

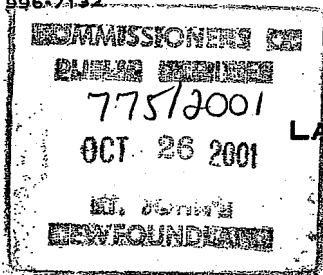


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October 26, 2001

Secretary
Board of Commissioners of Public Utilities
PO Box 21040
St. John's, NF A1A 5B2

By facsimile: 709-726-9604

Re: Newfoundland and Labrador Hydro General Rate Review

I would like to address a number of issues concerning the rate review, and request that my comments be considered by the Board in respect of the NLH General Rate Review. I am submitting my comments in my capacity as Member of Parliament for Labrador.

Process: It is unacceptable that a process on a fundamental issue such as electricity rates is being made without the fullest possible consultation of affected parties. I am referring in particular to the lack of any hearing in the diesel-served communities in coastal Labrador. I respect the willingness of the Commission to assist community representatives from coastal Labrador to make representations at the hearings in Happy Valley-Goose Bay. However, the transportation infrastructure exists for Commissioners to hold sessions in coastal Labrador, where broader public participation could take place. Labradorians, and especially coastal residents, have for too long been expected to come and make their representations to public bodies. It is time for public bodies to start going to Labrador.

Rates: As has been pointed out by many intervenors, coastal Labradorians pay the highest costs for many goods and services of any people in the province, including transportation and electricity. These factors not only make the cost of living very high for



coastal residents, they are also a major obstacle to economic development and diversification.

Labrador has contributed greatly to the provincial economy over the years, through the exploitation of resources such as iron ore, hydro power, forestry, and fisheries. It is time for recognition of this fact, and a re-investment in Labrador, her communities, and her people. Extracting more money from coastal Labrador Hydro customers is not the solution. Hydro must hold the line on diesel electric rates, and more importantly, develop a mid- to long-term strategy to find alternatives to isolated diesel plants, achieve cost savings for the utility and its consumers, and promote economic development in coastal Labrador.

I urge the commissioners to reject the rate application in respect of rate increases for diesel-served communities in coastal Labrador.

Alternative Generation or Supply: In an exchange of correspondence which I had with Hydro earlier this year, the corporation informed me that no serious consideration has been made towards providing alternatives to diesel generation, or interconnections between communities, in coastal Labrador. This is confirmed by various documents which have been laid before the commission, notably CA-36.

Hydro is doing a grave disservice to coastal Labrador by not giving full consideration to potential alternative forms of generation or supply to coastal communities. We need only look next door to Hydro-Quebec's Robertson Lake project to see a successful small-scale hydro station (rated at 21mW) that serves fourteen isolated villages similar in population and geography to the southeast Labrador coast and Labrador Straits. Over 200 km of transmission lines have been built, ending dependence on diesel for most of the Lower North Shore. The transmission network from Robertson Lake is similar in extent to the distance from the Labrador Straits to Cartwright. There are already inter-community transmission lines between Charlottetown and Pinsent's Arm, and Mary's Harbour and Lodge Bay.

Hydro's own calculations, as provided in CA-36, show that it could well be more economical on a cumulative present worth (CPW) basis to construct inter-community transmission lines than to continue isolated diesel operations in a number of

communities. The calculations provided by Hydro show this to be the case for interconnections between Cartwright and Paradise River, Port Hope Simpson to Charlottetown, and Mary's Harbour to St. Lewis. These lines could form the kernel of a southeastern coastal grid that could be extended from the Straits to Cartwright, and fed either with purchased power from the Roberston Lake infeed, or a small-scale hydro station somewhere in coastal Labrador. I am not satisfied that Hydro has exhausted the non-diesel options in southern Labrador. Alternative power generation and supply in Labrador, from hydro or other sources, needs and deserves a second look.

In respect of the northern Labrador, Hydro's figures are not nearly as favourable, at first glance, for such alternative measures. However, there are factors on the horizon which may rapidly change the energy picture here as well. In particular, the development of the mine and mill at Voisey's Bay, the Mushuau Innu relocation project at Natuashish, and continued growth in the dimension stone industry, may provide stimulus for new energy developments. What is Hydro's plan for the energy future of the developing north coast?

Another factor in play in northern Labrador is the move towards self-government for the Inuit and Innu. There may be opportunities for the aboriginal peoples of northern Labrador to diversify their economies through energy development in which they are in full partnership with Hydro—as has too often not been the case in the past. The Cree-owned Maquata project at Wemindji in James Bay, the Wawatay project in northwestern Ontario, the Dogrib-owned Snare Cascades project in the NWT, the Hluey Lake development by the Stikine First Nation in northern BC, and the Minashtuk station at Mistassini, in northern Quebec, all may provide lessons for similar developments in Labrador. Has Hydro pursued similar avenues of partnership with the aboriginal peoples of Labrador?

It would be criminal for Hydro not to consider renewable, non-fossil fuel alternatives for supplying coastal in light of the factors outlined above. Hydro is considering alternative generation methods at various sites in Newfoundland; why not in Labrador? Why is Hydro's chief interest in Labrador development of massive hydro mega-projects for the exportation of power outside Labrador, and even outside the province? When will Hydro start developing resources in Labrador, for the benefit first and foremost of

Labrador? And if Hydro is not interested in pursuing small-scale hydro schemes in Labrador, are there sites available to interested third parties to pursue such a development, such as those that have been released for third-party consideration in Newfoundland?

Infeed: Hydro needs to be open with its plans for a possible infeed from Labrador to Newfoundland as part of any further large-scale hydroelectric development in Labrador. If such an infeed is built, will coastal Labrador communities have access to this power, or will it pass them by? And how much power will be reserved or recallable for use, and especially economic development, in Labrador?

Conservation: In a response to one of the consumer advocate's questions, Hydro conceded that it does not have a conservation program in place to help manage electrical needs through "demand side" management. The environmental and financial advantages of such programs are immense; however in the coastal Labrador diesel-served communities, conservation measures could also help individual customers reduce their power bills. Why does Hydro not have a more aggressive conservation strategy, and one that is fully available to coastal Labrador residents to enable them to become more energy efficient, and consequently achieve significant cost savings on their monthly power bills?

All of these comments and questions are respectfully submitted, and I trust that the Board will take them fully into consideration as the deal with the current application.

Sincerely,

A handwritten signature in black ink, appearing to be 'Lawrence O'Brien', written over a horizontal line.

Lawrence O'Brien, MP