote farm areas and to our logging settlements we will benefit by the coming of the English Electric

> company to this Province . . . My own personal ambition is that English Electric will come here to the Island and will establish a great transmission network to bring electric light to the tens of thousands and hundreds of thousands of those of our people scattered about the Island providing rural electrification to our remote farm areas and to our fishing settlements. That is my hope — that of course I cannot guarantee, I can only hope.[29]

In February, 1954, Brinco's general manager, Bill Southam, wrote Smallwood that his company was not ready to undertake any hydro development until more engineering and financial studies were completed.[30] Thus Brinco was not (and would not be later) the panacea for the problem, since the company was primarily interested in large-scale hydro development in Labrador and at Bay d'Espoir and not in hydro development at sites generating under 10,000 horsepower.[31]

Besides needing new sources of power for the new industries envisioned for the province, by 1953 Newfoundland required additional electrical generation on the Avalon, Burin, and Bonavista peninsulas for ordinary users. Only one of the three public utilities, Newfoundland Light and Power, was strong enough financially to provide the extra power needed in its service area. Early in 1953 the company considered developing a hydro site on Piper's Hole River, 115 miles from St. John's. The proposed development would be at the point where the river flowed into Placentia Bay at the junction of the Avalon and Burin peninsulas. Although the proposed $16 million development could generate 30,000 horsepower and approximately double the company's generating capacity, Newfoundland Light and Power abandoned the idea in September, 1953, because engineering studies indicated there was less power potential than the company originally thought and the development cost would be higher than projected.[32] Instead, it decided to meet further load demand in the St. John's area through construction in the capital city of a steam plant of 13,300 horsepower, which was put in service in 1956.[33]

The other two power companies — Union Electric and United Towns Electric — were ready and willing to meet power demands in their respective areas, but lacked sufficient capital to develop new hydro sites which both had under consideration. Before giving the necessary financial assistance to either utility, Smallwood in mid-1953 approached Ontario Hydro for engineering consultants to examine the financial operations of both companies. Gordon Kribs and Richard Thomas Jeffery were sent from Ontario Hydro to undertake this work. Both men preferred that the government establish its own power company to generate and distribute electricity, rather than rely on the private utility companies. If the province was not prepared to take this course of action, Jeffery suggested the creation of a public body to coordinate the activities of the existing private utilities and to encourage them in an active rural electrification program. This body

would be able to provide the expert engineering advice the government needed to make decisions about both present and future power needs.[34]

Smallwood also had the benefit of a new and more detailed study of rural electrification in various provinces of Canada that Oliver Vardy did in late 1953. In that report, Vardy told Smallwood that an approximate cost for the electrification of almost all the island's outports would be $20 million. He said the province had three options. The first was to encourage the establishment of one large private utility company which would purchase the two small companies presently serving rural areas, this larger company to assume responsibility for rural extensions. The second was to set up a public power commission which would generate its own power, and distribute and sell it to rural customers. (This alternative had the disadvantage of creating a large and expensive technical and administrative bureaucracy for work which could be done more economically by the staffs of the private utilities.) The third option for the government to consider was the creation of a "control or advisory board." Vardy strongly recommended this third option.[35]

In late January, 1954, Smallwood was undecided over his next course of action on electrical matters. He told the press that planning was urgently required; the Ontario Hydro engineers had warned that power shortages could be expected soon if new sources were not quickly developed. He said the province could establish its own hydroelectric commission or ensure that control of electricity in eastern Newfoundland was held by one large private utility, namely Newfoundland Light and Power.[36]

In 1949 he had proposed establishing a hydroelectric commission having control over the production and wholesale of electricity; but now, in 1954, Smallwood, armed with his various reports, told the House of Assembly during debate on legislation to establish a Power Commission that

> we are not so sure that it is a hydro-electric commission we want . . . as they [have] in the other Provinces of Canada. But we are quite sure that we have to do something to take control and take the right to regulate hydro-electric matters.[37]

Part of the projected Commission's mandate would be to investigate new sources of electrical energy, examine all electrical development proposals submitted to the government, and contract to supply electricity to any part of Newfoundland. With government approval, it could construct and operate its own electrical developments as well.[38] But Smallwood was in no hurry to create another government bureaucracy. In fact, the Commission was not effectively established until 1956 because the man he had in mind for the chairmanship, George Desbarats, was not available. He had another commitment: to be the supervisory engineer on the construction of a hydro development for Union Electric.[39]

In any case, the utility companies, as Smallwood had hoped, were moving ahead with new hydro development and, where profitable, extension

of their lines into rural areas. With government backing of a $1 million company bond issue, Union Electric in 1956 put in service at Lockston, Trinity Bay, a 2,000-horsepower hydro development that provided a more reliable supply and made it possible for communities from Clarenville to Bonavista to be added to the utility's system. On the west coast, Newfoundland Light and Power, which had purchased the electrical distribution system previously operated in Corner Brook by the Bowater paper company, in 1954 began constructing rural lines in the Corner Brook area. Two years later the company moved into Grand Falls, taking over the distribution system previously owned and operated by the Anglo-Newfoundland Development Company. As part of its takeover of this system, the utility company developed a new source of power, putting a 7,500-horsepower hydro station into service in 1958 at Rattling Brook, about twenty miles east of Grand Falls. This new power development enabled service to be provided forty miles eastward from Rattling Brook to Gander, which prior to 1958 had been dependent upon a limited diesel power supply operated by the federal government for the international airport, and to several other small communities along the line to Gander. As for United Towns Electric, a change in ownership in May, 1954, brought new capital investment into its electrical system, and improvements and additions to service in Conception and Trinity bays, including the construction of a 5,000-horsepower hydro station at New Chelsea. The new owners of this utility were Power Corporation of Canada and the investment house W.C. Pitfield Company, both Montreal-based. The completion of these hydro projects enabled the three utilities, after 1954, to extend lines and service at their own expense. But within these new service areas it was still not financially feasible for the companies to provide electricity to every community. Thus there was further public pressure on the government for action. In late 1955, the government suggested it might be willing to provide financial assistance to the utilities to enable them to extend electrical service to communities still without power.

One-man Power Commission, 1956-8

Smallwood typically made his own announcements concerning his government's proposed activities for industrial development.[40] By late 1955 he had decided that 1956 would be an election year. In 1951 he had been accused of calling a "sneak attack election," but now he prepared voters for one in grand style. A television interview with broadcaster Don Jamieson on December 22, 1955, gave him the opportunity to say that 1956 would see a major thrust in rural electrification, and that consulting engineer George Desbarats had been appointed Chairman of the Power Commission and would be taking up his duties early in the new year.[41] In February, 1956, the government announced that the province would be spending a lot of money to help the utility companies provide electricity in areas which, for

economic reasons, had not been serviced.[42] Desbarats' appointment muted public demands, in the months leading up to the provincial election held on October 2, 1956, for government action to provide power to communities without power. For example, in response to a petition for electricity from one community, the premier in February stated that one of Desbarats' first duties was to draw up a list of places requiring the government's immediate attention, so as to enable funds to be voted at the upcoming session of the legislature for rural electrification.[43] Smallwood assured voters that substantial efforts at rural electrification would soon commence and that the needs of ten or twelve communities pressing for electrical service would shortly be addressed.[44]

Desbarats assumed his duties as Commission Chairman on March 1, 1956, continuing essentially the same work for the province that he had been doing for the previous nine years as its occasional hydro consultant. An Ottawa native and an electrical engineering graduate of McGill University, Desbarats during World War Two had been an officer with the Royal Canadian Navy and had served for one year as an assistant chief engineer at St. John's. In 1947 he had returned to Newfoundland when the Commission of Government hired him to conduct a water power survey of Newfoundland and Labrador.[45] In the early 1950s Desbarats operated his own hydro engineering consulting and construction businesses from an office-residence he called the "Hydro House" at Mount Pearl, near St. John's. He did consulting work for the Newfoundland government, the local utility companies, and municipalities. In the early 1950s Desbarats had been urging Smallwood to create a public hydroelectric commission, offering to provide advice on how it should be formed and what role it would play in making electric power more available in the outports.[46]

Desbarats brought to the chairmanship a wealth of experience and information. He also had proposals for hydro development of the province's many small rivers. Smallwood, who initially allowed the Commission only an advisory and investigative role, wanted him to identify communities requiring immediate attention so that funding could be made available in 1956. In August, 1956, Desbarats presented the premier with a detailed program of action for the Commission. Part of his work involved examining how electricity could be provided in communities not within easy reach of the existing distribution systems. For ten such communities, Desbarats proposed that the Commission immediately proceed with small hydro developments of 1,000 horsepower generating capacity. In addition, he had under consideration with the three utility companies plans for electrical expansion in their respective service areas.[47] But Smallwood and Desbarats differed as to the role of the Power Commission in the generation and distribution of electricity. Smallwood, with an eye to the larger potential represented by Brinco's plans for hydroelectricity in Labrador and at Bay

d'Espoir, did not consider the Commission's proposals for small hydro projects a serious alternative, despite occasional public musings to the contrary.[48] For political reasons — and also because of the substantial cost of new hydro developments — he preferred that the utilities and not the government be responsible for generating and distributing electricity, and for imposing and collecting electricity rates.

Desbarats urged the government to allow the Power Commission to develop and operate small hydroelectric systems itself. He argued that the distribution of electricity should be by one large utility, in order to create a more economical service. In rural communities where small hydro development was not possible, Desbarats's recommendation to government was to install diesel-electric units, with the Power Commission owning and operating the distribution systems.[49]

Despite his pre-election promises of more government involvement in rural electrification, Smallwood after 1956 proceeded cautiously. In fact, after the election the Power Commission served the premier well as a means of delaying government action and expenditure in meeting demands for electricity from the isolated outports, which also often had no adequate road connections. When communities asked for electricity, the premier sent Desbarats to investigate their requirements. At the end of October, 1956, Desbarats was still unaware of what plans the government had for the Commission in electrical generation and distribution.[50] Over the next two years he visited communities to determine how electricity could be provided and at what cost. The arrival of Desbarats, who was the Commission's only professional staff, served to assure residents of a community that the coming of electricity was imminent.

Rural Electrification Program, 1958

During the 1957 federal election, won by the Progressive Conservative party led by John Diefenbaker, the P.C.S promised to lend money at low interest rates to the governments of the Maritime Provinces to build thermal generating stations and extend transmission lines into areas having no electricity. In late 1957 the new federal government offered the same assistance to Newfoundland, thereby making it possible for the province to borrow money on behalf of the Power Commission for rural electrification. Now that the federal government was showing interest, Smallwood himself seized the initiative. In November, 1957, he asked Brinco and the Newfoundland utility companies for their views on rural electrification. At a meeting on November 29 with Claude Howse of Brinco and Gordon Pushie, the province's new Director-General of Economic Development, the premier stated, according to Howse, that Newfoundland had no intention of getting

> involved in the retail distribution of electricity. It is hoped that the Government will be able to supply blocks of power to private groups at rates that will warrant distribution by these groups on a commercial basis.

He also told Howse that the province was considering asking Brinco to relinquish some of its existing water rights on the island to the Power Commission, which would develop its own power. Brinco's future hydro plans were also examined. Brinco at this time was updating engineering studies on the Bay d'Espoir region in preparation for construction once the company had secured demand for 70,000 horsepower of electricity, the minimum power requirement for the development to go ahead.[51]

In January, 1958, Pushie met in Montreal with Denis Stairs and Vivian Ainsworth of Newfoundland Light and Power, and Bill Southam and Claude Howse of Brinco. The President of Newfoundland Light and Power and a major shareholder in that company, Stairs was a highly regarded hydro engineer; he was also Vice-President of the Montreal Engineering Company, management and engineering consultants to Newfoundland Light and Power.[52] Those attending the meeting discussed a memo Stairs had prepared in December, 1957, on rural electrification for Newfoundland. In it he suggested that government assistance be given to the private utility companies for service extensions to outports that could be reached from existing electric systems. There was general agreement at the meeting that the Prince Edward Island model of rural electrification could be adopted in Newfoundland. In that province the government had signed an agreement in 1954 with the privately owned Maritime Electric Company, in which it agreed to subsidize the building of uneconomical lines in rural areas. Maritime Electric had formerly been controlled by Canadian businessman Izaak Killam and used the same engineering consulting company as Newfoundland Light and Power, i.e., Montreal Engineering. It was agreed at the meeting that power could be provided by diesel generation to those Newfoundland communities where hydroelectricity was not practical. In January, 1958, Ainsworth gave Pushie a copy of Stairs's proposal, which was subsequently handed to Smallwood.

The Atlantic Provinces Power Development Act was passed by Parliament in January, 1958. Under this Act, federal assistance was made available only to publicly owned thermal power projects. In Newfoundland all electrical developments were in private hands. Smallwood failed to persuade the Diefenbaker government to change this assistance program to include small hydro developments, which the premier considered, on the strength of Desbarats' examinations and surveys of the island's electrical needs, to be best suited to isolated outports. Smallwood also wanted the federal assistance program amended to allow help to be given for the construction of distribution lines to the outports. On the Avalon Peninsula it was feasible to build lines to outports, but off the Avalon geography made this enormously expensive.[53] Newfoundland was served exclusively by

private electrical utilities; as for nationalization of these companies, as Smallwood wrote Diefenbaker in August, 1958, it was "beyond the financial resources of the Provincial Government to acquire the existing private utilities at this time." Any program of rural electrification, he added, "will require heavy financing in order that the cost of electricity per family may be kept down to a reasonable level in isolated areas."[54]

Smallwood then launched his own comprehensive rural electrification scheme. In the midst of another federal election campaign, he announced on March 19, 1958, on a province-wide radio broadcast, a rural electrification program that would cost more than $5 million over several years. It was a program, he said, for which "we are paying the full cost ourselves. Should the present federal scheme be changed or improved, then we will always be able to make application to come under it and thereby save the Newfoundland Treasury at least part of the present cost."[55]

Smallwood was able to announce proposed new rural extensions in the operating areas of each of the three utilities. Under the program 800 miles of new transmission lines would be built. Electricity for the 5,000 additional households to be supplied would be distributed by the utility companies. The Newfoundland Power Commission would subsidize a utility company to construct a transmission line. The utility company would then sell the power to rural customers whose rates were to be subsidized by government. The government through the Power Commission would decide when and where the extensions were to be made. Where it was not practical to build such lines from the central stations of one of the utilities, the government would assist municipalities through the purchase of diesel electric plants. The March 19 announcement also included the government's plans to provide electricity in the Labrador town of Happy Valley, where feasibility studies had been completed by Desbarats.[56]

In September, 1958, Smallwood announced the details of the rural electrification contracts the province would sign with Newfoundland Light and Power (signed on September 12, 1958), United Towns Electric (signed on November 4, 1958), and Union Electric (October 9, 1959). He also announced personnel changes in the administration of the Power Commission. On November 1, 1958, John Ryan, an experienced thermal engineer with the Montreal Engineering Company, replaced Desbarats as Chairman.[57] Desbarats had resigned the chairmanship in September to devote more time to his construction and hydro consulting business.[58] The 33-year old Ryan had previously supervised the construction of the steam plant at St. John's for Newfoundland Light and Power. Ryan was assisted by Ernie Dickinson, who was appointed the Commission's Chief Engineer. A former employee of Montreal Engineering as well, Dickinson since 1946 had been Chief Engineer for United Towns Electric and was well experienced in rural electrification efforts from his work in western Canada prior to

1939.[59] Over the next few years the permanent staff of the Power Commission grew slowly with the addition of both engineering and clerical staff so that by March 31, 1961, it consisted of twelve members.[60]

Between 1958 and 1964 the Commission was responsible for providing additional electrical service to 9,966 new customers, building 611 miles of transmission lines, and installing fourteen diesel plants.[61] In some instances, new lines were constructed by the utility companies, while in others the Commission itself hired construction staff to carry out the work. Where it was not practical to construct lines from central power stations, the Commission provided the capital for the installation of diesel plants. Local residents, through their elected councils, then levied rates for maintaining the system. By March 31, 1964, the province had spent over $4 million on capital expenditure for rural electrification. After 1963 the province benefited greatly from a federal-municipal assistance program which enabled town councils to operate their own diesel electric distribution systems. These were installed and maintained by Commission personnel.

By the mid-1960s Newfoundland once more had a power shortage and its existing electrical developments were overextended. Some industries, a provincial Royal Commission on the economy noted in 1967, had curtailed production because of the power shortage.[62] The province did not have many alternatives to meet future power requirements. It could continue the past practice of creating small hydro developments supplemented by thermal plants; or it could develop the relatively low cost power of Bay d'Espoir. Newfoundland still had a number of unconnected power systems, so that if one area of the province was short of water, there was no way of feeding into it power from another which had an abundant supply. The Corner Brook-Deer Lake area, moreover, operated on a 50-cycle frequency, as did the paper mill at Grand Falls, while the rest of Newfoundland used the standard North American 60-cycle frequency. Developing power from Bay d'Espoir would not only provide the island with a large source of power; it would also lead to the creation of an integrated provincial grid system and the expansion of provincial rural electrification.

A $20 million grant from the Atlantic Development Board was made available for Bay d'Espoir in 1963 by a new federal Liberal government in Ottawa, but the grant was available only for use by publicly owned bodies. Thus Brinco was excluded. The province therefore reacquired from Brinco the water rights in the Bay d'Espoir area and gave the Power Commission responsibility for the massive development. It cost the Commission about $150 million to complete the project in 1970; an initial supply of 300,000 horsepower from the project became available to consumers in the late 1960s.[63] Bay d'Espoir power led to the creation of a trans-island transmission grid by the Commission and made possible certain of the huge industrial projects which Smallwood had long sought. In 1968, for instance,

a $40 million phosphorous complex built by English capitalists went into production at Long Harbour, and in 1973 an oil refinery at Come By Chance, Placentia Bay, was developed by American businessman John Shaheen. As for the three private utilities, they amalgamated in September, 1966, to form the Newfoundland Light & Power Co. Limited.

A new direction for the Power Commission began in 1964 when financial assistance from the federal government prompted Smallwood to make the Commission responsible for the large hydro development at Bay d'Espoir and for all future generation of electricity on the island. During and after the Bay d'Espoir development, the role of the Power Commission expanded greatly. As stated earlier, it in effect became an instrument of economic development for the province. This role, together with its function as a supplier of electricity to the outports, thereby modernizing and ameliorating life, is of immense importance. But until 1972 at least, in Newfoundland politics and power development were closely interconnected, with the latter being part of the greater problem faced by government in delivering services generally to outport Newfoundland in the face of geography, high costs, and rising public expectations. How to provide public services in the small outports has been a dilemma faced by all Newfoundland governments, both past and present.

Notes

[1]This paper explores in greater detail developments discussed in Baker, Pitt, and Pitt 257-63. I want to thank Patrick O'Flaherty and Richard Buehler for their help in preparing the paper.

[2]*Weekly Advocate* March 5, 1924.

[3]*The Canada Year Book 1951* 554.

[4]*The Canada Year Book 1950* 583.

[5]On private power development in Newfoundland, see Baker, Pitt, and Pitt 17-256.

[6]*The Canada Year Book 1951* 554.

[7]Smallwood, *New Newfoundland* 94, 224.

[8]Rowe 22.

[9]See Hiller 3-39.

[10]*Proceedings of First Session Thirty-First General Assembly of Newfoundland 1957* 1: 447.

[11]Bursey 180.

[12]*Evening Telegram* March 14, 1956; *Daily News* March 14, 1956.

[13]Matthews 118-36. See also Wells.

[14]Matthews 172.

[15]*Evening Telegram* May 16, 1949.

[16]*Evening Telegram* May 16, June 2, 1949; and *Proceedings of Fourth Session Thirtieth General Assembly of Newfoundland 1954* 2: 2043. Hogg in 1953 became a director of Brinco.

[17]Centre for Newfoundland Studies (CNS) Archives, Queen Elizabeth II Library, Memorial University, Coll-75, file 3.23.041, Joseph R. Smallwood to Thomas Hogg, March 6, 1952.

[18]CNS Archives, Coll-75, file 3.23.045, J.S.H. Wurtele to Smallwood, March 17, 1950, June 5, 1951.

[19]Manifesto of the Liberal Party for the 1951 election (copy in CNS).

[20]Valdmanis in 1938-9 had served as Minister of Finance, Trade, and Commerce for the independent republic of Latvia; he had immigrated to Canada in 1948. From October, 1939, to June, 1940, he had been in charge of his country's public electrification commission and shared Smallwood's view that hydro-electricity was the key to industrial growth. On the career of Valdmanis, see Bassler.

[21]Provincial Archives of Newfoundland and Labrador (PANL), GN13/2A, Box 201, file 122, Robert Murphy to Leslie Curtis, December 1, 1950; and CNS Archives, Coll-75, file 3.23.036, Robert Murphy to Smallwood, June 22, 1950.

[22]Valdmanis told Smallwood that "the new hydro-power shall be considerably cheaper than any power available . . . [from United Towns Electric] and transmission lines built from Bay d'Espoir should easily reach Gander or Buchans [in central Newfoundland], and also connect with the present Burin and Avalon Peninsulas." CNS Archives, Coll-75, file 3.23.039, Alfred Valdmanis to Smallwood, August 25, 1950.

[23]CNS Archives, Coll-75, file 3.23.040, O. Uitting, Senior Engineer, Siemens-Schuckertwerke Atkiengesellschaft, to Alfred Valdmanis, November 1, 1951, and to Smallwood, September 1, 1952.

[24]Baker, Pitt, and Pitt 148-9, 258-9.

[25]Other companies later joined the original seven, including C.T. Bowring and Company and the Montreal investment house of W.C. Pitfield and Company.

[26]CNS Archives, Coll-75, file 3.23.033, Smallwood to Joseph M. Curran, Jr., March 1, 1954.

[27]CNS Archives, Coll-75, file 3.23.033, telegram, Angus Macdonald to Smallwood, February 25, 1953, with attached note by Smallwood.

[28]CNS Archives, Coll-75, file 3.23.033 Oliver L. Vardy to Smallwood, May 26, 1953.

[29]*Proceedings of Third Session Thirtieth General Assembly of Newfoundland 1953* 671.

[30]CNS Archives, Coll-75, file 3.08.046, A.W. Southam to Smallwood, December 8, 1953, and file 3.23.033, Southam to Smallwood February 24, 1954, and Southam to Joseph Curran, March 1, 1954.

[31]See Smith 3-250, for Brinco's efforts at developing hydro power at Hamilton Falls (later known as Churchill Falls) in Labrador. See also CNS Archives, Coll-75, file 3.23.032, George Desbarats to Edgar McNeill, April 16, 1957.

[32]Baker, Pitt, and Pitt 148-9.

[33]*The Canada Year Book 1956* 557. In 1959 a second turbo-generator was put in service at the steam plant, increasing its total generating capacity to 39,900 horsepower.

[34]R.T. Jeffery, "Report of October 19, 1953 with regard to the matter of Electric Power Supply and Distribution" Part II, 4; and *Proceedings of Fourth Session Thirtieth General Assembly of Newfoundland 1954* 2: 2042-3.

[35][O.L. Vardy],"Rural Electrification in Canada."

[36]*Fishermen's Advocate* January 29, 1954; *Evening Telegram* March 30, 1954; and *Proceedings of Fourth Session Thirtieth General Assembly of Newfoundland 1954* 1: 22.

[37]*Proceedings of Fourth Session Thirtieth General Assembly of Newfoundland 1954* 2: 2043-4.

[38]*Statutes of Newfoundland 1954* No. 72.

[39]*Proceedings of Seventh Session Thirtieth General Assembly of Newfoundland 1956* 1: 150.

[40]On Smallwood's political leadership, see Gwyn, Rowe, Pottle, Jamieson, and Paine.

[41]*Interview of Honourable J.R. Smallwood* 14-5; and *Evening Telegram* December 23, 1955.

[42]*Daily News* February 2, 1956.

[43]*Daily News* February 22, 1956.

[44]*Evening Telegram* March 24, 1956.

[45]In 1944 the Commission of Government secured the services of K.G. Chisholm, Chief Engineer with the Halifax office of the Dominion Water and Power Bureau of Canada, to examine the hydro potential of both the island of Newfoundland and Labrador. In late 1944 Chisholm recommended that Newfoundland hire a hydro engineer to examine more closely how new hydroelectric sites could be developed. See National Archives of Canada (NAC), RG25, vol. 2407, file 6704-40, Norman Robertson to J.S. Macdonald, October 24, 1944; and *Daily News* November 7, 1944, *Evening Telegram* December 9, 1944.

[46]CNS Archives, Coll-75, file 3.23.032, George Desbarats to Smallwood, February 1, 1950. While Smallwood did not immediately act on this advice, he did find in Desbarats a kindred spirit in terms of economic policy. Desbarats advised the premier in February, 1950: "it now seems reasonable to suppose that with this shortage of power [in Canada and the United States], now is the time to try and induce industries to settle in Newfoundland." See CNS Archives, Coll-75, file 3.23.032, George Desbarats to Smallwood, June 1, 1950, with enclosed report "Water Power Potentialities in Newfoundland."

[47]CNS Archives, Coll-75, file 3.23.032, "Newfoundland Power Commission Programme, August 5, 1956."

[48]CNS Archives, Coll-75, file 3.23.032, George Desbarats to Edgar McNeill, April 16, 1957.

[49]CNS Archives, Coll-75, file 3.23.032, George Desbarats to Smallwood, October 16, 1956. In the town of Burgeo on the island's south coast, Desbarats proposed a 150-horsepower diesel-electric unit costing over $80,000. The annual budget to operate it was $21,000. Each of 250 customers in Burgeo would pay a minimum monthly bill of $7.00.

[50]CNS Archives, Coll-75, file 3.23.032, George Desbarats to Joseph Smallwood, October 24, 1956.

[51]CNS Archives, Coll-75, file 3.14.020, Gordon Pushie to Smallwood, October 5, 1956.

[52]*Tie-Lines*, February, 1967, 3, and January, 1980, 16. Stairs was born in 1889 in Dartmouth, Nova Scotia and joined Montreal Engineering in 1922 as an assistant engineer. This company was owned by the Montreal investment firm of Royal Securities Corporation, whose principal owner was Izaak Killam.

[53]*Debates. House of Commons Canada, Session 1957-58*, 4: 3254-81, 3297-3308; and *Statutes of Canada 1957-1958* 1: 6 Elizabeth II, Chap. 25. See also CNS Archives, Coll-75, file 3.10.013, Smallwood to John Diefenbaker, telegram December 21, 1957, Diefenbaker to Smallwood, December 21, 1957, and Smallwood to Diefenbaker, February 19, 1958.

[54]CNS Archives, Coll-75, Smallwood to John Diefenbaker, August 19, 1958.

[55]*Daily News* March 20, 1958. The federal government did provide funding for one rural line, built to the community of St. Vincent's in the electoral district of St. John's West. This was represented by William J. Browne, a minister without portfolio in 1958 in the PC federal cabinet. See Browne 350-52.

[56]*Daily News* March 20, 1958.

[57]Desbarats, who had returned to private business as a hydro consultant and contractor, recommended to Smallwood in December, 1958, that in view of the recent changes to the Power Commission some rationalization of the province's electrical situation was necessary. This could be achieved either through the creation of one private utility company or through the Commission acquiring 51% of the common stock of the private utilities. See CNS Archives, Coll-75, file 3.23.032, George Desbarats to Smallwood, December 21, 1958.

[58]*Evening Telegram* September 10, 1958.

[59]Baker, Pitt, and Pitt 216.

[60]CNS Archives, Coll-75, file 3.23.021, annual reports of the Newfoundland Power Commission, 1959-1962.

[61]McAllister 169.

[62]*Report of the Royal Commission on the Economic State and Prospects of Newfoundland and Labrador* 275.

[63]Shawmont Newfoundland Engineering, a company incorporated on June 2, 1964, by Shawinigan Engineering Company Ltd. of Montreal and Montreal Engineering, supervised the engineering and construction work.

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