

## The Public Power Issue in Charlottetown: An Early Conflict

Harry T. Holman

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Article abstract

An electric-power utility was first established in Charlottetown in 1885, but less than fifteen years later the question of its municipalization was being considered. High rates and poor service brought the issue to a head in 1904, and the following year the citizens voted heavily in favour of public power when the question was submitted to them in a plebiscite. Civic politicians proved to be more interested in lower rates than in municipal ownership, however, and when the power company, under duress, promised better but cheaper service, the idea of direct ownership of the utility by the city was quickly forgotten.

# The Public Power Issue in Charlottetown: An Early Conflict

Harry T. Holman

## Résumé/Abstract

*Les citoyens de Charlottetown furent les premiers à bénéficier de l'électrification, en 1885. Moins de quinze ans plus tard, il était question de confier à la municipalité l'administration de ce service. Les tarifs élevés et le mauvais service envenimèrent la question en 1904 et la population se prononça nettement en faveur de l'intervention municipale l'année suivante, à l'occasion d'un plébiscite. Les édiles municipaux étaient toutefois plus préoccupés d'offrir des tarifs abordables et abandonnèrent rapidement l'idée de nationaliser l'électricité lorsque la société propriétaire promit, à son corps défendant, de fournir ses services meilleur marché.*

*An electric-power utility was first established in Charlottetown in 1885, but less than fifteen years later the question of its municipalization was being considered. High rates and poor service brought the issue to a head in 1904, and the following year the citizens voted heavily in favour of public power when the question was submitted to them in a plebiscite. Civic politicians proved to be more interested in lower rates than in municipal ownership, however, and when the power company, under duress, promised better but cheaper service, the idea of direct ownership of the utility by the city was quickly forgotten.*

The article by Patricia Dirks on the Public Power Movement in Quebec City [*Urban History Review*, Vol. X No. 1 (June, 1981)] illustrates a situation which does not appear to have been unique in municipal government. City governments, even those possessing a wide mandate and public support for civic ownership, were reluctant to assume control of electrical facilities. Instead, threats of municipal takeovers were used as a tool for levering the electrical companies into accepting lower rate structures. The situation in Quebec from 1929 to 1934 was reminiscent of the one existing in Charlottetown thirty years earlier.

Electric power was first used in Charlottetown in 1885 when a contract with the Royal Electric Company of Montreal was signed.<sup>1</sup> Following a complex series of mergers, takeovers, incorporations and assignments, the Charlottetown Light and Power Company emerged at the end of the century as the sole lighting company in the city, having finally taken over the Charlottetown Gas Company in 1898.

At this time increased demand for street lighting and its high cost were causing concern among City Councilors, with the result that as early as 1899 the Mayor suggested the city take street lighting into its own hands.<sup>2</sup> The suggestion was repeated the following year when it was linked with electrical operation of the city water works,<sup>3</sup> but nevertheless a five-year contract with the power company was signed, and the issue thereafter lay dormant until 1904. During the civic election of that year the council "if not actually pledged, gave the impression to the electors that they were favourable to civic ownership of city lighting."<sup>4</sup> Thus more than a year before the expiration of the contract, the question was re-opened by the

council with demands for new lights but with no significant changes in the rates. At the meeting during which the matter was raised, one member of council asserted that the city could have its own plant for \$60,000 to \$70,000.<sup>5</sup> An engineering company from Toronto was hired to provide estimates and plans for a power plant. Studies were conducted in August and October of 1904. The engineers concluded that there was no possibility of using water power, so a steam plant would have to be constructed, at an estimated cost of \$78,000 for plant and equipment.<sup>6</sup>

The *Charlottetown Guardian* suggested that the Light and Power Company was entitled to favourable consideration since the poor service had been improving with the conversion from arc to incandescent lighting. Part of the problem, according to the *Guardian*, was the overcapitalization of the company and its "comparatively worthless" equipment, most of which had been obtained in the takeover of other companies. The editorial concluded that "if the company made a bad bargain the citizens ought not to suffer for it."<sup>7</sup> At the time both gas and electric lighting was considered a luxury, but the *Guardian* acknowledged that a reduction in price would lead to more consumption. The call was made for a private rate of 10 cents per kilowatt hour, with the assumption that if the company could not meet that rate then the only option was civic ownership.

Through the early months of 1905 the *Guardian*, and to a lesser extent the *Daily Patriot*, were both exponents of civic ownership. Stories of other municipal successes were common on the news pages, and editorials and letters to the editors advocated public ownership of electric lighting, either succeeding, or in competition with, the Charlottetown Light and Power Company.

City Council undertook to call a citizens' meeting on the subject, and on the eve of the day set for the meeting, the *Guardian* outlined the four options by which it believed civic ownership could be effected: a new plant built by the city to provide street lighting only; a new civic plant to provide electricity for houses and shops as well as street lights; purchase of the Charlottetown Light and Power Company's electric and gas plants; and purchase of the electric light plant only. The *Guardian* favoured the third option to eliminate competition and to provide for maximum economy.

The citizen's meeting took the same approach, but it was clear that they were open to one other alternative. Hon. George Hughes indicated there was no concern except cost. "We want cheap light whoever shall give it to us. If the company will not meet us halfway, we should go by the engineers report and put in a plant."<sup>8</sup> In other words private ownership was acceptable if rates were low enough. Following this discussion the matter was set to be decided by plebiscite. The *Guardian* reminded its readers that the option of purchasing the existing plant was preferable only if it could be obtained at a fair cost. Otherwise the city should build its own plant. There were, however, signs of reticence on the part of the council to be so direct in the matter. A letter to the editor noted, "There was not a man present at the Market Hall meeting holding an elective position who ... had the moral courage to come out openly for municipal ownership although there was an evidence of inward conviction in some of them."<sup>9</sup>

The results of the vote should have given the council all the support they considered necessary, with almost two-thirds of the ballots being cast for civic ownership. Despite this striking demonstration of public opinion, it was the company that made the first move, and only then after waiting until the existing contract had less than a month to run. The final impetus for action was derived from neither the results of the plebiscite nor council action but by the passage in the provincial legislature of an act giving the city the authority to construct, operate or purchase an electric or gas plant.

In any case the company and the city were finally brought to the bargaining table. The company offered the

sale of its gas and electric plants for \$80,000 or alternatively proposed a new five-year contract with the city. Terms of a new contract were to include a reduction in the cost of street lighting, improved service, elimination of a minimum rate and reduction of the commercial rate to 12 cents per kilowatt hour. That was close enough. Within a week the possibility of civic ownership had disappeared, and simple rate bargaining was taking place. On the expiry of the old contract, the city and the company rapidly concluded a new one to replace it. The *Guardian* had taken down the banner of civic ownership and merely commented: "The Councillors seem to take it for granted that the body of citizens will justify them in renewing the contract for city lighting provided the terms are fair. In this assumption they are probably safe enough."<sup>10</sup> They were. During the next round of negotiations for a renewed contract in 1910, there was no cry for civic ownership, the only battle being the company's attempt to have private rates separated from the city contract, a battle which the company lost.

As in Quebec in 1931, it required the threat of municipal ownership to prompt the electric company even to consider lower rates, but unlike Quebec there was no substantial move for civic ownership once a shift in the company's position was a real possibility. What the citizens of Charlottetown wanted was better, cheaper electric light. Civic ownership was simply a threat to achieve that end.

#### NOTES

1. *City of Charlottetown, Annual Reports of the Several Departments of the City Government, for the Civic Year ending 31st December 1885* (Charlottetown, 1886), p.xii.
2. *City of Charlottetown, Annual Report ... 1898* (Charlottetown, 1899), p.viii.
3. *City of Charlottetown, Annual Report ... 1899* (Charlottetown, 1900) p.vii.
4. *City of Charlottetown, Annual Report ... 1904* (Charlottetown, 1905), p.ix.
5. *Morning Guardian*, 12 July, 1904.
6. *Morning Guardian*, 14 December, 1904.
7. *Morning Guardian*, 27 December, 1904.
8. *Morning Guardian*, 27 January, 1905.
9. *Morning Guardian*, 10 February, 1905.
10. *Morning Guardian*, 14 July, 1905.