

Mr Ryan's confidential letter to an associate contained the following paragraphs:

"In 1908 the Missouri River Power Company's dam at Hauser Lake on the Missouri River, near Helena, which had been supplying power to the Butte mines, collapsed and was entirely destroyed, and only a small amount of the power then developed at Canyon Ferry on the Missouri River, a few miles above Hauser Lake, was available for mining operations.

The Amalgamated Copper Company then owned, as you know, a control of the Anaconda Company, and also owned about a million dollars of the bonds of the Missouri River Power Company and a considerable block of its preferred and common stock, which stood the Amalgamated Company on its books somewhere in the neighborhood of a million and a quarter dollars, but control of the stock of the Missouri River Power Company was held by Senator W. A. Clark, J. W. Seligman & Company and various other large financial interests in New York, and a minority held by Governor Hauser, A. M. Holter and their friends and associates in Montana.

Personally I never owned a share of the Missouri River Power Company stock nor had any interest in it other than to encourage the development of water power in Montana for the purpose of supplying the mines and reduction works of the Companies with which I was connected.

Upon collapse of the Hauser Lake dam it was thought by everybody that the loss of the Amalgamated Company's investment in the enterprise, which was only made to enable it to secure electric power at a reasonable price to replace steam power at a prohibitive cost in the operation of its mines and works, was not only the whole amount of its investment, but everyone connected with the Amalgamated Company and the Missouri River Power Company absolutely quit on water power development, and there were no prospects for securing electric power for at least an indefinite time, even at the price which had been paid to the Missouri River Power Company, namely, \$50 per horsepower year at Butte and Anaconda.

The lines of the Missouri River Power Company did not reach Great Falls and the power used there was small in amount and generated by the Boston and Montana Company from water rights purchased from the Great Falls Water Power and Townsite Company owned by James J. Hill and associates.

The cost of steam power at Butte and Anaconda at that time (and it was much lower then, of course, than it is today on account of the advances in coal, wages, etc) varied from \$86 a horsepower year with the most efficient boiler and steam engine installation in large units with an absolutely continuous steady load, to at least \$150 a horsepower year at small plants run more or less intermittently, and the average according to the figures compiled at that time was not less than \$90 a horsepower year.

You can readily see if the Mining Companies had to continue using steam power they not only would be tremendously affected in the matter of costs, but the inconvenience in the use of steam power as compared with electric power in their operations would have added greatly to the operating difficulties. For instance, we have had from time to time more or less serious fires in the mines. They used to cause great expense and loss for years of important ore bodies because they had to be walled off and allowed to burn out, no method of controlling air currents being then in use that was practicable in controlling the course of the fire. Now, in case of fire, a wire is strung to the point where it is designed either to force or draw air and a large Sirocco fan erected which absolutely regulates the air currents and limits the danger zone, permitting such use of fire fighting plans and apparatus so as to make fire relatively unimportant factors in our operations.

With all this knowledge before us I endeavored to get Mr. H. H. Rogers, then President of the Amalgamated Company, and the Board of that Company to take some action that would result in the development of power that anyone could see was of vital importance to the copper industry in Montana, but the experience of the Company in its investment in Missouri River Power securities caused them to decide not to go any further into hydro-electric development, and to consider their Missouri River Power investment a total loss and write it off.

I then approached James J. Hill, who controlled the Great Falls Water Power and Townsite Company, owning great undeveloped powers at Great Falls, and endeavored to persuade him to develop at least some of the power at that point, and hoped, in case he would do that, to get Amalgamated or Anaconda to build transmission lines to Butte for their own service, buying the power at the dam and reducing the investment necessary to be made by Mr. Hill and his associates. Mr. Hill flatly declined to make any development, telling me that he had reached the time in life when he could not undertake an enterprise that required as much time, study and energy, and that he had no one to whom he could turn it over, but if I could buy out his interest and that of his friends in the Great Falls Water Power and Townsite Company, he would sell it to me at a reasonable price.

I went back to Mr. Rogers with Mr. Hill's proposal and was again told that the Copper Mining Companies had finally decided not to go into the hydro-electric business, and I then told Mr. Rogers that I was satisfied that I personally could raise the money to buy the Hill interests and could finance the development of power sufficient to meet the needs of the Mining Companies if I had a contract with the Mining Companies for power for a sufficient length of time at a reasonable price.

As a result of long negotiations, in which Mr. Rogers was advised by able engineers and by officers of the Anaconda Company other than myself, none of whom had a dollar's interest on the side of the power development, (and I will say right here that Mr. Rogers never had one dollar in any of the Power Companies in which I had an interest), a contract was drawn up which Mr. Rogers insisted should be for the life of the mines, at fixed prices of \$20 a horsepower year delivered at Great Falls, and \$30 per horsepower year delivered at Butte and Anaconda, 135 and 160 miles respectively from the development. As a part of the contract I took over at the cost to the Amalgamated Copper Company all of its interest in the securities of the bankrupt Missouri River Power Company. Then the contracts were made with Mr. Rogers as president of the Amalgamated Company, no member of the Board of that Company, excepting myself, had any interest whatever in the Power Companies in the State of Montana.

This is MY story and you are free to give it in conversation with any of your friends, but I would not like to have it published because I don't want to appear to be boosting the Power in Montana, or boosting myself for what has been done for the Anaconda Company."

Thus, the rumors about the Amalgamated Company promoting a development were just rumors, but the fact that a development at Great Falls was in the making was true. The above letter gives the true details of John D. Ryan's entrance into the hydro-electric field, and it was for the purpose of economy for the Anaconda Company, rather than for any other reason at the time. Mr. Ryan certainly showed courage to furnish electricity at the rates insisted upon by Mr. Rogers with a transmission distance of 135 to 160 miles. The actual dealings with Wetmore, and the hydro-electric development will be given in detail in the Chapter on Great Falls, but it is brought in here due to the failure of the Hauser Lake Dam, and the necessity to get electric power.