

1 *St. Anthony, Newfoundland*  
2 *(9:50 a.m.)*

3 MR. NOSEWORTHY, CHAIRMAN: I believe we're ready  
4 to start. Good morning everybody. I'd like to welcome  
5 everybody here this morning, both those who are  
6 participating on an ongoing basis in this proceeding, and  
7 in particular persons in the communities, I think, and  
8 organizations from the St. Anthony area who have indeed  
9 taken the initiative to attend this hearing either on your  
10 own accord or indeed on behalf of other interested parties.  
11 My name is Bob Noseworthy and I'm Chair and CEO of the  
12 Public Utilities Board, and I'll explain a little bit about what  
13 the Board does in a moment. For purposes of this hearing  
14 I'm serving as Chair of the panel which has been delegated  
15 the responsibility to hear the application for Newfoundland  
16 and Labrador Hydro. It is a pleasure indeed for me to be in  
17 the St. Anthony area. Many, many years ago I worked here  
18 close to a year. I've been back on a number of occasions  
19 since then and I always enjoy coming back to St. Anthony  
20 and visiting the area.

21 My colleagues joining me on the panel this  
22 morning are, to my far right, Commissioner Don Powell, to  
23 my near right, Commissioner Fred Saunders, and to my  
24 immediate left is Commissioner Darlene Whalen, and I'd  
25 also like to introduce the staff, Board counsel, Mr. Mark  
26 Kennedy, and Cheryl Blundon is the Board secretary.

27 The reason the panel is here in St. Anthony today  
28 is to listen and to receive public input and comment on the  
29 application of Newfoundland and Labrador Hydro for a  
30 general rate review. Pursuant to *The Public Utilities Act*,  
31 Hydro are seeking approval to increase rates to be charged  
32 for the supply of electricity to its retail customer,  
33 Newfoundland Power, and its rural customers. In addition,  
34 the application is requesting approval of rates as well as  
35 terms and conditions of contracts governing the supply of  
36 electricity to Hydro's industrial customers. Finally in this  
37 application Hydro are also seeking approval of their 2002  
38 capital budget.

39 Essentially this application affects every consumer  
40 of electricity in the province. I've been asked to speak up.  
41 Essentially the application affects every consumer of  
42 electricity in the province, be their householder, small  
43 business, industry, be they living in rural or urban  
44 communities, and the application will impact the rates each  
45 will pay for electricity in future. It is with this in mind that  
46 the Board scheduled, in consultation with Hydro and other  
47 registered intervenors, and in particular the Consumer  
48 Advocate, to schedule a series of public participation days  
49 in various locations throughout the province. These public  
50 participation days are designed to provide the opportunity  
51 for individuals and organizations, be they councils,

52 economic development association, chamber of commerce,  
53 service clubs, the opportunity to make their views known  
54 directly to the panel on matters contained in the application  
55 which indeed affect them. These public participation days  
56 have been scheduled for St. Anthony. This is the first  
57 such day we're holding today. We'll be going to Labrador  
58 City, Wabush, following this, Happy Valley-Goose Bay,  
59 and next week we'll be going to Stephenville, Grand Falls,  
60 and holding a couple of public participation days in St.  
61 John's.

62 Before I continue, I will ask at this point for the  
63 applicant, Hydro, and indeed each of the registered  
64 intervenors, to introduce themselves and indicate in what  
65 capacity you are here this morning. I'll start with Hydro,  
66 please.

67 MR. YOUNG: Thank you, Mr. Chair. My name is Geoff  
68 Young and I'm counsel for Newfoundland and Labrador  
69 Hydro. We of course, as you just mentioned, are the  
70 applicant. To my far left is Mr. Sam Banfield, he's the  
71 Director of Customer Services, and to my immediate left is  
72 Mr. Bill Wells. He's the Chief Executive Officer and  
73 President of Newfoundland and Labrador Hydro.

74 MR. NOSEWORTHY, CHAIRMAN: Thank you.  
75 Newfoundland Power, please.

76 MR. HAYES: Good morning, Mr. Chair. My name is Gerard  
77 Hayes. I'm counsel for Newfoundland Power, and to my  
78 right is Kevin Fagan, our Customer Service Specialist, and  
79 we're a registered intervenor in this application.

80 MR. NOSEWORTHY, CHAIRMAN: Consumer Advocate,  
81 please.

82 MR. BROWNE, Q.C.: My name is Dennis Browne. I'm the  
83 Government-appointed Consumer Advocate to represent  
84 domestic consumers and others in reference to this  
85 application.

86 MR. NOSEWORTHY, CHAIRMAN: Thank you very much.  
87 Other registered intervenors who aren't here this morning  
88 are the industrial customers, who are registered intervenors  
89 on behalf of North Atlantic Refining and the three paper  
90 mills in the province, and as well registered intervenors are  
91 the Town of Happy Valley-Goose Bay and Labrador City.

92 For those of you here this morning who may not  
93 be familiar with the role of the Public Utilities Board and the  
94 process we employ in hearing the rate application, I think  
95 it may prove beneficial to spend indeed a brief moment  
96 explaining who we are and what we do, and I apologize for  
97 the parties who are here and will be travelling with us  
98 throughout the next two weeks, because you'll hear me  
99 recite this on more than one occasion, so I might as well  
100 apologize right up front.

1 The Public Utilities Board is a quasi-judicial  
 2 independent agency which is established under and  
 3 derives its authority from provincial statutes and  
 4 legislation, primarily *Public Utilities Act* and *The Electric*  
 5 *Power Control Act*. The Board has an obligation under  
 6 this legislation to regulate electric utilities in the province  
 7 and this includes Newfoundland and Labrador Hydro. The  
 8 full Board of Commissioners have a complement of three  
 9 full-time commissioners and six part-time commissioners,  
 10 and we have a staff of ten. The four of us on this panel  
 11 have been appointed from the group of nine commissioners  
 12 to hear this particular application.

13 In accordance with our legislative responsibility,  
 14 this panel has a duty to hear the evidence presented by the  
 15 applicant, Hydro, and other interested parties, and at the  
 16 end of the process render a fair and equitable decision.  
 17 The statutes require the Board to make rate decisions that  
 18 are reasonable and just and not discriminatory. The  
 19 legislation requires that the utility be allowed to earn a just  
 20 and reasonable financial return. The legislation also  
 21 dictates that power be delivered to customers in the  
 22 province at the lowest possible cost while ensuring safe  
 23 and reliable service. In fulfilling its statutory  
 24 responsibilities, the Board must protect the interests of all  
 25 parties, including producers, retailers and consumers of  
 26 electricity. In doing this we must also be sensitive and  
 27 strive to balance the interests of each class of consumer,  
 28 whether they be households, businesses, industries, both  
 29 small and large users of electricity.

30 Having described who we are and why we are here  
 31 this morning, I would like now to spend another brief  
 32 moment explaining the process itself, what has occurred to  
 33 this point and what can be expected resulting from this  
 34 process. The application was submitted by Hydro on May  
 35 the 31st of this year, following which a notice of public  
 36 hearing was advertised throughout the province. A pre-  
 37 hearing conference was held on July the 5th at which time  
 38 registered intervenors were identified, various schedule  
 39 times and dates set and procedural matters were also set.  
 40 Following the pre-hearing conference on July the 18th and  
 41 29th, there were a couple of motions' days held, which were  
 42 really designed to fine-tune the procedures governing the  
 43 contact, the conduct of the hearing, excuse me, and  
 44 following that there were orders issued pursuant to the  
 45 hearing itself, and outlining the procedures governing the  
 46 hearing.

47 In addition, this preliminary process also provided  
 48 for questions to be asked by one party of another and  
 49 responses to be prepared and circulated among all the  
 50 parties. Also pre-filed evidence of any expert witnesses  
 51 engaged by a party was also filed during that period and  
 52 distributed among the parties. To give you some idea of

53 the volume of material pre-filed to date, it comprises close  
 54 to 50 large binders at this point in time, and growing.

55 Following the preliminary work that went on, and  
 56 this was primarily conducted during the summer, the public  
 57 hearing itself began on September the 24th and during this  
 58 phase each of the parties have the opportunity to question  
 59 Company witnesses and their experts and in turn present  
 60 the views of their own experts which will also be subject to  
 61 cross-examination by the other parties. The process  
 62 involves one of examining, evaluating and questioning the  
 63 large quantity of information and testimony presented.

64 (10:00 a.m.)

65 The purpose is to ensure that all necessary  
 66 evidence required to reach a determination on rates and  
 67 other matters contained in the application are placed before  
 68 this panel. The process will enable the panel to assess all  
 69 the issues covered by the application and render a fair and  
 70 equitable decision that will serve to balance in the best  
 71 manner possible the interests of all stakeholders.

72 The public hearing is expected to conclude in  
 73 early December, following which a report will be prepared  
 74 by this panel containing a series of orders on rates and  
 75 other related matters relevant to the application.

76 The part of the process we are engaged in here  
 77 today, as I indicated earlier, is to provide the opportunity  
 78 during these public participation days for persons and  
 79 organizations throughout the province to provide public  
 80 input and comment on the proposed rate increases and  
 81 other issues arising from the application. This can be done  
 82 indeed in two ways, either by oral presentation, which will  
 83 be heard today, or by letter of comment, which can be filed  
 84 today or indeed at a later date, and this can be done by  
 85 simply contacting the Board secretary, Ms. Blundon, and  
 86 she can provide all the information concerning addresses  
 87 and deadlines for submission of a letter of content (*sic*), so  
 88 if there's anybody who's not able to attend today but  
 89 would wish to express their views to the panel, they still  
 90 have an ability to do that through a letter of comment.

91 All the oral and written material submitted by  
 92 individuals and organizations will form a part of the public  
 93 record. The information gathered here today, along with  
 94 letters of comment, will combine with the documentation  
 95 resulting from the formal proceedings and will form the total  
 96 body of evidence which will be considered by this panel in  
 97 rendering its final decision, so what you say today will be  
 98 heard and carefully examined by the panel in issuing its  
 99 final orders.

100 Before we begin there are a number of matters  
 101 concerning today's proceedings which I would like to  
 102 review with you. Hydro will be making a short

1 presentation, probably not a presentation but a few short  
2 remarks in any event, which would hopefully provide a  
3 better focus and set the context for the application. These  
4 proceedings are also being recorded under the supervision  
5 of the Board secretary, Ms. Blundon, and will be  
6 subsequently transcribed for the public record. In addition,  
7 presenters will be sworn in to make this a part of the body  
8 of evidence before the Board and we do this because our  
9 main goal is really to get the facts on the record in a way  
10 that is convenient to the parties and indeed in the public  
11 interest, and above all else we are here to indeed listen to  
12 the views and comments and we wish that they be  
13 expressed to us in a way that's direct and in a way which  
14 you feel is most comfortable.

15 We do have three individuals who would like to  
16 speak to the application here this morning, and indeed I will  
17 be asking them to make their presentations in just a little  
18 while.

19 With regard to the timing, we will just proceed on  
20 through and see where we are at the end of the  
21 presentations here this morning and if we're going to go on  
22 later into the morning we might take a short break later on,  
23 but we'll just see where we are at a later time.

24 I'll ask Mr. Kennedy, the Board counsel, now to  
25 read into the record any preliminary matters and then I'll  
26 have Hydro make just a short opening statement.

27 MR. KENNEDY: Thank you, Chair. Just to officially open  
28 the application for the purposes of public presentation, I'll  
29 read the recital to the application. "In the matter of the  
30 *Public Utilities Act* RSN 1990, Chapter P47, and in the  
31 matter of an application by Newfoundland and Labrador  
32 Hydro for approvals of: (1) Under Section 70 of the Act,  
33 changes in the rates to be charged for the supply of power  
34 and energy to its retail customer, Newfoundland Power, its  
35 rural customers and its industrial customers; (2) under  
36 Section 71 of the Act, its rules and regulations applicable  
37 to the supply of electricity to its rural customers; (3) under  
38 Section 71 of the Act, the contract setting out the terms and  
39 conditions applicable to the supply of electricity to its  
40 industrial customers; and (4) under Section 41 of the Act,  
41 its 2002 capital budget."

42 I can also confirm, Chair and Commissioners, that  
43 a notice of hearing and invitation for public participation  
44 was issued in September providing notice of this venue to,  
45 for public presentations to take place, and therefore is  
46 properly convened.

47 I might add that normal course, after the witness  
48 is sworn and provides their public presentation, that the  
49 parties are invited to ask questions, if any, that they may  
50 have of the witness, so again that's entered in as part of the  
51 public record, so that the panel can consider that in

52 rendering its decision.

53 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
54 Kennedy. I'll ask Hydro to make its few remarks, please.

55 MR. YOUNG: Thank you, Mr. Chair, and we will be brief.  
56 We've been on the stand now for three full weeks and I  
57 don't intend to monopolize any more of the Board's time  
58 than we have to. You know, this is our application. This is  
59 Hydro's first general rate proceeding since 1992. There  
60 have been a number of smaller and more direct to particular  
61 issue proceedings before the Board, but this is the first of  
62 this kind since '92. It's also the first ever full regulation  
63 event of Hydro under *The Public Utilities Act* in the sense  
64 that this is both the application for the capital budget,  
65 which has been going on, but it's also for the general rate  
66 application. It's the first time for Hydro under this  
67 legislation.

68 Under this application there are a number of  
69 important, but I suppose lesser issues, being dealt with,  
70 and I'll deal with those first, and this is not an exhaustive  
71 list but they include the rationalizing of rate classes in  
72 Labrador, adjustments to preferential rate classes in  
73 isolated systems, Hydro's 2002 capital budget, as I  
74 mentioned, and also setting appropriate long-term financial  
75 targets for the Company.

76 There is, however, an issue which is more  
77 important and certainly we feel a main driver here, and that  
78 is the price of fuel at Holyrood and the effect that has on  
79 Hydro's costs and therefore its rates. In 1992 the price of  
80 No. 6 oil, sometimes referred to as Bunker C, that Hydro  
81 burns at Holyrood to generate electricity, and it's a fairly  
82 substantial portion of the energy we generate, was \$12.50  
83 a barrel and that has gone into the cost structures and the  
84 rate structures on that basis. Since then we have ... that oil  
85 price that, well over \$30 a barrel from time to time, and right  
86 now it seems to be settling down to the mid to high 20  
87 range. The difference between the \$12.50 per barrel and the  
88 present and the forecast cost of oil comprise a problem that  
89 we have to deal with at this point, and this is we feel a  
90 central issue in this application, and it is important because  
91 Hydro burns approximately 3 1/2 million of, not dollars,  
92 barrels of oil at Holyrood each year. The present forecast  
93 is in the mid 20s to high 20s for 2002. The difference  
94 between the price of oil that was built into our cost  
95 structure in 1992 and the present one gets dealt with under  
96 the Rate Stabilization Plan, usually referred to as the RSP  
97 amongst the people familiar with the hearing process. The  
98 RSP we feel has worked well in the years its been in place,  
99 which is now about 16 or 17 years, to smooth rates. It  
100 avoids cash flow problems, we are told, that our customers  
101 encountered under the previous regime, which was the fuel  
102 adjustment charge. I believe that was in place until the mid  
103 80s. I'm not sure if it was '85 or '86.

1 The effect of the Rate Stabilization Plan going  
2 forward is, in a sense, tandem with but not directly related  
3 to Hydro's application because the portion of Hydro's rates  
4 which are changing upon the application in a down the  
5 road effect to its end consumers, that would be the  
6 consumers we feel of Newfoundland Power and a similar  
7 rate effect would be felt to Hydro's rural customers, its  
8 domestic customers and general service customers, it's  
9 about 3.7 percent. There is also, however, from the RSP,  
10 and this is a, in a sense, an embedded cost which is already  
11 there, a six to seven percent increase arising from the RSP  
12 which we don't really feel we're applying for at this point.  
13 This is essentially an unavoidable thing and we're asking  
14 that the Board deal with this amount in a manner similar as  
15 has been done before, and it would be dealt with over a  
16 period of three years in the way that we've done it in the  
17 past.

18 The rate of return on equity that Hydro is looking  
19 for in this application is lower than we would normally seek.  
20 Because of the effect of the price of oil, some refer to it as  
21 a rate shock. I think it's at least a rate bump. We are for a,  
22 essentially a one-time purpose only or for a temporary  
23 period asking for a reduced rate of return in the three  
24 percent range. We feel that is something much less than  
25 would be realistic and prudent over a longer period, but at  
26 this point that's the rate of return we're asking for, and that  
27 is to mitigate the effects of the price of oil and the effect  
28 that that has on our rates.

29 Hydro feels its been quite successful in containing  
30 its costs since its last rate referral, as we used to call them  
31 in '92, and we reiterate that the principal factor in this  
32 application is dealing with the difference between the price  
33 of oil at \$12.50 per barrel, which is in our cost structure, and  
34 that which we are expecting in the coming year, which is  
35 the test year 2002, in the mid to high 20s.

36 Thank you, Mr. Chair.

37 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
38 Young. There's one other little bit of information that I  
39 should pass on. I was reminded by my colleague, Mr.  
40 Saunders, that indeed the, for those of you who aren't  
41 aware, the complete application and a good body of the  
42 evidence is, would be on the Board's web site if anybody  
43 would care to read any or part of that information. It's  
44 certainly there for public consumption and the address  
45 could be gotten from the, and other information pertaining  
46 to that could be gotten from the Board secretary during the  
47 day.

48 We do have three individuals who are wishing to  
49 speak to this application this morning. Trevor Taylor, who  
50 is the MHA for the District of Straits and White Bay North,  
51 Ernest Simms, who's the brand new Mayor, I understand,

52 of the Town of St. Anthony. Congratulations, Mr. Simms.  
53 And Dennis Coates, who's the Manager of St. Anthony  
54 Seafood (*sic*). So welcome here this morning. We begin,  
55 Mr. Taylor, with you, and if you could take the Bible in  
56 your right hand, I'll just swear you in to make it a part of the  
57 body of evidence and indeed for public record. Do you  
58 swear on this Bible that the evidence you are giving here  
59 shall be the truth, the whole truth and nothing but the  
60 truth, so help you God?

61 MR. TAYLOR: I do.

62 MR. NOSEWORTHY, CHAIRMAN: Thank you very much.  
63 I'll ask you now to proceed with your comments, Mr.  
64 Taylor.

65 MR. TAYLOR: Thank you, Mr. Chairman. It's the first  
66 experience at this so you may have to ask me sometimes  
67 on, brought up on relevancy from time to time, you never  
68 know, right. Anyway, as I said, thank you very much for  
69 the opportunity to speak here today. I guess in some, in a  
70 couple of my previous lives and at least one of Mr. Wells'  
71 previous lives we were on opposite sides of an issue and  
72 I don't see much reason to change things today. I just  
73 want to give a very, I guess, general overview of the area  
74 and I guess again a general sense, I guess, of how I think  
75 a seven percent increase in Hydro rates would affect the  
76 people and in particular, I guess, the economy of this area.

77 I guess as most people would know, this area is,  
78 I don't know if you would know it or not, but certainly if  
79 you've been following this area, it is, it's been classified  
80 unfortunately as one of the most economically-depressed  
81 areas of the country actually, not just of Newfoundland, so  
82 we have a very fragile economy. It's largely a resource-  
83 based economy, in large part dependent on the fishery,  
84 crab and shrimp processing and harvesting in particular  
85 and certainly in the Main Brook and Roddickton areas  
86 there's a fairly significant forestry and saw milling industry  
87 in those areas.

88 Over the past ten years, I guess, it's no surprise to  
89 anybody who's following rural Newfoundland and in  
90 particular the tip of the Northern Peninsula, that we've had  
91 a pretty significant out-migration from this area to the  
92 point, I guess, where we're, one of those other indicators  
93 that we don't like to lead the country in but we're probably,  
94 we probably experienced the highest level of out-migration  
95 that we've seen in this province, in this area, and, as a  
96 matter of fact, it hasn't, probably hasn't picked up yet but  
97 the second wave, I would suspect, I would suggest, the  
98 second wave of out-migration is really taking, started to  
99 take effect in this area in the past number of months, in  
100 particular because it's closed down the shrimp fishery.

101 We've lost, I guess, since 1991, I don't have the  
102 figures in front of me right now or access to them right

1 now, for the district, but we've lost in the area covered by  
2 the Grenfell Regional Health Services Board, our population  
3 in this area has dropped from approximately 21,000 people  
4 in 1991 to approximately 16,000 people at present or  
5 probably in May month, and, like I said, there's been a  
6 significant move out of the area since even May month.  
7 Just to put it in perspective, I guess, and the kind of people  
8 that we're losing, in '91 to '95, in that period, we lost  
9 approximately 30 percent of the people who were 15 to 19  
10 year old in '91, by the time they turned 20 to 24 in '95ish, we  
11 lost approximately 30 percent of those people, and that's in  
12 large part just because of the economy in the area. Of  
13 course some of them went away to go to school but  
14 unfortunately the vast majority of those people haven't  
15 returned. I guess I'll get to my point in a minute.

16 As I said, I mean, we're largely a resource-based  
17 economy. St. Anthony Seafoods is the major employer in  
18 this area outside of Government services, when it comes to  
19 the hospital and those types of things, but St. Anthony  
20 Seafoods is the major employer in town. Keyanti  
21 (phonetic), a squid operation here in town, is also a  
22 significant, was, I guess, a significant employer.  
23 Unfortunately they've been out of production since about  
24 March. The crab plant in Englee is one of the, is a major, I  
25 don't know about a major employer but certainly could, if  
26 everything was working well, would be a major employer in  
27 the Englee area, and in Roddickton area we have Canada  
28 Bay Lumber and North Chip, both sawmill operations,  
29 North Chip with a kiln dryer, and Canada Bay Lumber is in  
30 the process of establishing a particle board plant.

31 *(10:15 a.m.)*

32 And I guess the reason I bring up those four or  
33 five, five or six different companies and operations is that  
34 they are, and, you know, Dennis Coates is here from St.  
35 Anthony Seafoods this morning and I guess he'll speak  
36 more specifically to these things, but as you can  
37 appreciate, when you're trying to run a shrimp plant, for  
38 example, there's a fairly high consumption of energy in  
39 cooking shrimp and in, immediately after you cook it, to  
40 freeze it, and, you know, there's ... I don't know what kind  
41 of costs would be associated with that but the reason I  
42 bring it up is this past year, as most people in the province  
43 would be aware of, the shrimp fishery was closed down and  
44 the reason for its closure was because processors said they  
45 couldn't buy for the price that fishermen wanted and  
46 fishermen said they couldn't fish for the price that  
47 processors wanted, so we ended up with a tie-up. You take  
48 ... we've got over that for the time being anyway, but market  
49 conditions are pretty tight and with the world economy  
50 heading down the tubes, by the looks of it, I don't expect  
51 that things are going to be a whole lot better in 2002 on that  
52 front and we, to see, I guess, a rate increase to those types

53 of industries in this area, it would be a significant deterrent,  
54 I think, to those people in future years and, you know,  
55 constraint, I guess, is probably a better word, to those  
56 operations in, down the road, and would make it much more  
57 difficult to keep those, to maintain those operations and to  
58 ensure their viability. Unfortunately there's nobody here  
59 from Roddickton, the saw mill operations over there, but I  
60 would expect that a kiln dryer and a particle board plant,  
61 which just by their very nature, I guess, are large energy  
62 consumers and again they're the major employer in the  
63 Roddickton area and, you know, I don't think that, you  
64 know, a seven percent increase is something that they  
65 would easily absorb over there, especially in light, look at  
66 the kiln drying operation, in light of some of the things that  
67 are happening in the US on the soft wood lumber side of it  
68 and also on the economy side.

69 As I said, I'm going to just do a very brief and  
70 general overview, and I think you can gather from my  
71 comments that that's what I've been, very general, but I  
72 can't, given ... you know, our economy is pretty feeble at  
73 best here in this area. Unfortunately that's the case, as I  
74 said, be a bit repetitious now, in most of rural  
75 Newfoundland, and, you know, so goes rural  
76 Newfoundland, so goes Newfoundland, I guess is my view,  
77 and while sometimes, you know, people outside of these  
78 smaller areas tend to look at the area and say, you know,  
79 are we going to continue to subsidize those types, those  
80 areas at the expense of the larger centres, and, you know,  
81 in the various forms, whether that be through hydro rates  
82 or, you know, other types of subsidization, and I guess my  
83 comment back is always, you know, will continue to be,  
84 that whatever happens on the tip of the Northern Peninsula  
85 eventually shows up in Corner Brook, and whatever  
86 happens in Twillingate eventually shows up in Grand Falls,  
87 so, you know, we have to move, I think, very cautiously  
88 down these roads when we do anything to de-stabilize, if  
89 I can even suggest that rural Newfoundland is stable, but  
90 anything that can move towards de-stabilizing a very  
91 tenuous situation in rural Newfoundland, I think we should  
92 proceed with extreme caution on that, and those are my  
93 very, very general comments this morning. Thank you.

94 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,  
95 Mr. Taylor. Are there any particular questions? Mr.  
96 Browne.

97 MR. BROWNE, Q.C.: I have some questions for Mr.  
98 Taylor. Mr. Taylor, you mentioned in our conversation  
99 yesterday that the job of a Member of the House of  
100 Assembly could be described as something between a job  
101 of a social worker and that of a parish priest. Can you  
102 expand upon that a little?

103 MR. TAYLOR: Well ...

1 MR. BROWNE, Q.C.: With a view of rural Newfoundland.

2 MR. TAYLOR: Well, I guess ... oh my, how can I expand  
3 on that? I guess it almost speaks for itself, doesn't it? You  
4 know, we unfortunately don't live in the best of times here  
5 and I guess there's never been, even though people look  
6 back at the good old days in rural Newfoundland, I'm not  
7 sure that any of them were all that great, so when you get  
8 into larger centres, when you go in St. John's, and I'll just  
9 compare my experience as, a very short experience, as  
10 MHA, to that of some of my counterparts from St. John's,  
11 and I'm mostly stressed out by the phone calls. I don't  
12 know, stressed out, but, I mean, the phone calls that you  
13 get are pretty sad, pretty frustrating and seemingly  
14 limitless, but you compare that to the larger centres, I don't  
15 know how relevant this is, but the larger centres, you know,  
16 the boys might get one or two calls a day and we're running  
17 anywhere from 30 to 50 calls a day, and, you know, most  
18 people are looking for employment, almost, in a lot of cases,  
19 looking for bordering on counselling, I guess, and, you  
20 know, they find themselves in very difficult situations. I  
21 won't get into any specific ones. I could easily get into  
22 some of the calls I had last week, but, you know, anything  
23 ... I suppose this is where the relevancy comes in. I mean,  
24 anything, a move to increase by seven percent Hydro's  
25 rates in St. Anthony, you know, is going to affect the  
26 viability of St. Anthony Seafoods over there. Shrimp is  
27 very ... you know, shrimp is a very, Bill probably knows a  
28 bit about this also, shrimp is a very tight margin industry.  
29 There's, you know, profit margins are ... you got to be very,  
30 very, very efficient, low cost, reduce your costs to the  
31 absolute minimum, run at peak capacity and if you don't do  
32 all of that and have consistent supply all the time, you're  
33 not going to make any money, and to throw a seven  
34 percent rate increase in on that I think will make it, make my  
35 job as a social worker/parish priest that much more difficult.

36 MR. BROWNE, Q.C.: Mr. Taylor, you speak of St.  
37 Anthony. Can you give us something about the economy  
38 in some of the rural communities, like Goose Cove? What  
39 would be the economy there and what do people do there?

40 MR. TAYLOR: Well, I guess ...

41 MR. BROWNE, Q.C.: Or you can take another ...

42 MR. TAYLOR: ... once you get outside of St. Anthony and  
43 probably Roddickton, the rest of the communities, maybe  
44 St. Lunaire, Griquet ... St. Lunaire mightn't be quite as bad,  
45 but most of the rest of the communities are very, very high  
46 unemployment. Goose Cove, for example, as a matter of  
47 fact, Goose Cove is one of the few communities around  
48 here that has a significant base of small boat fishermen left.  
49 There's probably 19 core enterprises left in Goose Cove,  
50 and that's, you know, you probably don't understand that,  
51 but there are 19 core enterprises left in Goose Cove versus

52 the rest of the area where we have hardly anybody left in  
53 the small boat sector, and there's a small struggling, I  
54 guess, tourist trade here, bed and breakfast, one park, but  
55 most of the communities are high unemployment and I  
56 would suggest there's probably a half a dozen to ten  
57 communities within this district with 38 communities,  
58 probably half a dozen to ten, which unfortunately is going  
59 to come as no surprise to the people who live in them, that  
60 beyond the next ten years probably won't be here. That's  
61 my guess. They're just ... the population has dropped to  
62 the extent that they probably won't hang on.

63 MR. BROWNE, Q.C.: Mr. Taylor, in a number of these  
64 economically-depressed rural areas, are people relying  
65 solely on Social Services as a means of support? Are there  
66 any communities in that boat?

67 MR. TAYLOR: Well, I don't think there's any community  
68 that's relying solely on it but certainly there is a number of  
69 communities who, combination of Social Services and job  
70 creation funding, some small amount of work through the  
71 summer but, you know, the Straits area is a little bit  
72 different. In the Straits area the fishery is a little bit better  
73 in those areas, the small boat fishery in particular is a little  
74 better in that area, but when you get on this side you can  
75 have ... I guess the aging population is what ... some of this  
76 is probably hidden by licence retirement and early  
77 retirement programs for plant workers. You know, a lot of  
78 the people in those smaller communities, they've worked in  
79 a plant and they've still got access to the plant worker  
80 adjustment program and, which was a retirement program  
81 for those over 55, and some of the fishermen sold out their  
82 licences and have, you know, enough, a little bit of a nest  
83 egg there that'll keep them going for the next few years until  
84 they reach age 65.

85 MR. BROWNE, Q.C.: Just on ... I ran into our friend, Mr.  
86 Bob Matthews, from CUPE, here in the hotel last night, and  
87 he indicated they're having some discussions with the  
88 hospital and ways to cut costs. Are you familiar with that  
89 issue?

90 MR. TAYLOR: Somewhat, yeah.

91 MR. BROWNE, Q.C.: Can you expand upon that?

92 MR. TAYLOR: Well, I guess, as part of the deficit  
93 reduction measures that the Minister of Health has asked  
94 the Health Care Boards to undergo. They have ... I think St.  
95 ... GRHS got a reduced, well is going to have approximately  
96 \$450,000 deficit that they have to, if they carried on the way  
97 they're going, they'd have a \$450,000 deficit by the time,  
98 year end, and they have to basically reduce costs  
99 immediately. They were supposed to send their proposal  
100 to Government today on how they're going to reduce their  
101 costs for the next six months to, so that they don't end up  
102 in a deficit situation at the end of the year. There's a

1 number of ... I don't know what they're going to propose  
2 right yet. There's a number of proposals. The GRHS sent  
3 a proposal to CUPE, to the unions, I mean, and the unions  
4 sent a counter-proposal back and they're, right now, I  
5 guess, they're in the process of finalising that for  
6 Government, but there's, you know, there's everything from  
7 bed closures to staff layoffs to combinations of, you know,  
8 fleet retirement when it comes to some of the hospital  
9 vehicles and so on, so there's a broad, fairly broad range of  
10 things that could happen there but certainly staff  
11 reductions and reduction in services are pretty much the  
12 order of the day. Unfortunately they've got to do it in six  
13 months when the Government had told them up front  
14 they'd done it in a year. I digress.

15 MR. BROWNE, Q.C.: Do you know if the hospitals would  
16 have booked into their budgets an electrical rate increase  
17 for this fiscal year?

18 MR. TAYLOR: I wouldn't know that but I ... I don't know.  
19 I suspect not but I wouldn't be able to answer that.

20 *(10:30 a.m.)*

21 MR. BROWNE, Q.C.: Mr. Taylor, on a personal note, I  
22 understand that you lived in Corner Brook prior to coming  
23 back to ...

24 MR. TAYLOR: Yeah.

25 MR. BROWNE, Q.C.: ... the coastal area. Who was your  
26 provider of electrical services?

27 MR. TAYLOR: Newfoundland Power, yeah, I guess, it was  
28 Newfoundland Power. Newfoundland Power in Corner  
29 Brook?

30 MR. BROWNE, Q.C.: And did you ... were you able to opt  
31 into a monthly payment plan there when you were living in  
32 Corner Brook?

33 MR. TAYLOR: Yeah, we did.

34 MR. BROWNE, Q.C.: When you moved here to St.  
35 Anthony, were you able to ... who's the provider of  
36 electrical services here?

37 MR. TAYLOR: Newfoundland Hydro.

38 MR. BROWNE, Q.C.: Were you able to opt into a monthly  
39 payment plan here?

40 MR. TAYLOR: Well, no. I was, I guess I was told that I  
41 could make, you know, make a payment, whatever I felt like  
42 making and at the end, you know, sort of adjust for it  
43 yourself really. You know, if I had a bill of \$250 and I  
44 wanted to pay \$200, I could pay it and gradually over time  
45 make up for it, but there was no formal ...

46 MR. BROWNE, Q.C.: Monthly payment plan.

47 MR. TAYLOR: ... monthly payment plan that I could have  
48 accessed, no.

49 MR. BROWNE, Q.C.: You didn't have the same  
50 convenience ...

51 MR. TAYLOR: No.

52 MR. BROWNE, Q.C.: ... with your payment as you did in  
53 Corner Brook, by moving to St. Anthony.

54 MR. TAYLOR: No. I inquired about it actually because I  
55 was interested in doing it.

56 MR. BROWNE, Q.C.: These are all my questions. Thank  
57 you, Mr. Taylor.

58 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
59 Browne. Anybody else?

60 MR. HAYES: I guess I'd ask one question and not really to  
61 challenge the tone of your presentation because I accept  
62 that things are very tough in rural Newfoundland. I think  
63 we all understand that. But just, I suppose, to get a full  
64 picture, I'm just wondering are there any bright spots that  
65 you see in the economy for the future of this area?

66 MR. TAYLOR: Well, I got to say yes, haven't I?

67 MR. HAYES: Well, call it as you see it.

68 MR. TAYLOR: Well, you know, we were starting to move  
69 down the road, I guess, towards, in my view we were  
70 anyway, with the opening of the shrimp fishery, with the  
71 construction of the plant here and, you know, things were  
72 in the last two years here starting to come around and  
73 people were starting to get a bit of hope, and so, and that's  
74 not the case for every community, but as an area we were  
75 starting to move in the right direction, in my view. The  
76 closure of the shrimp fishery this past year really took the  
77 wind out of our sails. We hadn't built up a lot of steam now  
78 in the meantime but we were starting to move. I guess this  
79 is, I don't know how relevant this is but, you know, the  
80 FPI/Clearwater, in spite of provincial reservations about it,  
81 the FPI/Clearwater deal I think will be good for this area.  
82 There's a lot of people who probably disagree with me on  
83 that or are not ready to make that statement yet, but I think  
84 it could be good for this area, and we are strategically  
85 located when it comes to the fishing industry and we are on  
86 the most northerly point of the island and given where the  
87 shrimp fishery takes place, given where the turbot fishery  
88 takes place, you know, given where all the fishing activity  
89 takes place, I would expect that over time, even if there is  
90 rationalization within the fishing industry, we should still  
91 be strategically located and have a good future in the  
92 industry. I sound nuts when I say this now, but if we could  
93 ever get to a point where we had a fixed link across the  
94 Strait of Belle Isle, and that's a long ways down the road,  
95 but if we could get to a point, it makes, in my view,

1 complete sense to do it. It's a bit costly but there have  
2 been other costly ventures pursued in this province and if  
3 you look at what Hibernia and the development of the oil  
4 fields is doing for the Avalon Peninsula, I can't see why the  
5 lower north shore highway Quebec and the Trans Labrador  
6 Highway and a fixed link across the Strait of Bell Isle would  
7 have phenomenal benefits for the tip of the Northern  
8 Peninsula and for the whole island, in my view, but for the  
9 whole province, but certainly for the Northern Peninsula,  
10 so down the road I think we could, if the right decisions  
11 were made and the right things pursued, things could be  
12 different. If I didn't believe that, I suppose I wouldn't be  
13 foolish enough to run for politics last winter, so you  
14 haven't got to be insane to be in this but it helps.

15 MR. HAYES: But you'd suggest that most of these things  
16 are pretty much a long-term approach ...

17 MR. TAYLOR: I don't see anything changing in the short-  
18 term, no. I've got to be frank about it. I don't see ... you  
19 know, when I say short-term, within a year. I don't see any  
20 dramatic changes for some places. It would have to be  
21 very dramatic for some of the communities to, for the  
22 writing that's on the wall for some of them to change, and,  
23 but if you want to make a comparison, a quick comparison  
24 here, you know, we're only 20 odd miles, or 9 miles, I guess,  
25 from Flower's Cove, across to southern Labrador, and I  
26 don't know if your ... I guess your schedule is not taking  
27 you over there, but it's a world apart in, economically,  
28 demographically, attitude, you know, their attitudes. I  
29 mean, the whole area is completely different in spite of the  
30 same kind of a past, the same type of settlement. You  
31 know, we were 20 years ago practically identical, but  
32 Government policies and some investment and people  
33 having control of their area, changed the place a lot.

34 MR. HAYES: Thank you.

35 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,  
36 Mr. Hayes. I think the panel has some questions.

37 COMMISSIONER SAUNDERS: Kennedy ...

38 MR. NOSEWORTHY, CHAIRMAN: Pardon?

39 COMMISSIONER SAUNDERS: Kennedy, Mark.

40 MR. NOSEWORTHY, CHAIRMAN: Oh, sorry Mark.

41 MR. KENNEDY: I have no questions. Thank you, Chair.

42 MR. NOSEWORTHY, CHAIRMAN: Okay. Hydro, I think  
43 ...

44 MR. YOUNG: No questions. Thanks.

45 MR. NOSEWORTHY, CHAIRMAN: Okay. Commissioner  
46 Powell, please.

47 COMMISSIONER POWELL: I just have one question, Mr.

48 Taylor. I appreciate your comments. The first time I was in  
49 St. Anthony was, I think, '62 or '63. I mean, you had to  
50 come up the road and pretty rough to get up here, but it  
51 was quite a bustling spot in those days and had  
52 opportunity over the years to come back many times, the  
53 last few years, come back because of the L'Anse aux  
54 Meadows development. Just one question. I realize that  
55 psychologically as much probably sometimes an increase  
56 in rates have on you as the extra dollars. What would  
57 happen, impact, you think, if Mr. Wells, after a presentation  
58 up here, went back and re-worked his numbers and said  
59 instead of having a seven percent increase, we're going to  
60 give you a seven percent reduction? I mean, economically  
61 would that make any impact here?

62 MR. TAYLOR: Well, that's a good question. Well, I guess,  
63 just from ... I look at our major employers, and it was  
64 probably a question that would be better for Dennis  
65 Coates, the Manager of St. Anthony Seafoods to answer,  
66 but I would think that for our major employers, who are St.  
67 Anthony Seafoods, crab plant in Englee and the two major  
68 sawmill operations in Roddickton, you know, I'd have to  
69 say that, you know, given the amount of electricity that  
70 they consume, that a seven percent reduction versus a  
71 seven percent increase would have a fairly significant effect  
72 on their bottom line, but, you know, it's probably better for  
73 them to answer that.

74 COMMISSIONER POWELL: But other than that, the  
75 general economy, that in itself wouldn't ...

76 MR. TAYLOR: Well, I mean, we wouldn't ... no, the  
77 economy wouldn't turn around overnight and I'm not  
78 saying that a seven, you know, the seven percent increase,  
79 if it happens, would be the end of the world, but it certainly  
80 would make things much more difficult given that, you  
81 know, we had an industry here shut down this year, and if  
82 you look at the shrimp industry throughout the province,  
83 we had 4,000 people out of work this past year because one  
84 side couldn't fish for the price that one side, the other side  
85 was offering, and the other side couldn't process for the  
86 price that the other side was offering, so, you know, we  
87 found ourselves in a difficult situation with 4,000 people  
88 out of work throughout the province, and I'd suggest that  
89 in large part the reason why my view right now of the  
90 Northern Peninsula has changed so dramatically from what  
91 it was three years ago when I moved back here, is in large  
92 part because that shrimp industry closed down, and to add,  
93 you know, I don't know what ... now, Dennis can speak to  
94 it, but ... I shouldn't say he can speak to it, but I don't mean  
95 to throw the ball back at him, but a seven percent increase  
96 in his electricity bill over at St. Anthony Seafoods, given  
97 how tight things are in that industry, it's not going to make  
98 things easy for him.

99 COMMISSIONER POWELL: Thank you. That's all, Mr.



1 Chair.

2 MR. NOSEWORTHY, CHAIRMAN: Thank you,  
3 Commissioner Powell. Commissioner Saunders?

4 COMMISSIONER SAUNDERS: Thank you, Mr. Chair.  
5 Good morning, Mr. Taylor.

6 MR. TAYLOR: Good morning, sir.

7 COMMISSIONER SAUNDERS: Nice meeting you. I'm  
8 somewhat familiar with this area, having married a girl from  
9 up here 40 years ago, and I've been up here probably 40 or  
10 50 times over that period of time, starting out in about 1959  
11 when the only way you could get up here was (inaudible),  
12 and also of course my association with this area comes  
13 from a previous life when I was in the transportation  
14 business, and so this area became quite familiar to me  
15 during that period of time, and I do recall coming up here in  
16 '59 and having to go to bed at 11 o'clock because the  
17 generator would be shut off and so on, so I'm quite familiar  
18 with what's happened in the last 40 years with respect to  
19 the development of the power system. You mentioned you  
20 moved away, you came back here three years ago. I  
21 wanted first of all to ask you a question with respect to the  
22 quality of service here with respect to, well I guess that  
23 would be post-interconnection and pre-interconnection, if  
24 you know what I'm talking about here.

25 MR. TAYLOR: Yeah.

26 COMMISSIONER SAUNDERS: Would you want to  
27 comment on that in terms of the quality of service and what  
28 you may have experienced or noticed with respect to  
29 outages, frequency of outages, duration of outages as a  
30 resident of the area here?

31 MR. TAYLOR: Well, I'd have to say just my very, in the  
32 last couple of years being back here, it seems to me that our  
33 service has improved. Now I could be wrong. I mean, it's  
34 just a very qualitative, not a quantitative comment I'm  
35 making here, but it seems to me that, if you compare the  
36 number of outages that we have right now to the number  
37 that we had probably 15 years ago, it seems to me that  
38 we're in better shape. I don't know if that's right or not but  
39 it just seems that way. I'll make this comment, considering  
40 that we're looking for a rate increase, I could be wrong on  
41 this also, but it seems to me that the staffing cuts that were  
42 made in this area last year on the ground workers, and I  
43 could be completely wrong, but the staffing cuts that were  
44 made here last year, I don't think that they, it doesn't appear  
45 to me, given every time I, put it this way, every time I go to  
46 Roddickton, I see staff from St. Anthony over in the area  
47 doing work. Now it seems ...

48 COMMISSIONER SAUNDERS: You're talking about  
49 Hydro staff now.

50 MR. TAYLOR: Hydro staff. It seems to me, and I could be  
51 wrong on this, but it just seems to me that those cuts last  
52 winter probably resulted in an increased cost to get work  
53 done down here, and I could be wrong on it, but, and  
54 maybe Mr. Wells or somebody can clarify that, but the  
55 level of service when it comes to power outages and that,  
56 seems to be better than it was post-connection.

57 COMMISSIONER SAUNDERS: Uh hum, okay. Just one  
58 other question, Mr. Taylor. You mentioned in referring to  
59 one of the towns or communities nearby, 19 core  
60 enterprises. What did you mean by that?

61 MR. TAYLOR: Oh my, have you got 20 minutes? Why did  
62 I bring that up? It's just that there's 19 fishing licences  
63 there that, I guess, those licences are in the fishery for  
64 good. They'll never ... they can be sold, they can be  
65 transferred. If you're not a core enterprise, you can never  
66 transfer your licence and when you die your licence dies.  
67 That's basically, in a nutshell.

68 COMMISSIONER SAUNDERS: So a core enterprise relates  
69 to the fishing licence.

70 MR. TAYLOR: Yes, sir, yeah.

71 COMMISSIONER SAUNDERS: Okay. And the status of  
72 the licence or the ...

73 MR. TAYLOR: Yes, yeah.

74 COMMISSIONER SAUNDERS: Okay, thank you, Mr.  
75 Taylor.

76 MR. TAYLOR: Thank you, sir.

77 MR. NOSEWORTHY, CHAIRMAN: Thank you,  
78 Commissioner Saunders. I just have a couple of questions,  
79 Mr. Taylor. You mentioned the 30 percent reduction in the  
80 20 to 24 year olds from '91 to '95. Is that correct? Did I hear  
81 you correctly on that?

82 MR. TAYLOR: Well, it's correct according ... I'm speaking  
83 after ...

84 MR. NOSEWORTHY, CHAIRMAN: Yeah. I was just  
85 wondering what's happened since '95 in that area? Do you  
86 have any notion (inaudible)?

87 MR. TAYLOR: Well, actually I picked up the figures there  
88 just recently but I haven't had a chance to look at them yet  
89 so I'm not sure, but I can ...

90 MR. NOSEWORTHY, CHAIRMAN: Is it a further ...

91 MR. TAYLOR: I can assure you the situation didn't  
92 improve.

93 MR. NOSEWORTHY, CHAIRMAN: Didn't improve, okay.

94 MR. TAYLOR: No.

1 MR. NOSEWORTHY, CHAIRMAN: You've commented on  
2 the industrial or the impact on the seafood plant and the  
3 Roddickton sawmill operation. It seems to me that some of  
4 the out-migration that, occurring particularly in some of the  
5 smaller communities around, there's probably a high  
6 incidence of seniors living in these communities. Could  
7 you comment on the impact on sort of the residential side  
8 and householders? I know to some degree it's self-evident  
9 but if you could comment on that side of things a little, I'd  
10 appreciate it.

11 MR. TAYLOR: Well, you know, we have a, you know, an  
12 aged population here. As a matter of fact, in the out-  
13 migration now we've seen a significant shift, I think, in ... if  
14 you look at the age group of the people who are leaving the  
15 area now, it's actually older than it is in some parts of the  
16 province. We're seeing a lot more of the 35 to 45 year olds  
17 leaving now. I'm not saying there's a mass exodus or  
18 anything like that, but, you know, most of the people who  
19 are here, if you look at our plant, just look at our plant  
20 workers, for example, some of the fishermen are not quite so  
21 bad, the larger boat fishermen, but smaller boat fishermen  
22 certainly are not making a pile of money, but the plant  
23 workers, for example, you know, my guess is, don't want to  
24 get into specific numbers, but the income levels in fish  
25 plants by their nature, given, you know, their wages might  
26 be half decent.

27 (10:45 a.m.)

28 The wages here are ... I think the base rate is close  
29 on \$11 an hour now, I think, approximately. But anyway,  
30 we have, you know, a shortened season and then people  
31 fall off on Unemployment. You have a lot of those people,  
32 you know, who are not even going to qualify from the job  
33 that they work in, probably going to end up on some kind  
34 of a job creation program and so income levels are fairly  
35 low. There's a fairly high incidence in some areas, not quite  
36 as bad right in this area, but certainly over in some of the  
37 communities in, what we call the cross-country area,  
38 Roddickton area, there's a higher incidence, I would  
39 suspect, of Social Assistance over in that area, and also we  
40 have, as I said, you know, fairly high proportion of our  
41 population who are on Old Age Security. So, you know, I  
42 mean, it's pretty plain, I guess, to see, easy to see how  
43 much a rate increase would affect those people. I mean,  
44 you're talking about the working poor, Social Assistance  
45 and Old Age Security. I mean, none of those people have  
46 a great deal of money, disposal income, and a seven  
47 percent increase on their bill would be significant. Now the  
48 only ... I suppose ... it may not be as bad here as it would be  
49 in some other areas because the older people certainly  
50 would be, a lot of them would be burning oil, which would  
51 be, you know, and some of the younger people certainly  
52 would be using wood as their primary source of heat, so

53 that sort of would negate some of that, some of that effect,  
54 impact.

55 MR. NOSEWORTHY, CHAIRMAN: Is there ... do you  
56 have any notion, probably that's a question for Hydro, but  
57 do you have any notion of the reliance in terms of the  
58 source of heat on oil versus wood versus electric heat? Is  
59 there a heavy reliance in the area on wood heat, for  
60 example?

61 MR. TAYLOR: Fairly heavy reliance on wood heat. Oil  
62 would be next and electric heat would be, I don't know what  
63 it would be, but certainly, I'd say, probably no more than  
64 ten percent of the population rely on electric heat, in my  
65 guess.

66 MR. NOSEWORTHY, CHAIRMAN: That's all I have.  
67 Thank you very much, Mr. Taylor, for your presentation.  
68 It's most enlightening. Thank you.

69 MR. TAYLOR: Thank you, sir.

70 MR. NOSEWORTHY, CHAIRMAN: If I could ask Mr.  
71 Simms, the Mayor of St. Anthony, please come to the table.  
72 Mayor Simms, I wonder could you take the Bible in your  
73 right hand, please?

74 MR. SIMMS: Left hand?

75 MR. NOSEWORTHY, CHAIRMAN: Do you swear on this  
76 Bible that the evidence to be given by you shall be the  
77 truth, the whole truth and nothing but the truth, so help  
78 you God?

79 MR. SIMMS: I do.

80 MR. NOSEWORTHY, CHAIRMAN: Thank you.

81 MR. SIMMS: Last, second last "I do" got me in a lot of  
82 trouble. I don't know ... (laughter)

83 MR. NOSEWORTHY, CHAIRMAN: I can well imagine. It's  
84 probably not over yet. Welcome, Mayor Simms, here this  
85 morning. I'd like to hear your remarks now and  
86 presentation, please.

87 MR. SIMMS: Thank you. Not my first time making a  
88 presentation but first time presenting in front of so many  
89 people that I, well, have seen over the years and wanted to  
90 meet and now I have my chance to get at you face to face.  
91 Firstly, thank you for the opportunity to provide input into  
92 a very serious issue for the Town of St. Anthony and its  
93 citizens. We have grave concerns with respect to the  
94 application by Newfoundland and Labrador Hydro for a  
95 rate increase. There appears to be a push on to increase  
96 profits and to forget the consumers of the province. As a  
97 Crown corporation, we think that Newfoundland and  
98 Labrador Hydro should provide the best possible service  
99 at the lowest possible price. With regards to our town, we  
100 cannot and will not increase taxes every time companies

1 such as Newfoundland and Labrador Hydro and Newtel  
2 decide they want to increase their profit margins. This  
3 would be a double increase for us on our citizens. There's  
4 no steady supply of income in this area of the province.  
5 We are caught in the middle with no way to turn. This past  
6 year has seen some of the highest prices with respect to  
7 home heating fuel. People on fixed incomes have had to  
8 cut back on groceries in order to stay warm. They had to  
9 make a decision whether to buy food or pay the oil bill, and  
10 in some cases the electrical bill. We are charged with the  
11 highest prices in this part of the province for all petroleum  
12 products and other increases in expenses will only cause  
13 more hardship and more poverty amongst many of our  
14 older citizens.

15 Last year on a Town level we spent in excess of  
16 \$60,000 for the supply of electricity. This is in itself much  
17 too high. It has taken several years of very intensive  
18 scrutiny and cutbacks to balance our budget for the Town.  
19 An extra expense without the appropriate income to offset  
20 these costs is unacceptable.

21 Over the past several years we have had serious  
22 cutbacks to the Newfoundland and Labrador Hydro station  
23 in our town. Many good income jobs and services  
24 provided by the employees of this place have disappeared.  
25 We suspect there are more to come. This has helped erode  
26 our tax base and our ability to provide better service and  
27 infrastructure so desperately needed here. If  
28 Newfoundland and Labrador Hydro, a Crown corporation,  
29 is going to increase its rates and decrease its services and  
30 support in rural areas of this province, these areas have no  
31 choice but to perish. There is no alternative.

32 Finally, I would like to reiterate these proposals are  
33 unacceptable. The survival of rural Newfoundland  
34 depends on fair pricing and stability. We can't afford any  
35 rate increase at this time.

36 Now, in addition to that, if I could ... these were  
37 notes I did put together, but there's also a couple of  
38 comments that were made and things I observed from the  
39 questioning that went on this morning. With regards to  
40 costs that would be incurred here as a town, we have a  
41 harbour infrastructure in place now, a new wharf, that sort  
42 of thing. Prices in that have been set for this year. An  
43 increase in cost would have to, we'd have to look at an  
44 increase there.

45 We have, as Mr. Taylor suggested, a large out-  
46 migration of younger people. As a result, we have a lot of  
47 the older people that don't have the younger people to take  
48 care of them in their homes anymore. Where do they go?  
49 They go to personal care homes. Their houses are closed  
50 down, therefore, the tax base is gone again. Along with  
51 that, the citizens that go to these homes have to pay to get

52 in there and a very good price it is they pay. In most cases,  
53 if you're only receiving the Government, or the pension of  
54 \$800 per month, you can't afford it, so Government has to  
55 subsidize. If the cost of electricity is driven up at personal  
56 care homes, the prices to citizens are going up, therefore,  
57 some of them, more are not going to get in, they can't afford  
58 it, plus if they do get in, Government is going to have to  
59 pay a higher subsidy, so you're being charged again.

60 With respect to consumers and citizens, we get a  
61 double whammy. If the prices charged, price that's charged  
62 is set on the business, the commercial businesses here in  
63 town, they have to increase their prices. You buy their  
64 products, you have to pay that increased price along with  
65 the fact you have to pay your own increased price for the  
66 cost of electricity at home. So really, I mean, it's add on and  
67 add on and it's not necessary, it's not necessary.

68 Now a lot of our citizens live on fixed incomes. I  
69 mean, I mentioned the fact that we're not willing to increase  
70 taxes. We can't increase taxes. It's only recently we had a  
71 tax increase just to try to balance our books. That was  
72 done. We balanced them but with a lot of cutting services  
73 as well, but if we have to increase them again on this, we're  
74 not going to get anything out of it. We're just driving our  
75 citizens further and further in debt and we don't want to  
76 look at that. Living on a fixed income, there's a fair number  
77 of people in St. Anthony who do live on a fixed income,  
78 and with no inflationary mechanism in here to take care of  
79 that, they're stuck there and we can't just keep charging  
80 anymore. To pay higher for electricity, we have to get  
81 higher rates because we burn more or we have to pay more.  
82 You know, it's increase after increase. I beg of you to try to  
83 stop this, if possible. Thank you.

84 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mayor  
85 Simms. Hydro have any questions or ...

86 MR. YOUNG: No questions, thank you, Mr. Chair. Thank  
87 you, Mr. Simms.

88 MR. NOSEWORTHY, CHAIRMAN: Newfoundland  
89 Power?

90 MR. HAYES: No. Thanks for your presentation.

91 MR. NOSEWORTHY, CHAIRMAN: Mr. Browne?

92 MR. BROWNE, Q.C.: Sure, I'll ask ... Mr. Simms, your tax  
93 base, what does that consist of now and how much taxes  
94 ... can you ballpark what you collect annually?

95 MR. SIMMS: I'd have to refer to the Town Manager on  
96 that one. I don't know if ... I'm not familiar with all the  
97 numbers right yet. I know our tax base exists here in town.  
98 We have property tax basically, we have business tax and  
99 everything else. Most towns do but we've had, as Mr.  
100 Taylor mentioned, we've had some trouble with business in

1 town, where the economy is in a depressed mode right  
2 now, if you want to say so. We are looking at a couple of  
3 things but attracting industry to town, I mean, we're  
4 looking at a new facility coming to this town. There have  
5 been some ongoing discussions with that, but, you know,  
6 right now to invest in a town where the economy is a bit  
7 depressed and there's a chance of increased prices with  
8 respect to electricity and stuff like that, these aren't, you  
9 know, these aren't welcome things to companies who want  
10 to invest in the future. We look forward to having them  
11 here but, you know, what do we have to offer, and we're  
12 looking at trying to get more.

13 MR. BROWNE, Q.C.: Now you mentioned in your  
14 evidence that you spent, the Town spends \$60,000 ...

15 MR. SIMMS: Uh hum.

16 MR. BROWNE, Q.C.: ... annually on the supply of  
17 electricity.

18 MR. SIMMS: Yes.

19 MR. BROWNE, Q.C.: And you've already prepared your  
20 budget for this fiscal year ...

21 MR. SIMMS: That's right, yeah.

22 MR. BROWNE, Q.C.: ... I would imagine.

23 MR. SIMMS: Uh hum.

24 MR. BROWNE, Q.C.: And do you have a nest egg put  
25 aside to deal with contingencies?

26 MR. SIMMS: I don't think you'll ever find a town in  
27 Newfoundland that has a nest egg put aside for something  
28 like that. I mean, electricity is just one cost, gas pumps are  
29 another one, which I'm sure you're familiar with.

30 MR. BROWNE, Q.C.: The supply of electricity, you have  
31 a stadium here, the stadiums burn up a lot of electricity. Do  
32 you have any idea how much your stadium costs alone  
33 would be monthly?

34 MR. SIMMS: Monthly?

35 MR. BROWNE, Q.C.: Yes.

36 MR. SIMMS: Approximately \$3,000.

37 MR. BROWNE, Q.C.: Around \$3,000 a month for the  
38 stadium alone.

39 MR. SIMMS: Yeah.

40 MR. BROWNE, Q.C.: If Hydro were to introduce a  
41 conservation plan to attempt to have citizens to conserve  
42 on electricity, Mr. Saunders mentioned that years ago you  
43 had to conserve because the generator was cut off at 11  
44 o'clock so you had no choice but to conserve, but if there  
45 was a real conservation program introduced in an attempt

46 to bring down costs, because I guess there's two ways  
47 Hydro can deal with any proposed increase, one way is to  
48 bring down costs through conservation and conserve on  
49 the system, would the Town endorse any conservation  
50 program that Hydro may come up with as a way to reduce  
51 costs?

52 MR. SIMMS: I'm not sure about any. Hydro can bring in  
53 some things that a lot of people would agree, but some that  
54 they wouldn't, but ...

55 MR. BROWNE, Q.C.: I'm not suggesting they shut off a  
56 generator now.

57 MR. SIMMS: With respect to conservation, if they're  
58 going to come in and tell us we have to have lights turned  
59 off eight o'clock in the night, no, we won't support that.

60 MR. BROWNE, Q.C.: We're not going back to that.

61 MR. SIMMS: Okay, you know, but in regards to  
62 conservation, yes. I mean, we know what's happening to  
63 electricity and the worldwide problems with especially the  
64 US and things like that, so if we have to conserve, I mean  
65 ... you know, if we're going to conserve though, I think we  
66 should be rewarded for that in regards to reduced costs  
67 and that sort of thing. I can't see them offering a  
68 conservation program without some benefit to the  
69 consumer as well as the person providing the service.

70 MR. BROWNE, Q.C.: So if there was something of mutual  
71 benefit ...

72 MR. SIMMS: Sure.

73 MR. BROWNE, Q.C.: If a consumer could forego the  
74 increase and make a bargain to bring down costs at his or  
75 her home, that might be an approach.

76 MR. SIMMS: I would think so.

77 MR. BROWNE, Q.C.: You mentioned that there are  
78 alternate sources of heating here. Do most people in St.  
79 Anthony use fuel as opposed to all electric for their home,  
80 other sources?

81 MR. SIMMS: Yeah. Most of them ... that's been prevalent  
82 over the years because of the way things have gone. It's  
83 only recently that electrical heat has really been, you know,  
84 put in since the grid came in, because before that with the  
85 diesel, cost of diesel generation, I mean, you couldn't afford  
86 to get electrical heat in your home, but since we have the  
87 price across the province of course, new homes and that  
88 now are, use all electrical heat.

89 MR. BROWNE, Q.C.: The new homes here are installing  
90 electric heat now?

91 MR. SIMMS: Yeah, electric and convection, I believe they  
92 call it.

1 MR. BROWNE, Q.C.: Electric and convection heat, people  
2 building their homes now are ...

3 MR. SIMMS: Yeah. Previous ... yeah. Previous to that it  
4 was all fuel and wood but right now, I mean, if we were  
5 talking about retrofitting a home to put in electrical, you  
6 know, you're looking at a fair cost to each consumer, so if  
7 electricity were, if the prices were stable enough that you  
8 could look at that, you're still looking at a 4 to \$5,000 initial  
9 start-up cost to get rid of your, you know, fuel supply that  
10 you have, oil or wood, whatever the case might be.

11 *(11:00 a.m.)*

12 MR. BROWNE, Q.C.: And I don't know if you're familiar  
13 with it or not or can speak to it, the homes that are being  
14 built, is it baseboard radiation that people are using.

15 MR. SIMMS: Mostly.

16 MR. BROWNE, Q.C.: Mostly baseboard radiation?

17 MR. SIMMS: Yeah.

18 MR. BROWNE, Q.C.: Electric baseboard radiation.

19 MR. SIMMS: Yeah.

20 MR. BROWNE, Q.C.: Now ...

21 MR. SIMMS: I believe there are some with ... are you  
22 talking about convection?

23 MR. BROWNE, Q.C.: Convectair (phonetic) ...

24 MR. SIMMS: One or two like that but most I think that are  
25 installed right now, even people who are constructing  
26 cabins and that sort of thing are using baseboard radiation.

27 MR. BROWNE, Q.C.: In terms of yourself, I got to ask you  
28 now, what do you use in your home?

29 MR. SIMMS: Me?

30 MR. BROWNE, Q.C.: Yes.

31 MR. SIMMS: I have oil-fired furnace radiation.

32 MR. BROWNE, Q.C.: Oil-fired. Now, when you pay your  
33 heating bill, do you, for oil, do you pay it as you go or are  
34 you on any kind of plan for oil?

35 MR. SIMMS: I've been offered a plan but I said no to it.

36 MR. BROWNE, Q.C.: But there is a plan.

37 MR. SIMMS: There is a plan that's offered through the  
38 heating company that I get my oil from, yes, but ...

39 MR. BROWNE, Q.C.: But you pay as you go.

40 MR. SIMMS: I pay as I ... yeah.

41 MR. BROWNE, Q.C.: Okay. I have no further questions.  
42 Thank you, Mayor Simms.

43 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
44 Browne. Mr. Kennedy?

45 MR. KENNEDY: No questions, Chair.

46 COMMISSIONER POWELL: One question, Mr. Simms.  
47 Thank you for coming. Hydro in their application said that  
48 the biggest reason why they're looking for a rate increase  
49 is the cost of oil and I guess anybody who's heated their  
50 house with oil know the impact that that had on them last  
51 year, so Hydro through their thermal plant in Holyrood had  
52 the same problem, you know, and as a result the  
53 combination of what drives the thermal plant we've been  
54 told is the lack of rainfall in the reservoir so if you don't  
55 have enough water going through the reservoir, you don't  
56 get the hydro from the water, therefore you got to turn on  
57 the heat through the thermal plant, so an amount of oil ...  
58 and so that drives their cost up significantly. And also  
59 Hydro, under the new act, they're required to be self-  
60 sufficient. They don't have any Government subsidies so  
61 the ratepayers have to pay and they are allowed to have a  
62 reasonable return to get the capital they need to re-invest  
63 into the infrastructure to make sure that when we flick the  
64 switch there is power there even though we may sometimes  
65 argue with the price, but at least it's reliable power. So what  
66 I'd like to ask you is that decisions are obvious from Hydro,  
67 say, well, we'll increase the rates, that'll offset our oil costs.  
68 They can also say, well, we'll increase the rates but we'll  
69 also, let's reduce our staffing levels and let's reduce some  
70 of the services we provide, so that'll give us, we don't pay  
71 out as much money, therefore we don't need as much from  
72 the customer. That sort of seems reasonable. So if you  
73 recognize those are sort of the financial options, do you  
74 have any other thoughts you may be able to say to Hydro,  
75 look, this is Plan B, this is what you should be doing?

76 MR. SIMMS: I was smiling when you were saying that  
77 because ...

78 COMMISSIONER POWELL: I know. In a certain respect  
79 they're no different ...

80 MR. SIMMS: I was thinking about the rain in the reservoir,  
81 you know, and therefore you can't produce as much  
82 energy. I consider that to be an act of God and to me if it's  
83 an act of God the insurance companies don't even pay, why  
84 should consumers, so ... in regards to the cutback in  
85 employees and that sort of thing and increase because ...  
86 am I correct, they do that, Hydro pays the Government \$20  
87 billion per year? Is that what the Newfoundland  
88 Government pays out of Hydro as a set number? No?  
89 Could I ask that question? Can I get an answer to that  
90 question?

91 MR. NOSEWORTHY, CHAIRMAN: This is really not  
92 intending to be a matter of evidence, I suppose ...

- 1 MR. SIMMS: No, no, but ...
- 2 MR. NOSEWORTHY, CHAIRMAN: ... and questioning of  
3 Hydro.
- 4 MR. SIMMS: ... I mean, these figures were given to me, I  
5 mean, not this year, a little while ago. At that time I know  
6 the Newfoundland Government expected to get more of a  
7 subsidy out of Hydro than what it did at the time. That was  
8 increased, and I believe this year there's been more taken  
9 out than even that much, so ... I know that's probably not  
10 part of the mandate here but if, you know, if we're looking  
11 at Hydro as being the company that doesn't have a black  
12 bottom line and the Government is taking that much out,  
13 then maybe the Government should reduce its, what it's  
14 expecting Hydro to pay as well, because that too must be  
15 part of Hydro's bottom line in order to pay the Government  
16 this rate. It is a Crown corporation. It's owned by the  
17 people of this province and I think the people of this  
18 province must be given a better deal than what they're  
19 being given right now. In regards to, I think it's oil  
20 generation used in Holyrood. Holyrood has the oil ... I  
21 mean, for years we were paying a hydro rate here in St.  
22 Anthony until we got on the grid. I mean, isn't there  
23 another source of supply that can be, you know, built as  
24 such to get rid of the oil generation, diesel generation,  
25 because that is very expensive to operate if we're talking  
26 the price of oil, and in my mind the price of oil over the last  
27 month or two has gone down, so, I mean, who's to say it's  
28 going to go up? You know, what the market will always tell  
29 you when somebody is looking for (inaudible) price is  
30 going up but they'll never come out and ask for a reduction  
31 if the price is going down either, so, look at it that way ... I  
32 hope that's answered part of your question.
- 33 COMMISSIONER POWELL: Oh, no, no, you ...
- 34 MR. SIMMS: You went on with your question and I really  
35 didn't get a good ...
- 36 COMMISSIONER POWELL: No, no, no, you've covered it  
37 all. I just wanted to get, you know, say Plan B, so you've  
38 covered off some of the issues. Thank you very much.
- 39 MR. NOSEWORTHY, CHAIRMAN: Thank you,  
40 Commissioner Powell. Commissioner Saunders?
- 41 COMMISSIONER SAUNDERS: Just a couple of questions.  
42 Mayor Simms, have you lived here all your life?
- 43 MR. SIMMS: Off and on.
- 44 COMMISSIONER SAUNDERS: Pretty well?
- 45 MR. SIMMS: Off and on. Pretty well, yeah.
- 46 COMMISSIONER SAUNDERS: But you've lived here, say,  
47 during the time that the interconnection was effected.
- 48 MR. SIMMS: Yeah, yeah.
- 49 COMMISSIONER SAUNDERS: And I'm going to ask you  
50 a question similar to the one I asked Mr. Taylor, and that is  
51 what have you noticed with respect to the quality of  
52 service that you have today compared to what you had,  
53 say, prior to the interconnection?
- 54 MR. SIMMS: I have to say we've always had good service  
55 from Hydro in this area. There's no doubt, there were some  
56 breakdowns earlier on with the old systems, but there  
57 hasn't been much of that. We get a lot of fluctuation at  
58 times now with the new line and that sort of thing but  
59 nothing as bad, I don't think, as what it was.
- 60 COMMISSIONER SAUNDERS: What do you mean by  
61 fluctuation?
- 62 MR. SIMMS: Well, there've been some power outages and  
63 also high voltage, is it, things like that, we get low voltage,  
64 whatever. There's been some ...
- 65 COMMISSIONER SAUNDERS: You still have that  
66 problem, do you?
- 67 MR. SIMMS: Not a lot. Very seldom now as compared to  
68 what it was.
- 69 COMMISSIONER SAUNDERS: Did you have it a lot  
70 before the interconnection?
- 71 MR. SIMMS: Like I say, yeah, it's better now than what it  
72 used to be.
- 73 COMMISSIONER SAUNDERS: So there's an improvement  
74 there.
- 75 MR. SIMMS: Yeah. Our problem is not with the service  
76 like that but we take issue as a town of course with the  
77 reduction in staffing here in St. Anthony. In that respect,  
78 since the grid came on line, we've lost a number of  
79 employees here that, not only from St. Anthony, from other  
80 places as well who worked here and they've had to leave.  
81 Their jobs have been cut and ...
- 82 COMMISSIONER SAUNDERS: Did that relate to the  
83 interconnection being effected ...
- 84 MR. SIMMS: Partially, yes.
- 85 COMMISSIONER SAUNDERS: And prior to  
86 interconnection, that staff that you referred to would have  
87 been used to do what?
- 88 MR. SIMMS: Oh, they were the linesmen, the work crews  
89 that were there. I mean ...
- 90 COMMISSIONER SAUNDERS: And operators of diesel  
91 plants?
- 92 MR. SIMMS: Operators, yeah. Basically all of those,  
93 electricians, mechanics, whatever. We've lost all of these.  
94 I mean, you take 10, 15 good paying jobs like that from a

1 town and you take a fair chunk out of a town's tax budget.  
2 I mean, we're not a big town. We're a small town and that  
3 certainly hits us where it hurts as such.

4 COMMISSIONER SAUNDERS: You mentioned that the  
5 rates changed with interconnection.

6 MR. SIMMS: Yes.

7 COMMISSIONER SAUNDERS: To what extent did they  
8 change, to you as a consumer?

9 MR. SIMMS: As a consumer ...

10 COMMISSIONER SAUNDERS: Yeah.

11 MR. SIMMS: ... oh, yeah, and I felt ... I think the rates went  
12 down. I think we were charged 12 percent to 7, something  
13 like that. I'm not sure right now, but it was a fair ...

14 COMMISSIONER SAUNDERS: Do you have any idea ...

15 MR. SIMMS: ... it was a fair increase on the ... the  
16 businesses actually found it better. On a home there was  
17 somewhat of a discount but not that much, not really. Like  
18 right now, my electricity bill right now hasn't changed all  
19 that much really except like where I moved to a new house,  
20 well it's different than what it was then. I have a newer  
21 system of course but I think the rates are probably pretty  
22 much the same over the past ten years.

23 COMMISSIONER SAUNDERS: You mentioned that since  
24 interconnection there were more, there are more houses  
25 being electrically heated?

26 MR. SIMMS: What houses are being built, yeah. We're  
27 not getting a lot of building.

28 COMMISSIONER SAUNDERS: This would be new  
29 construction, new houses.

30 MR. SIMMS: There's new construction, there's new, you  
31 know, electrical.

32 COMMISSIONER SAUNDERS: Do you think that would  
33 have taken place prior to interconnection with new houses  
34 being built? Would they have ...

35 MR. SIMMS: With electrical in them?

36 COMMISSIONER SAUNDERS: Yes.

37 MR. SIMMS: Never.

38 COMMISSIONER SAUNDERS: No.

39 MR. SIMMS: Never.

40 COMMISSIONER SAUNDERS: So interconnection has  
41 allowed that to take place, that ...

42 MR. SIMMS: Yes, it has, yeah.

43 COMMISSIONER SAUNDERS: Okay. You mentioned

44 that, just a couple of minutes ago I think you said the  
45 impact on businesses was greater than it would have been  
46 on the household customers, and of course that's  
47 understandable. Do you relate the reduction in the rate to  
48 residents and businesses in the St. Anthony area as a  
49 result of interconnection to the reduction in the number of  
50 employees they have in the area that were contributing of  
51 course to your tax base and so on?

52 MR. SIMMS: It's a difficult relationship to follow but, you  
53 know, I think ... well, as a result of the interconnection we  
54 have lost workers in ...

55 COMMISSIONER SAUNDERS: You've lost jobs.

56 MR. SIMMS: We've lost jobs.

57 COMMISSIONER SAUNDERS: You've picked up,  
58 however, a better rate on your electricity. Is that a ... I  
59 guess what I'm asking you, is that enough of a plus? Do  
60 you see that as enough of a plus for the Town? You're the  
61 Mayor of the Town and I'm sure you must have ...

62 MR. SIMMS: I know.

63 COMMISSIONER SAUNDERS: ... an opinion on that.

64 MR. SIMMS: I don't make those comparisons. I know  
65 where you're coming from but I look at things, any lost job  
66 without just cause or whatever is not a, you know, it  
67 shouldn't be as such. I can see if there's wastage and  
68 things like that, if, you know, jobs are cut, but when you  
69 lose employees and lose, well lose jobs in this town, every  
70 one of them, I mean, we notice. Like I say, we are a small  
71 town and if we lose 8, 10, 12 positions and things like that,  
72 like present, we were looking at it again ...

73 COMMISSIONER SAUNDERS: Certainly it has a huge  
74 impact

75 MR. SIMMS: A huge impact.

76 COMMISSIONER SAUNDERS: Yes, absolutely.

77 MR. SIMMS: But I don't know if the saving on the rate ...  
78 some of the businesses that were there at the time have,  
79 you know, since folded and things like that, not entirely  
80 because of electrical costs of course, but trying to attract  
81 new business was one of the pluses with regards to this  
82 rate of where we went on the grid, and we could advertise  
83 that then as being, you know, we are on line, we are  
84 interconnected, therefore if we wanted a business to come  
85 to town we could say you pay no more for electricity here  
86 than you would if you set up in St. John's. We could do  
87 that whereas before we couldn't do that, so that has been  
88 a plus in that respect, but right now if we look at the fact  
89 that we're looking at a 3.7 percent increase or whatever or  
90 7 percent for industrial across the island we're still going to  
91 be paying the same but I'll guarantee you the rate of

1 economic growth on the Avalon Peninsula is 100 fold to  
2 what it is here on this one, and increased costs is not going  
3 to entice anybody to come here and set up.

4 (11:15 a.m.)

5 COMMISSIONER SAUNDERS: I got distracted by the  
6 phone there for a minute. I guess just one other question  
7 on the, on that aspect, that is the reduction in the number  
8 of employees that Hydro has in the area. One of the  
9 concerns the Board has, and this is one that we have under  
10 the act that governs us, and that is *The Public Utilities Act*,  
11 is the quality of service, and so the question I'm going to  
12 ask you has to do with quality of service again and that is  
13 has there been, to you as the Mayor of the Town and as a  
14 resident or as a customer of the, of Hydro, any noticeable  
15 or detrimental impact on the overall service provided by  
16 Hydro as a result of the reduction in staff? In other words,  
17 is the product you're getting now as well supported and do  
18 you feel as confident when you turn on your light switch  
19 as you did prior to the interconnection or prior to the  
20 staffing reduction?

21 MR. SIMMS: Well, put it that way, I feel confident when  
22 I turn on my light switch that there's going to be power  
23 there, but I also feel very, what should I say, plus I'm  
24 worried at times if it's not there, you know, where are the  
25 people who are going to have to come and fix it, where are  
26 they going to have to come from if something happens in  
27 this area, you know, with the reduction in staffing and  
28 things like that. There's going to have to be people  
29 brought in from other areas if we have certain problems on  
30 the line and that sort of thing and we could have to wait  
31 hours and days. We had a breakdown, I think it was two or  
32 three years ago, and we were three to four days without  
33 electricity and it was just a matter of everybody having to  
34 drain everything and ...

35 COMMISSIONER SAUNDERS: Was that prior to the  
36 interconnection and ...

37 MR. SIMMS: No, that was after.

38 COMMISSIONER SAUNDERS: ... prior to the staffing  
39 reduction?

40 MR. SIMMS: That was after.

41 COMMISSIONER SAUNDERS: That was after.

42 MR. SIMMS: Yeah.

43 COMMISSIONER SAUNDERS: Have there been any other  
44 noticeable events, if you like, that have taken place  
45 whereby service has been slow in being restored that  
46 you've noticed, as a result of the reduction in staff?

47 MR. SIMMS: There were a couple of instances when we  
48 had the freezing rain storm, I think that was the year before

49 last, when it took a while to get the crews to replace the  
50 poles and that sort of thing that had snapped off. These  
51 were acts of God again, so ...

52 COMMISSIONER SAUNDERS: Freezing rain storms, I'm  
53 afraid, happen to us all.

54 MR. SIMMS: Well this was only a couple of years ago.  
55 We had some serious problems with that but there was ...

56 COMMISSIONER SAUNDERS: I'm thinking more along  
57 the lines of normal maintenance and repair of the system  
58 that has to take place on an ongoing basis or outages as a  
59 result of there not being regular maintenance and repair.  
60 Do you know of any of those?

61 MR. SIMMS: I can't say that I do, not living directly in St.  
62 Anthony, no. The smaller communities outside, I can't  
63 comment on, but I know that I have been told that if we  
64 have an outage it's going to take, you know, quite a while  
65 for to get the crews in and get the work done because  
66 there's such a shortage of people right now. We suspect  
67 there's more to come.

68 COMMISSIONER SAUNDERS: Thank you, Mayor Simms.

69 MR. SIMMS: Yeah.

70 COMMISSIONER SAUNDERS: Thank you, Mr. Chair.

71 MR. NOSEWORTHY, CHAIRMAN: Thank you,  
72 Commissioner Saunders. Commissioner Whalen?

73 COMMISSIONER WHALEN: No, I have no questions.  
74 Thank you, Mayor.

75 MR. NOSEWORTHY, CHAIRMAN: Mayor Simms, I just  
76 have one that really relates to what's happening in St.  
77 Anthony versus, I guess, some of the smaller areas. Do  
78 you feel that the same sort of out-migration that's occurring  
79 in St. Anthony is occurring in some of the smaller areas?  
80 And you mentioned the fact that seniors, I guess, would be  
81 moving out, looking into moving into personal care homes,  
82 they're in a position where they can't maintain their homes  
83 and then things of that nature. Would that activity be  
84 taking place more in St. Anthony than other areas as a  
85 central sort of area, regional area?

86 MR. SIMMS: Well, the personal care home plus there's a  
87 chronic care centre as well, they pretty well take up the  
88 whole area that Grenfell serves, so we get a lot of people  
89 moving in from the whole area into the homes. In regards  
90 to out-migration, yes. I mean, St. Anthony is affected just  
91 as much so or more so than smaller communities because  
92 most of the children we have here between 16 and 19, when  
93 they finish school they're gone. You see one or two come  
94 back, that's it. With regards to right now, we're looking at  
95 an age group up to 30, 35, you don't see them here  
96 anymore. These people are gone west or central Ontario,



1 somewhere like that. We've lost quite a number of people  
2 over the past, well, ever since '91, I guess. It's given us a  
3 lot to worry about because, like, when our workers retire at  
4 the fish plants and the shrimp plants and the hospitals and  
5 everything else, where are the people going to come to fill  
6 those voids, because the business is still going to be there  
7 hopefully, and, you know, we have to be concerned about  
8 that, and right now we have a fairly large waiting list at our  
9 personal care homes because of the fact a lot of people just  
10 can't afford to heat a house and buy groceries, pay all the  
11 bills all the one time with what they get. Even with what  
12 they're getting, they're expected to do that in their home,  
13 but if you go to a personal care home and you don't get  
14 enough then the Government subsidizes that, so, you  
15 know, it's much, it's better for a lot of them to be in personal  
16 care homes in that respect.

17 MR. NOSEWORTHY, CHAIRMAN: So the same trends  
18 that Mr. Taylor talked about that's occurring generally in  
19 the area are having equal impact in St. Anthony as well in  
20 your view.

21 MR. SIMMS: Yeah.

22 MR. NOSEWORTHY, CHAIRMAN: I have no further  
23 questions. Thank you very much for coming here this  
24 morning.

25 MR. SIMMS: Thank you.

26 MR. NOSEWORTHY, CHAIRMAN: It's 20 after 11:00.  
27 Could we take a short ten-minute break and we'll reconvene  
28 at 11:30? I have to break in any event.

29 (11:20 a.m.)

30 (break)

31 (11:37 a.m.)

32 MR. NOSEWORTHY, CHAIRMAN: Two apologies. One,  
33 there's no coffee. We'll try and improve that as we proceed  
34 through the week. And I'm without a gavel so sorry for the  
35 clinking of the glass. Anyway, I'd like to get started, if we  
36 could, and ask Mr. Dennis Coates, who is Manager of St.  
37 Anthony Seafood, to come to the table, please. Welcome,  
38 Mr. Coates.

39 MR. COATES: Thank you.

40 MR. NOSEWORTHY, CHAIRMAN: If you could take the  
41 Bible in your right hand, please? Do you swear on this  
42 Bible that the evidence you'll be giving shall be the truth,  
43 the whole truth and nothing but the truth, so help you  
44 God?

45 MR. COATES: I do.

46 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,  
47 Mr. Coates. I'd ask you to proceed with your presentation,

48 please.

49 MR. COATES: Okay. First off, I suppose, thank you for  
50 the opportunity to be here to give you a bit of input on the  
51 rate proposal by Hydro. St. Anthony Seafoods has, a  
52 couple of the presenters has already alluded to here today,  
53 is involved in a multi-species operation in St. Anthony.  
54 We're involved in shrimp, herring, mackerel, turbot, cod,  
55 don't do a lot with capelin and these other, some of these  
56 other marginal things, but basically the biggest one that we  
57 focus on is shrimp in association, I suppose, with our  
58 partners, Clearwater and St. Anthony Basin Resources and  
59 a couple of Icelandic partners that we have invested in the  
60 plant as well, or in the factory, and I suppose that's one of  
61 the things to point out to you, that we are very determined  
62 to have this industry recognized as running factories, not  
63 plants, and I think it should put it in context for you that  
64 we're no longer in the low technical processing operations.  
65 It's a very high tech operation and one of the important  
66 factors with all that equipment and technical skill and  
67 people that we have there, is we need to have a reliable  
68 service provided to the factory at all times.

69 Since I've been there, I suppose we've experienced  
70 some of the attrition and some of the downsizing that  
71 Hydro is undertaking with regards to staff and it has posed  
72 some concern, in particular when we have power  
73 fluctuations and equipment gets tripped out and you call or  
74 you phone and sometimes it's people unavailable or people  
75 are going to be delayed in getting it back on and some of  
76 these other things, so there are some concerns from a  
77 reliability perspective with regards to service in this area.  
78 It's been reasonably good but, you know, fluctuations will  
79 trip out very sensitive equipment like the equipment that  
80 we do have at this factory.

81 The other point to make, I suppose, in my  
82 presentation is, as most large commercial customers, I  
83 assume, we pay on a demand charge for part of our billing,  
84 and, you know, I suppose in listening to some commentary  
85 this morning about part of this increase is due to the fact  
86 that water reservoirs are such that we have to generate  
87 more of our electricity from fuel, we're in a business that's  
88 fairly seasonal, we're trying to be year round but it's very  
89 difficult, as you can imagine, but, you know, during the  
90 season when we are operating, I would suspect we  
91 probably have most of the rainfall. You know, we don't  
92 have a lot of rain in the winter, not in St. Anthony anyway  
93 or for most of Newfoundland, so, you know, one of the  
94 considerations might be is that, you know, if rain falls or  
95 available water reservoir resources are available during the  
96 time we're in our production period, then is there a season  
97 variability on the demand rate that would be applicable? I  
98 don't know how potential or how possible or how practical  
99 that might be, but, you know, we understand that you must

1 have available whatever the call is going to be for energy  
2 from our factories during this time of year but, you know,  
3 if that demand can be offset or can be met by the additional  
4 rainfalls or additional water reservoirs that you have in our  
5 particular time of year, and then maybe there's an argument  
6 to be made that the rate should be reflective of that.

7 Overall, I suppose, in looking at a rate increase,  
8 and I get a little bit confused in, I read the documentation  
9 and it says an average rate base increase or rate of return of  
10 seven point something percent and I hear people here this  
11 morning talking about a, I think bringing it down to three  
12 percent. I suppose with my inexperience in these particular  
13 matters, it may be a bit confusing that, trying to distinguish  
14 what exactly is it. Is it a three percent return or is it a seven  
15 percent return? How does one get from one to the other?  
16

17 But in looking at our particular operation, if you  
18 look at a seven percent increase on our particular electric  
19 consumption amount, we'd be looking at probably in the  
20 neighbourhood of 20 to \$30,000 per year, and we just  
21 recently undertook an initiative with the processing and  
22 harvesting industry in this province where we eliminated  
23 one particular work component related to all these factories  
24 in the province, and that particular component of work was  
25 related to taking employees that we had who (inaudible) of  
26 the vessels so that they would no longer be employed by  
27 us to unload the catch, that fishermen would be, become  
28 responsible to unload their own catch. That saving would  
29 be reflective off what this increase would be to our factory,  
30 okay, so we're looking at employees and telling them we  
31 need to cut these costs because every cost counts. Every  
32 cost is on a very microscopic observation, I suppose,  
33 regardless how big or small they are because, you know,  
34 you can't carve off just the big costs, you have to look at  
35 every single one that you have and, you know, when we  
36 look at doing that in our factory, we looked at about a  
37 savings probably of 20 or \$30,000 a year for that particular  
38 initiative and, you know, we said to employees that this is  
39 necessary and today we sit here and talk about increasing  
40 a cost item related to electricity of about the same scope  
41 probably. So hopefully that'll put it into some kind of  
42 context for you. It's certainly not our largest cost by any  
43 particular stretch of the imagination. Our largest cost  
44 would be raw material, you know, when we actually buy the  
45 resource from fishermen, but all these other costs like  
46 electric and fuel and water and all the other things we use  
47 certainly adds up to a significant cost over the year.

48 (11:45 a.m.)

49 So, you know, I suppose I'm a little bit confused  
50 over the rate of return and what is it. You know, we're in a  
51 very marginal business here and every increase that we are  
52 burdened with, I suppose, makes it that more difficult to

53 make this business viable.

54 To give you a little context of this business, I  
55 suppose, we are, I think, one of the premier factories in  
56 cooked and peeled shrimp in the world, not in  
57 Newfoundland or Canada but in the world. We employ  
58 between 150 and 200 people. We try to run the operation  
59 as year round as possible because obviously with the large  
60 investment and the large overheads that we have, you need  
61 to have these factories running year round.

62 Now I know you can't solve my dilemma and my  
63 frustrations with Government and their meddling at times to  
64 try to ensure that we never employ people more than 14  
65 weeks, and if you have 28 weeks you employ two lots of  
66 people. I know that's not your problem; that's my problem,  
67 but it doesn't make life much simpler, I can tell you that.

68 But, you know, we do retail packing for  
69 supermarket shelves in the UK directly from our factory.  
70 They go into the box here and out of the box and onto the  
71 shelf in the UK market, so, you know, we are certainly very  
72 high quality and we try to be as low cost producer as  
73 possible, and we're competing in a global market, so, you  
74 know, when we look at costs we have to look at every  
75 single cost line. There's no doubt about that.

76 And again, thank you for the opportunity.

77 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,  
78 Mr. Coates. I'll ask if there are any questions. Hydro,  
79 would you have any?

80 MR. YOUNG: Yeah. I hesitate to get into this, hydrology,  
81 and I'm going to ask a question and try to make an  
82 explanation at the same time, which is not a very easy job  
83 to do. Sometimes you can do that; sometimes you can't.  
84 I'm just wondering though if you have any understanding  
85 of Hydro's reservoirs and how long it takes to drain them if  
86 we have a full reservoir, and I'm dealing in my question with  
87 the suggestion you made that because you have most of  
88 your electrical load on in times when we have a lot of water,  
89 that there can be some matching between our water and  
90 your electrical load.

91 MR. COATES: I have some understanding of it. In a  
92 former life I was involved in the IT sector and we did some  
93 work as a contract, private contractor, with Hydro  
94 (unintelligible) calculations based on the Granite Lake  
95 reservoir system for Deer Lake Power.

96 MR. YOUNG: You probably know a lot more about this  
97 than I do. (laughter)

98 MR. COATES: But that was a former life.

99 MR. YOUNG: If I was to suggest to you then, you know,  
100 except for a very small minority of Hydro's hydrological  
101 systems, rainfall falling in the fall or in the spring can be

1 stored for a, you know, up to a year or more, perhaps much  
2 more, would that change your view of what we might be  
3 discussing as to matching our load, your load requirements  
4 and our ability to supply it at a given price? What I'm  
5 suggesting to you is, it's much more level than something  
6 that chases rainfall. I don't know if you were aware of that.

7 MR. COATES: Yes.

8 MR. YOUNG: If you were, and just by further explanation,  
9 if you were hooked here into a system which had a small  
10 run of the river hydro plant and was supported by a thermal  
11 plant, like a diesel plant or something, I think your point  
12 would be very valid and you could probably say that, well,  
13 let's chase the price based upon the availability of water,  
14 but it's difficult to rationalize that based upon our system.

15 MR. COATES: I suppose my commentary is based on a  
16 very biased view.

17 MR. YOUNG: And what unnerves me a bit is your  
18 background which suggests to me you may know more  
19 about this than I do. The only other point, and this I think  
20 is not necessary to put it as a matter of a question, but I  
21 just had a quick look at our application, Mr. Chair, and I  
22 don't know if this would help this presenter, but our return  
23 on equity is three percent and our return on rate base is 7.4  
24 percent. Now those are two different numbers which  
25 essentially aim at the same point. It's a matter of how you  
26 calculate them. I don't know if that adds any to your  
27 understanding but there are two numbers but they're  
28 calculated differently, on a different basis.

29 MR. COATES: Okay.

30 MR. YOUNG: That's all, Mr. Chair. Thank you, Mr. Coates.

31 MR. COATES: Thank you.

32 MR. NOSEWORTHY, CHAIRMAN: Thank you very much.  
33 Newfoundland Power?

34 MR. HAYES: No questions, thank you, Mr. Chair. Thank  
35 you, Mr. Coates.

36 MR. COATES: Thank you.

37 MR. NOSEWORTHY, CHAIRMAN: Mr. Browne?

38 MR. BROWNE, Q.C.: Yes. Mr. Coates, what months does  
39 the plant operate now?

40 MR. COATES: For the past year, this current year, we  
41 operated in February and we did some in March, not a lot.  
42 We did about, almost all of February, about half of March,  
43 and then we started in about mid May and went until mid  
44 July, and then we were down from mid July to about mid  
45 September, and we've been back since then.

46 MR. BROWNE, Q.C.: You've been back since mid  
47 September to current.

48 MR. COATES: To now.

49 MR. BROWNE, Q.C.: Okay. And of those times, what was  
50 your most productive time? What's your peak? Do you  
51 have workers ...

52 MR. COATES: Our most ...

53 MR. BROWNE, Q.C.: ... employed all those times?

54 MR. COATES: Yes. Our most ...

55 MR. BROWNE, Q.C.: Full production?

56 MR. COATES: But our most productive time probably in  
57 that period this year would have been in June and July, the  
58 six-week period probably, first of June to mid July, would  
59 have been the highest period of production.

60 MR. BROWNE, Q.C.: And how many people would you  
61 have employed then?

62 MR. COATES: We'd peak at probably around 230, 240.

63 MR. BROWNE, Q.C.: During the peak season, June, July,  
64 what would your electric bill be?

65 MR. COATES: Per month?

66 MR. BROWNE, Q.C.: Yes. Can you ballpark it?

67 MR. COATES: Be between 40 and 50 grand per month.

68 MR. BROWNE, Q.C.: 40 and \$50,000 a month?

69 MR. COATES: Uh hum.

70 MR. BROWNE, Q.C.: You mentioned a word, term,  
71 seasonal rates. How do you envisage that operating?

72 MR. COATES: Like I said, I mean, I take a very biased view  
73 in that, you know, if there's a mechanism that could  
74 demonstrate rates are cheaper to generate for particular  
75 periods of the year than others and if that was the timing  
76 that was relevant to when we were in our production peaks,  
77 then those rates would be available to these particular  
78 businesses.

79 MR. BROWNE, Q.C.: When you operate the plant during  
80 the period mid May to mid July, during your peak, is that a  
81 24-hour operation?

82 MR. COATES: Yes, it is, seven days a week. Well, I'll  
83 clarify it. It's 20 hours of production and there's four hours  
84 of wash down, clean up, sanitization, for the next 20 hours.

85 MR. BROWNE, Q.C.: What causes your greatest use of  
86 electricity?

87 MR. COATES: What causes the greatest use of electricity?  
88 Load, I suppose, load demand. You know, when you, if  
89 you had a freezer, if you're making more ice on a particular  
90 day.

1 MR. BROWNE, Q.C.: Is there a particular time of day that  
2 you can isolate as being more, when you use more energy  
3 than another time of day, eight o'clock in the morning  
4 versus eight o'clock at night or midnight versus four a.m.?  
5 Is there anything that comes to mind?

6 MR. COATES: Yeah. It's difficult to say because there's  
7 things put on line and taken off line, you know. We have  
8 our own sort of power plant and there's things placed on  
9 line and taken off line at intermittent times depending on  
10 what the demand might be from our particular operating  
11 units that we have there.

12 MR. BROWNE, Q.C.: Are you telling the Board you have  
13 your own power plant?

14 MR. COATES: Well, we call it our power plant, I suppose.  
15 We have, you know, we have a very significant demand  
16 certainly from our engine room. We have our own engine  
17 room with, you know, all kinds of large equipment that we  
18 put, place on, take off, when you're running your freezer or  
19 not running ...

20 MR. BROWNE, Q.C.: But all your electricity is supplied by  
21 Hydro ...

22 MR. COATES: Yes.

23 MR. BROWNE, Q.C.: ... Newfoundland Hydro. Have you  
24 looked at alternative forms of energy?

25 MR. COATES: We're doing some of that currently,  
26 actually.

27 MR. BROWNE, Q.C.: And what are you looking at?

28 MR. COATES: ... or ways of reducing some of the costs  
29 that we have. What are we looking at? We're looking at  
30 more efficient motors, for an example, what the cost might  
31 be to replace some of the equipment that we have, and it's  
32 not just electrical. You know, we're looking at ways to  
33 reduce water costs, you know. We have a whole pile of  
34 costs, I suppose, that goes into these operations and you  
35 have to look at each one, as I said, and try to reduce the  
36 cost.

37 MR. BROWNE, Q.C.: So it's more of a maintenance ...

38 MR. COATES: Yes.

39 MR. BROWNE, Q.C.: ... issue to try to reduce costs as  
40 opposed to your use of electricity as such.

41 MR. COATES: No, it's both I think. You know, the timing,  
42 I suppose. For example, we cook shrimp, right, so one of  
43 the things we're looking at now is should we be cooking ...  
44 like we cook in six cookers, six individual cooking units.  
45 We're looking at should we be cooking in one unit? Would  
46 that decrease the amount of water you need, the amount of  
47 water you have to heat? Would it make less use of energy

48 and these types of things, so ... there's a pile of things you  
49 have to keep looking at to try to reduce costs.

50 MR. BROWNE, Q.C.: In terms of alternate fuel to drive the  
51 plant, have you looked at that as a source of energy?

52 MR. COATES: No.

53 MR. BROWNE, Q.C.: Why? Is it feasible or is it not?

54 MR. COATES: Probably you could elaborate on what  
55 alternate fuel you're referring to?

56 MR. BROWNE, Q.C.: Well say if you're using wood or  
57 wood chips or propane or ...

58 MR. COATES: Well, for example, wood in a high risk  
59 cooked and peeled, ready-to-eat factory, wood for example  
60 is not allowed close to the premises sort of thing.

61 MR. BROWNE, Q.C.: So that's not even (inaudible).

62 MR. COATES: You know, we have a very tough time, for  
63 example, using pallets that are made of wood because you  
64 may end up with a splinter, you know, and you get a  
65 customer that gets sick or, you know, so it's a very high-  
66 risk, it's a high-risk plant or factory and we have to make  
67 sure that, you know, you have no, as little contaminants as  
68 possible, so wood certainly would pose a lot of challenges  
69 in trying to get it onto the site and off the site without  
70 getting it blown around or spread around.

71 MR. BROWNE, Q.C.: In terms of the reliability of service,  
72 have you had shutdowns or lost any productivity on  
73 account of a reliability issue?

74 MR. COATES: We've had some concerns, like I mentioned  
75 earlier, you know, but it hasn't resulted in lost production,  
76 for example, because, you know, you get it back on and  
77 you get it back on stream and you run your product  
78 through a little later, but, you know, there has been some  
79 concerns in, for example, getting the diesel plant back on  
80 line at times. It's gone down or our supply of power has  
81 gone down and you call up and, you know, you have to  
82 call more than once sometimes to ... I suppose they look at  
83 it from more of a global perspective in putting things back  
84 on line rather than just focused on what one particular  
85 customer might or might not want.

86 MR. BROWNE, Q.C.: So if the main line goes down and  
87 you have to resort to diesel, there is a hiatus there?

88 MR. COATES: Yes, sometimes there are, yeah.

89 MR. BROWNE, Q.C.: Have you lost any product on  
90 account of that?

91 MR. COATES: No.

92 MR. BROWNE, Q.C.: So your reliability is fairly constant?

93 MR. COATES: Yes, it is, yeah.

1 MR. BROWNE, Q.C.: How do you pay your bill? Do you  
2 pay your bill monthly?

3 MR. COATES: Yes.

4 MR. BROWNE, Q.C.: Because I imagine where you're  
5 dealing with suppliers and the sale of your product, all the  
6 cheques don't come in at the same time, I wouldn't think,  
7 but all the bills may.

8 MR. COATES: Managing cash flow is an interesting  
9 challenge in most businesses. Ours is no exception, but,  
10 you know, there's certain customers that you have to  
11 ensure that you have paid.

12 MR. BROWNE, Q.C.: And do you have any arrangement  
13 with Hydro in reference to that, the payment of your  
14 monthly bill?

15 MR. COATES: No, no.

16 MR. BROWNE, Q.C.: So you pay as you go.

17 MR. COATES: Yes.

18 MR. BROWNE, Q.C.: The bill comes in and you make your  
19 payment.

20 MR. COATES: That's right.

21 MR. BROWNE, Q.C.: Thank you. These are my questions,  
22 Mr. Coates.

23 MR. COATES: Thank you.

24 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
25 Browne. Mr. Kennedy?

26 MR. KENNEDY: No questions, Chair.

27 MR. NOSEWORTHY, CHAIRMAN: Okay. Commissioner  
28 Powell?

29 COMMISSIONER POWELL: I just have a couple of  
30 comments. Mr. Coates, when did the St. Anthony  
31 Seafoods start?

32 MR. COATES: May of '99.

33 COMMISSIONER POWELL: Okay. So this has all been  
34 after interconnect. You ...

35 MR. COATES: Yes.

36 COMMISSIONER POWELL: So one of the reasons, I  
37 guess, you were able to come here is because of the  
38 interconnection.

39 MR. COATES: That's right.

40 COMMISSIONER POWELL: You mentioned about having  
41 problems with some equipment going, motors and that.  
42 Have Hydro or yourselves gotten together and done a  
43 review of these things to see if there's any way ... they've  
44 had experience with many, I guess, facilities like yourself in  
45 terms of what you should do to improve or suggestions or  
46 ... is that part of the ...  
47 (12:00 p.m.)

48 MR. COATES: I'm not sure. Our Chief Engineer, I would  
49 assume, does talk frequently with the Hydro people here  
50 and ...

51 COMMISSIONER POWELL: So you're not aware if there's  
52 any ...

53 MR. COATES: Any plan or action plan in place, no, not  
54 that I'm aware of.

55 COMMISSIONER POWELL: Okay. Your electricity,  
56 approximately in percentage, what would that be of your  
57 total budget, two percent, five percent, ten percent?

58 MR. COATES: It would be about, yeah, about two percent  
59 probably.

60 COMMISSIONER POWELL: And if we were running a  
61 perfect world in terms of your production, you know, the  
62 best you could expect, how long would you be open in the  
63 run of the year in terms of plant, I mean, like, seven months,  
64 two months, three months, or is a perfect world you'd be  
65 open twelve months of the year, seven days a week?

66 MR. COATES: That's what ...

67 COMMISSIONER POWELL: I mean, assuming the  
68 expectation, when you did your, you know, a reasonable  
69 forecast, all things being equal, you say, okay, we get all  
70 the good breaks with a few slows thrown in, we would  
71 probably run this eight months a year, from February to  
72 October.

73 MR. COATES: You want to run seven to eight months a  
74 year. That's your ...

75 COMMISSIONER POWELL: And what ...

76 MR. COATES: That's your budget target.

77 COMMISSIONER POWELL: Yeah. So would that be, like,  
78 February to October or June to January or ...

79 MR. COATES: Yeah, it'd be February ... it'd probably be  
80 February and March and then mid May to mid September  
81 or late September sort of thing. That's the timeframe that  
82 you'd be into.

83 COMMISSIONER POWELL: The reason why I ask that,  
84 because you mentioned about the possibility of getting  
85 some sort of variable rates.

86 MR. COATES: Uh hum.

87 COMMISSIONER POWELL: Of course there's certain times  
88 of the year everybody in the province is hooked into the

1 grid and January and February you wouldn't ...

2 MR. COATES: Right.

3 COMMISSIONER POWELL: Going on maximum versus

4 probably July and August, which is ...

5 MR. COATES: Uh hum.

6 COMMISSIONER POWELL: ... different, okay. Okay. So

7 you said you do have a backup diesel in case if you do go

8 down that ...

9 MR. COATES: The Town, they ...

10 COMMISSIONER POWELL: Or the Town ...

11 MR. COATES: Hydro has a ...

12 COMMISSIONER POWELL: Okay, okay. So Hydro's

13 diesel kicks in, yes, okay.

14 MR. COATES: Has a diesel facility here.

15 COMMISSIONER POWELL: So really Hydro is always

16 providing you the power whether it's diesel or ...

17 MR. COATES: That's right.

18 COMMISSIONER POWELL: Okay, yeah. Good, that's all

19 I have. Thank you very much.

20 MR. COATES: Thank you.

21 MR. NOSEWORTHY, CHAIRMAN: Thank you,

22 Commissioner Powell. Commissioner Saunders?

23 COMMISSIONER SAUNDERS: Thank you, Mr. Chair. Mr.

24 Coates, it's almost good afternoon. I was going to say

25 good morning. I guess it's still good. Are you the largest

26 customer that Hydro has on the Northern Peninsula? Do

27 you know that?

28 MR. COATES: I don't know. I assume we're not.

29 COMMISSIONER SAUNDERS: You assume you're not.

30 MR. COATES: I assume we're not.

31 COMMISSIONER SAUNDERS: You'd be one of the largest

32 for sure.

33 MR. COATES: Yes, I would think so.

34 COMMISSIONER SAUNDERS: Do you have an engineer

35 on staff? You mentioned an engineer. Would that be an

36 electrical engineer or ...

37 MR. COATES: I have a Chief Engineer and I have a Shift

38 Engineer for each of my three shifts.

39 COMMISSIONER SAUNDERS: Okay. Have you or any of

40 your people held any discussions with Hydro in respect of

41 more efficient use of power at different times of day or any

42 other way in which you could ...

43 MR. COATES: Not that I ... no.

44 COMMISSIONER SAUNDERS: No.

45 MR. COATES: Not that I've been party to.

46 COMMISSIONER SAUNDERS: Do you get regular visits

47 from Hydro personnel?

48 MR. COATES: No.

49 COMMISSIONER SAUNDERS: How long have you been

50 Manager of the plant?

51 MR. COATES: About a year and a half.

52 COMMISSIONER SAUNDERS: About a year and a half.

53 And your consumption is in the order of per year?

54 MR. COATES: Dollars?

55 COMMISSIONER SAUNDERS: Yes.

56 MR. COATES: About 300, between 300 and 350.

57 COMMISSIONER SAUNDERS: Is there a local

58 representative of Hydro in the area that you call if you have

59 a difficulty?

60 MR. COATES: That's usually taken care of by staff. Our

61 engineering people would take care of that.

62 COMMISSIONER SAUNDERS: Okay. But, and they

63 would deal with local representatives?

64 MR. COATES: Yes.

65 COMMISSIONER SAUNDERS: You did say that you have

66 not received a visit from any of the Hydro management or

67 executive personnel since you've been Manager of the

68 plant.

69 MR. COATES: That's correct.

70 COMMISSIONER SAUNDERS: Okay. That's all I have,

71 Mr. Chair.

72 MR. NOSEWORTHY, CHAIRMAN: Thank you,

73 Commissioner Saunders. Commissioner Whalen?

74 COMMISSIONER WHALEN: I have no questions. Thank

75 you, Mr. Coates.

76 MR. COATES: Thank you.

77 COMMISSIONER SAUNDERS: Thank you, Mr. Coates.

78 MR. NOSEWORTHY, CHAIRMAN: One thing I've found

79 in this job is you start out with six questions and by the

80 time, if you're the last one ...

81 UNIDENTIFIED SPEAKER: (inaudible).

82 MR. NOSEWORTHY, CHAIRMAN: Pardon?

83 (unintelligible) Mr. Coates, I just have a ...

1 MR. COATES: Oh, sorry.

2 MR. NOSEWORTHY, CHAIRMAN: I just have a couple of  
3 very small questions. I was commenting on the fact that  
4 I've learned in this job, I'm relatively new to it, that when  
5 you are coming up at the end asking questions, you can  
6 start out with six and you're reduced to one by the time, or  
7 two or none. Mine are just a couple, I guess. One relates  
8 ... I know in certain other areas, provincial jurisdictions and  
9 what have you, there's variable rates based on peak  
10 demand. Is your area where you get, you know, into a  
11 situation where you're freezing ice you're boiling shrimp,  
12 high need for electricity at times? Is that ... would that be  
13 conducive to an arrangement of off peak preferential rates?  
14 Is that something that you ever thought about?

15 MR. COATES: Sorry, I'm not following you.

16 MR. NOSEWORTHY, CHAIRMAN: I guess, you know,  
17 situations that I'm aware of, two and three o'clock in the  
18 morning when there's relatively low loads, certain  
19 manufacturers, industries or what have you, in other  
20 jurisdictions, would be provided with variable rates or  
21 lower rates at that time so you could make your ice, you  
22 could do some other things at lower rates. Is that  
23 something that you're ... obviously you're not even familiar  
24 with.

25 MR. COATES: Not even familiar with it, no. I didn't know  
26 that that was an option from Hydro.

27 MR. NOSEWORTHY, CHAIRMAN: And I'm not sure it's  
28 an option. I just was wondering ...

29 MR. COATES: Oh, okay.

30 MR. NOSEWORTHY, CHAIRMAN: ... if you'd ever  
31 thought ... the other ... you mentioned the fact that you're  
32 competing on a global scale with presumably companies in  
33 other countries. Would their electricity ... I'm sure, you  
34 know, their rates would be variable be it transportation, be  
35 it raw materials or otherwise. Do you have any idea of  
36 what, how your rates would compare, your electric rates  
37 would compare with some of your other competitors?

38 MR. COATES: Don't know.

39 MR. NOSEWORTHY, CHAIRMAN: Okay, that's all I have.  
40 Thank you very much ...

41 MR. COATES: Thank you.

42 MR. NOSEWORTHY, CHAIRMAN: ... Mr. Coates. I don't  
43 believe there are any other presenters today that I'm aware  
44 of. That's correct, okay. I would like to thank all the parties  
45 that are here, participated here today, and in particular, I  
46 guess, Mr. Taylor, Mayor Simms and Mr. Coates, and I  
47 appreciate your presentations and certainly your comments  
48 and input will be taken into account by this panel in making

49 the final decisions as I indicated earlier. If there is anybody  
50 in the area that would still like to have some input into this  
51 process, I mentioned earlier there is an opportunity for  
52 letters of comment to be made and sent to the Board, and  
53 certainly if there is anybody that's become aware of, you  
54 can ask them to comment or contact, I should say, the  
55 Board secretary and she would provide you with all that  
56 information. And I would also like to acknowledge the role  
57 of Consumer Advocate, sir, in making the arrangements  
58 that you did today for the presenters to appear before us.  
59 Thank you. And this concludes today's proceedings.  
60 Thank you very much.

61 *(12:15 p.m.)*

62 *(hearing adjourned)*