

1 *Labrador City/Wabush, Newfoundland*

2 (9:35 a.m.)

3 MR. NOSEWORTHY, CHAIRMAN: Good morning  
4 everybody. Perhaps we could get started. I'd like to  
5 welcome everybody here this morning, in particular the  
6 presenters and observers, I guess, and any media who  
7 might be here as well from Labrador West. I'll try and  
8 project my voice. I understand that was a little bit of a  
9 problem yesterday. I always look at these things as  
10 microphones that, or audio systems where there are  
11 speakers out there somewhere, but I guess it's just hooked  
12 up to the transcription service here, so I'll speak as loud as  
13 I possibly can. It's good to be here in Labrador West. I've,  
14 in various capacities throughout the years, have been here  
15 many, many times, and certainly in driving around  
16 yesterday afternoon, it's a pleasure to be back here and  
17 enjoying the area.

18 We do have three scheduled presenters this  
19 morning. We had three yesterday. Yesterday we had Jim  
20 Farrell, Mayor of Wabush, Graham Letto, Mayor of  
21 Labrador City, and George Kean, who's President of the  
22 Steelworkers, and I notice that some of you are here this  
23 morning. Welcome back. Some faces look familiar. We  
24 have ... the three presenters that we have this morning  
25 would be Randy Collins, MHA for the District of Labrador  
26 West, Ern Condon, who's representing himself, he's a  
27 private citizen, and Ron McClatchie, who is President of the  
28 Labrador West Chamber of Commerce, and we look forward  
29 to your presentations.

30 My name is Bob Noseworthy and I'm Chair and  
31 CEO of the Public Utilities Board and I guess for purposes  
32 of this public hearing I'm also Chair of the panel who are  
33 hearing the application from Newfoundland and Labrador  
34 Hydro.

35 I would like to take the opportunity as well to  
36 introduce my colleagues here this morning. On my left is  
37 Darlene Whalen, Commissioner Darlene Whalen, who is  
38 Vice-Chair of the Public Utilities Board, on my far right is  
39 Commissioner Don Powell, who's a businessman from the  
40 Stephenville area, and on my immediate right is  
41 Commissioner Fred Saunders, who is a retired businessman  
42 and resides in St. John's. I'd also like to introduce the, on  
43 the left here, the counsel, Board counsel, is Mr. Mark  
44 Kennedy, and Board secretary is Cheryl Blundon. And  
45 while I do see some faces out there who are familiar, others  
46 aren't, so I think for the benefit of everybody and with the  
47 indulgence of the parties around the table and people who  
48 were here yesterday, I will make just a few opening remarks  
49 to explain a little bit about the process and the Public  
50 Utilities Board, if you will, and our role in this and our  
51 obligations and responsibilities. So I will make the

52 comments briefer than I have been, given that I reviewed  
53 them yesterday.

54 The reason the panel is here in Labrador West is  
55 to listen to public input and comment on the application of  
56 Newfoundland and Labrador Hydro for a general rate  
57 review. Pursuant to *The Public Utilities Act*, Hydro are  
58 seeking approval to increase rates to be charged for the  
59 supply of electricity to its retail customer, Newfoundland  
60 Power, and its rural customers. In addition, the application  
61 is requesting approval of rates as well as terms and  
62 conditions of contracts governing the supply of electricity  
63 to Hydro's industrial customers, and finally in the  
64 application Hydro are seeking approval of their 2002 capital  
65 budget.

66 Essentially this application affects every consumer  
67 of electricity in the province, be they householder, small  
68 business, industry, be they living in rural or urban  
69 communities, and the application will impact the rates each  
70 will pay for electricity in future, and it is with this in mind,  
71 I guess, that it was agreed to schedule a series of public  
72 participation days in various locations throughout the  
73 province. The purpose of these public participation days  
74 really are to provide the opportunity for individuals,  
75 organizations, municipal councils, development  
76 associations or chamber of commerce and service clubs to  
77 make their views known directly to the panel on matters  
78 contained in the application before us. These public  
79 participation days have been scheduled for St. Anthony.  
80 We would have conducted that, provided that opportunity  
81 earlier in the week. We are here in Labrador West  
82 yesterday afternoon and all day today if necessary, and we  
83 are travelling to Happy Valley-Goose Bay for two days on  
84 Thursday and Friday. Next week we'll be travelling to  
85 Stephenville, Grand Falls-Windsor, and we'll be holding a  
86 couple of public participation days in St. John's as well.

87 Before I go on, I would like to ask the parties at  
88 this point in time to introduce themselves. I would note  
89 that Hydro will be hopefully, once again, if I could ask them  
90 to make a short presentation to set the application in  
91 context later on. I'll ask right now though to introduce  
92 themselves, Hydro, please.

93 MR. YOUNG: Thank you, Mr. Chair. My name is Geoff  
94 Young and I'm legal counsel for Newfoundland and  
95 Labrador Hydro. On my far left is Mr. Sam Banfield. He's  
96 the Director of Customer Services. On my immediate left is  
97 Mr. Bill Wells. He's the President and Chief Executive  
98 Officer. And on my right is Mr. Paul Hamilton, our  
99 Regulatory Specialist.

100 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
101 Young. I'll ask Newfoundland Power, please, to introduce  
102 themselves.

1 MR. HAYES: Thank you, Mr. Chair. My name is Gerard  
2 Hayes. I'm legal counsel to Newfoundland Power, and on  
3 my right is Mr. Kevin Fagan. Kevin is our Customer  
4 Service Specialist, and Newfoundland Power is intervening  
5 in this proceeding as a registered intervenor.

6 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
7 Hayes. I'll ask the Consumer Advocate, please.

8 MR. BROWNE, Q.C.: My name is Dennis Browne. I'm the  
9 Government-appointed Consumer Advocate. I represent  
10 domestic and other end consumers of electricity. This  
11 includes people on the interconnected system on the  
12 island, the interconnected system in Labrador City and  
13 Wabush and in Happy Valley and Goose Bay, and diesel  
14 users along the coastal communities in both the island and  
15 in Labrador.

16 MR. NOSEWORTHY, CHAIRMAN: Labrador City are a  
17 registered intervenor in these proceedings as well.

18 MS. MERCER: Yes, we are. Mr. Chair, my name is Jennifer  
19 Mercer. I'm a lawyer with Miller and Hearn and we are  
20 representing Labrador City in this matter.

21 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
22 Browne and Ms. Mercer. Other registered intervenors for  
23 these proceedings, although not here today, are Happy  
24 Valley-Goose Bay and the industrial customers who are  
25 representing North Atlantic Refinery and the three paper  
26 mills in the province.

27 (9:45 a.m.)

28 For those of you here this morning who may not  
29 be familiar with the role of the Public Utilities Board and the  
30 process we employ in hearing a rate application, I think it  
31 would be useful to spend a moment explaining that, who we  
32 are and indeed what we do. The Public Utilities Board is a  
33 quasi-judicial independent agency which is established  
34 under and derives its authority from provincial statutes and  
35 legislation, primarily *The Public Utilities Act* and *The*  
36 *Electrical Power Control Act*. The Board has an  
37 obligation under this legislation to regulate electric utilities  
38 operating in the province and this includes Newfoundland  
39 and Labrador Hydro. In accordance with our legislative  
40 responsibilities, this panel has a duty to hear the evidence  
41 presented by the application and other interested parties  
42 and at the end of the process render a fair and equitable  
43 decision. The statutes require the Board to make decisions  
44 that are reasonable and just and not discriminatory. The  
45 legislation requires that the utility be allowed to earn a just  
46 and reasonable financial return. The legislation also  
47 dictates that power be delivered to customers in the  
48 province at the lowest possible cost while ensuring safe  
49 and reliable service. In fulfilling its statutory  
50 responsibilities the Board must protect the interests of

51 parties including producers, retailers and consumers of  
52 electricity. In doing this we must also be sensitive and  
53 strive to balance the interests of each class of consumer,  
54 whether they be households, businesses, industries, both  
55 small and large users of electricity.

56 Having described sort of who we are, I guess, I'd  
57 like to spend just a brief moment on the process itself. The  
58 application was submitted on May the 31st of this year  
59 following which a notice of public hearing was advertised  
60 throughout the province. I guess throughout the summer  
61 there was a number of days set aside for pre-hearing  
62 conference related matters where indeed the rules and  
63 procedures governing the conduct of the hearing were set  
64 and these would include identifying registered intervenors,  
65 for example, setting dates and times and schedules and  
66 other procedural matters germane to the hearing. In  
67 addition to this preliminary process it allowed for questions  
68 to be asked of one party of the other and responses and  
69 answers to be provided, and indeed as well throughout the  
70 summer, pre-filed evidence was being prepared by expert  
71 witnesses and this was distributed and circulated by the  
72 parties.

73 Following this preliminary work that went on, as  
74 I indicated, throughout the summer, the public hearing  
75 itself began on September the 24th and during this phase  
76 each of the parties have had the opportunity, we've gone  
77 through three weeks prior to this week of formal hearings  
78 where the parties have the opportunity to question and  
79 cross-examine Company witnesses, and following these  
80 public participation days, we'll be, which will round out this  
81 week and next week, we will indeed be returning to the  
82 formal portion of the hearings with cross-examination and  
83 presentation of evidence by expert witnesses.

84 The public hearing is expected to conclude in  
85 early December, following which a report will be prepared  
86 by the panel, containing a series of orders on the rates and  
87 other related matters pertaining to the application.

88 The part of the process, however, we are engaged  
89 in here today, as I indicated there earlier, provides the  
90 opportunity for persons and organizations throughout the  
91 province to provide input on the proposed rate increases  
92 and other issues arising from the application. As I  
93 indicated yesterday as well, this can be done in two ways,  
94 the oral presentations which we are in the process of  
95 entertaining yesterday and today, but also later on if some  
96 organization or individual would like to provide a letter of  
97 comment, certainly we would receive that and that would  
98 be entered into the body of evidence as well in addition to  
99 the oral presentations, and if there is anybody who would  
100 wish, or organization, to do that, they may wish to contact  
101 the Board secretary and make arrangements to do that. We  
102 can provide addresses and other details later on today or

1 indeed at any time if you wish to contact us by telephone,  
2 that's fine as well.

3 All of the oral and written material submitted by  
4 individuals and organizations will indeed form part of the  
5 public record and will, as I indicated, form part of the total  
6 body of evidence which will be considered by the panel in  
7 registering and rendering its final decision, so what you do  
8 say here today will be heard, will be carefully examined in  
9 addition to all the other evidence and will be evaluated in  
10 issuing, in the panel issuing our final orders. I will, as I say,  
11 ask Hydro to comment in a moment on, and provide some  
12 opening remarks to put the application in context.

13 Just a couple of other matters. The proceedings  
14 are being recorded under the supervision of the Board  
15 secretary and will be subsequently transcribed for public  
16 record, and in addition, I think, the presenters have been  
17 warned that you will be sworn in so that we can make this  
18 appropriately a part of the body of evidence before this  
19 Board.

20 We do have three presenters. I reviewed them  
21 with you previously. Again, I don't know how long this  
22 will take this morning, but I'm, in terms of breaks, we'll see  
23 how the morning progresses and we'll consider any break  
24 that's necessary later on.

25 I will ask at this point in time, before we get into  
26 the presentations, I'd ask the Board counsel to review some  
27 preliminary matters with you.

28 MR. KENNEDY: Thank you, Chair ...

29 MR. NOSEWORTHY, CHAIRMAN: Mr. Kennedy.

30 MR. KENNEDY: ... Commissioners, I'll call the formal  
31 application recital. "In the matter of *The Electrical Power*  
32 *Control Act 1994* and *The Public Utilities Act*, and in the  
33 matter of an application by Newfoundland and Labrador  
34 Hydro for approvals of: (1) Under Section 70 of the Act,  
35 changes in the rates to be charged for the supply of power  
36 and energy to its retail customer, Newfoundland Power, its  
37 rural customers and its industrial customers; (2) under  
38 Section 71 of the Act, its rules and regulations applicable  
39 to the supply of electricity to its rural customers; (3) under  
40 Section 71 of the Act, the contract setting out the terms and  
41 conditions applicable to the supply of electricity to its  
42 industrial customers; and (4) under Section 41 of the Act,  
43 its 2002 capital budget."

44 I can also confirm, Chair and Commissioners, that  
45 the appropriate public notices for the main hearing as well  
46 as the public presentation days were issued and that the  
47 matter is properly constituted here today.

48 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
49 Kennedy. Mr. Young, could you make a, just a few

50 opening remarks, please?

51 MR. YOUNG: Thank you, Mr. Chair. First, before I get into  
52 it in any great deal of detail, and there won't be too much  
53 detail this morning, I want to clarify something which  
54 appears to have arisen as a misunderstanding yesterday.  
55 We want to make sure that everyone understands that  
56 Hydro is not coming into Labrador West looking for an  
57 overall rate increase from its customers, that it's not going  
58 to be taking more revenue out of Labrador West than it was  
59 before, and that our application in fact is to adjust the  
60 customer classes and the amounts that certain groups pay  
61 amongst each other, but that overall there is no rate  
62 increase, and I think, I'm not sure if that was understood  
63 yesterday. I will get into that by way of a greater  
64 explanation in a few moments, but as a first message I want  
65 to make sure that there's, you know, some of this talk of the  
66 17 percent increase and (inaudible) and that's certainly not  
67 the case.

68 Chair, members of the Commission, this is Hydro's  
69 first general rate proceeding since 1991, 1992 era, and it is  
70 Hydro's first ever general rate application under *The Public*  
71 *Utilities Act* whereby this Board has full jurisdiction over  
72 Hydro's rates and its capital budget. A number of issues in  
73 this hearing, many of which apply to everyone in the  
74 province, are going to be canvassed more fully in St.  
75 John's, and these include, I'll just briefly go through them,  
76 these include Hydro's 2002 capital budget, and that's a  
77 process which Hydro, one way or another, has to go  
78 through every year before the Board under *The Public*  
79 *Utilities Act*. It also includes adjustments to the  
80 preferential rates paid by customers in the province in  
81 Hydro's isolated diesel-generation communities, and  
82 setting of Hydro's, an appropriate long-term financial target  
83 for Hydro. In that connection, for the present application,  
84 Hydro's proposed return on equity is a very modest three  
85 percent, though it should be understood that this is an  
86 interim measure and it's intended to avoid a larger rate  
87 increase at this time, and in future it will be asked of this  
88 Board that the rate of, that the return on equity would be  
89 more in line with that which would be substantial in the  
90 way that is required to support Hydro's debt going forward  
91 and to make sure it has the sound credit worthiness as is  
92 required by the legislation on a go-forward basis.

93 Having said those general comments about the  
94 application, by way of further explanation there was one  
95 issue that has very little relevance to people in Labrador  
96 West, but it's going to be taking up a fair bit of time on the  
97 island and it's very important to the people there, I'll just  
98 mention it, and that's the setting of the price of Bunker C  
99 oil, No. 6 fuel, we refer to it usually, in Hydro's cost  
100 structures. This fuel is burned at Holyrood. It generates a  
101 fair bit of the energy on the island and the cost of this fuel

1 has a fairly significant rate impact on people there, so when  
2 people are reading the papers they may see from time to  
3 time some fair bit of attention being paid to that. It doesn't  
4 really relate to the people, customers in Labrador West.

5 The issue which is, I would presume, of greatest  
6 interest and importance here in Labrador West is the  
7 adjustment and rationalization of the rate classes. As I  
8 mentioned a few moments ago, this is not something by  
9 which Hydro is intending to get any more revenue from this  
10 area in total. In fact it's not the case at all. But at present  
11 there are 24 different rate classes in the Labrador  
12 interconnected area. Hydro's proposal is the collapse of  
13 the 24 rate classes into 6 rate classes, which is the normal  
14 sort of number of rate classes that one would expect from  
15 a utility amongst domestic and general service customers.

16 In doing so, the results should be an equitable  
17 and non-discriminatory distribution of cost and rates  
18 amongst customers in a manner that's consistent with the  
19 legislation that governs this Board and it governs the  
20 utilities that come before it. It's Hydro's understanding this  
21 would also be consistent with the principles that this Board  
22 set out following Hydro's 1992/92 cost of service  
23 methodology hearing.

24 The rationalization of these 24 rate classes into 6  
25 uniform rate classes, they're not all the same but they will  
26 be the same throughout the Labrador interconnected  
27 system, this process will be phased in over a period of time.  
28 It's important to understand that overall there will be no  
29 difference but amongst the different customer groups, some  
30 will receive increases and many will receive decreases, so  
31 some customers will have paid for the same amount of  
32 energy in a previous year, perhaps more, and others will  
33 have savings, and this is going forward intended to be a  
34 revenue neutral essentially result but these adjustments  
35 have to be made.

36 Making adjustments to rate classes is never  
37 something that one ventures into without a great deal of  
38 consideration, and in this present proposal Hydro has  
39 stated four principles in its evidence that it will be using to  
40 make sure that these adjustments are appropriate and going  
41 out through time perhaps more adjustments can be made in  
42 later applications, but at this time will be guided by these  
43 four principles.

44 The first one is that no rate class should receive  
45 an increase of more than 20 percent; the second one is no  
46 domestic or small general service customer should receive  
47 an increase of more than \$20 per month; the third one is  
48 large general service customers shouldn't receive increases  
49 of no more than 20 percent unless the circumstances are  
50 unique; and the final one is street and aerial lighting should  
51 move towards specific costs of providing this service.

52 Now as I mentioned, these four guidelines are  
53 going to be used to ensure there will be a smooth transition  
54 going forward. There may be some adjustment in future  
55 applications further until these principles and equity and  
56 non-discrimination amongst the rate classes has been  
57 sorted out. Of course this is clearly within the Board's  
58 jurisdiction to make these final decisions.

59 It should also be noted that even though some of  
60 these rate increases that have been spoken about  
61 yesterday, and I think the number which came up yesterday  
62 several times was 17 percent, this is a matter of relative  
63 change and people in other rate classes in the province will  
64 not see increases of that percentage change, however, in  
65 absolute terms, I don't mean absolute dollar terms, but  
66 absolute mill rate changes, the increases here will be smaller  
67 than the increases in most cases in other rate classes in the  
68 province.

69 So as a final point, I just wish to reiterate because  
70 I was concerned that there was confusion on this point,  
71 Hydro is not seeking more revenue from Labrador West.  
72 It's adjustments amongst ratepayers and the classes to  
73 rationalize this going forward to follow the principles set up  
74 in the legislation, but overall the revenue will be the same  
75 or perhaps a little less than we've had. Thank you.

76 (10:00 a.m.)

77 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
78 Young. We move right into the presentations and I would  
79 like to ask Mr. Collins to come forward to the witness table,  
80 please. Good morning, Mr. Collins.

81 MR. COLLINS: Good morning.

82 MR. NOSEWORTHY, CHAIRMAN: Would you take the  
83 Bible in your right hand, please? Do you swear on this  
84 Bible that the evidence you are about to give shall be the  
85 truth, the whole truth and nothing but the truth, so help  
86 you God?

87 MR. COLLINS: I do.

88 MR. NOSEWORTHY, CHAIRMAN: Thank you very much.  
89 I'll ask you now, Mr. Collins, if you could proceed directly  
90 to your presentation, please.

91 MR. COLLINS: Well, after hearing the words that were just  
92 spoken, I don't know if there's any need to make a  
93 presentation. Like, we're probably all here for no reason at  
94 all, we shouldn't be concerned if there's not going to be a  
95 rate increase or any more revenue generated from Labrador  
96 West.

97 Before I get into my presentation, I would like to  
98 just tell you something funny that happened this morning  
99 when I went to Tim Horton's for a coffee. I met two guys  
100 there, sitting and having a coffee with them, and they said

1 I guess this winter we'll be able to go to Esker no problem,  
2 next spring. I said, why? They said, well, we seen Bill  
3 Wells in town last night. He must be overseeing the Esker  
4 Bridge being built. (*laughter*) I said, no, he's not here for  
5 that reason this time, but hopefully he will be next spring.

6 Thank you, Mr. Chairman. As the Member for the  
7 House of Assembly representing Labrador West, I thank  
8 you for the opportunity to appear before you today and  
9 voice my opposition to any rate increases for consumers of  
10 Hydro in Labrador West. I am also totally opposed to a  
11 uniform rate being applied that would encompass Labrador  
12 West with other regions of Labrador. Labrador West is  
13 located on the doorstep of one of the world's largest  
14 producers of hydroelectricity, making the cost of delivery  
15 to customers relatively inexpensive. Indeed, long before  
16 Churchill Falls was developed, we were receiving electricity  
17 at affordable rates. Power then came from Twin Falls on  
18 transmission lines since purchased by Newfoundland and  
19 Labrador Hydro in 1992 for the sum of \$1.

20 The twin towns of Wabush and Labrador City are  
21 both in existence because of the iron ore industry. During  
22 the past 20 years our industry has had its share of ups and  
23 downs. At the present time we are going through a serious  
24 downturn. Labrador West has undergone many changes  
25 during the past two decades. At one point in our history  
26 the mining industry and our service sector could meet all of  
27 our employment needs. This is no longer true. We now  
28 have high unemployment levels, our youth have to leave  
29 home to seek employment opportunities and our  
30 population is decreasing.

31 To try and diversity our economies, both towns  
32 have worked hard and committed substantial resources to  
33 attracting new industries and business to Labrador West.  
34 Obviously electrical rates are crucial to our ability to attract  
35 new business and new citizens. It is also an important  
36 factor to many residents who retire and decide to remain  
37 living in Labrador West, giving our communities a new  
38 dimension socially that until a few short years ago we were  
39 missing.

40 Residents of Labrador West, our primary  
41 industries and our service sector, have always been  
42 (inaudible) contributors to our province. We strongly feel  
43 we pay much more than we receive in return regarding  
44 services provided to us. Maybe there are some who are  
45 envious of the rates we pay for hydro. However, it is one  
46 of the few things that has a lower cost for our residents.  
47 Our hydro costs are lower, not because anybody is  
48 subsidizing us, it is simply due to the way we receive power  
49 in the beginning and the fact that we are located next door  
50 to our province's largest hydro producer.

51 There is not any evidence that residents of

52 Labrador West are not paying a fair market price for the  
53 production and transmission of electricity being delivered  
54 and consumed. To the contrary, the Town of Wabush  
55 paying rates that were approved by this Board 12 years ago  
56 have overpaid to the tune of \$3 million and are entitled to  
57 a refund of this overpayment. In spite of this, Hydro, while  
58 at the same time having to reimburse Wabush, are arguing  
59 for rate increases. Logic and rationale for rate increases is  
60 not apparent.

61 Newfoundland and Labrador Hydro would like to  
62 introduce a uniform rate structure for the Towns of  
63 Wabush, Labrador City and Happy Valley-Goose Bay. In  
64 our view this does not make any sense. Labrador West  
65 and Happy Valley-Goose Bay do not have anything in  
66 common other than the fact both are located in Labrador.  
67 Indeed, the transmission lines run in opposite directions  
68 from the Hydro facility located in Churchill Falls.

69 As I mentioned earlier, transmission line to  
70 Labrador West was not constructed by Newfoundland and  
71 Labrador Hydro. It was bought for a nominal fee, resulting  
72 in significant savings to them. The cost to consumers in  
73 Labrador West has to be based on the cost of supplying  
74 electricity to this area, not based on another area of  
75 Labrador hundreds of kilometers away in an opposite  
76 direction from the Hydro facilities. To do so would create  
77 an economic and social advantage to Happy Valley-Goose  
78 Bay at the expense of Hydro customers and taxpayers of  
79 Labrador West.

80 The Towns of Wabush and Labrador City have  
81 sought and received legal opinions on the taxation of  
82 hydroelectricity produced and sold both within the  
83 province and exported. It is the opinion of their legal  
84 advisors that the Province has the legislative authority to  
85 enforce such a tax. Even the introduction of a very modest  
86 tax would generate more than enough revenue to eliminate  
87 the annual rural deficit currently being experienced, and I  
88 encourage the Board to pursue this legal option with  
89 Government.

90 In conclusion I want to say to the Board of  
91 Commissioners that uniform rates do not exist for many  
92 things in Labrador West. For example, when it comes to  
93 educating our children, our costs are much higher than it is  
94 for a person who lives in St. John's. When we have to  
95 travel for medical or personal reasons, our costs are much  
96 higher than it is for a person who lives in Happy Valley-  
97 Goose Bay, and when we need to avail of Government  
98 services, we do not have the access as residents of Happy  
99 Valley-Goose Bay.

100 Newfoundland and Labrador Hydro should not be  
101 allowed to charge residents or the business community of  
102 Labrador West inflated prices simply to lower costs in

1 other regions and giving them an unfair competitive edge.  
2 The cost of providing hydro to Labrador West through an  
3 independent transmission line should be treated separately.  
4 To establish the hydro rate for Labrador West, the only  
5 factors that should be considered are the cost of  
6 production, delivery and distribution in Labrador West  
7 along with a reasonable rate of return to Hydro. If there is  
8 to be a uniform rate structure, then I strongly suggest that  
9 Wabush and Labrador City be designated as a separate  
10 area for this purpose.

11 Finally, to link us with another area of Labrador  
12 with whom we do not have anything in common, not even  
13 the same transmission line, is neither practical nor  
14 acceptable to residents of Labrador West.

15 And I'd like to, just if I could, ad lib from my  
16 presentation and talk about the, I think it was mentioned  
17 yesterday about the subsidy that's paid by the Iron Ore  
18 Company of Canada to their employees, and of course any  
19 rate increase would be passed on through that system. It  
20 would make things more expensive for other people in the  
21 area, who not only would have to pay the increase but  
22 would also have to pay the cost of increase in the business  
23 because eventually everything would be passed along to  
24 the consumer, so in that case the people in the area would  
25 be paying for any increase or any cost incurred, both  
26 personally in their own homes and secondly as a result of  
27 the business community passing along any additional  
28 costs that they may incur, so with that I conclude my  
29 presentation and take any questions if I'm able to answer.

30 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,  
31 Mr. Collins. Would Hydro have any questions of Mr.  
32 Collins?

33 MR. YOUNG: We have no questions. Thank you, Mr.  
34 Collins, Mr. Chair.

35 MR. NOSEWORTHY, CHAIRMAN: Newfoundland  
36 Power?

37 MR. HAYES: Mr. Chair, we have no questions. Thank  
38 you, Mr. Collins, for your presentation.

39 MR. NOSEWORTHY, CHAIRMAN: Consumer Advocate,  
40 Mr. Browne, please?

41 MR. BROWNE, Q.C.: Yes, I have some questions. Mr.  
42 Collins, how long have you been a resident of here in Lab  
43 City?

44 MR. COLLINS: 29 years.

45 MR. BROWNE, Q.C.: And you must have observed some  
46 changes over that time. First when you got here, I guess,  
47 the only way out was by way of a train, was it, or ...

48 MR. COLLINS: By train or by airlines.

49 MR. BROWNE, Q.C.: And is that the case now?

50 MR. COLLINS: Since that we've had the road connection  
51 to Goose Bay of course which is only practical in the  
52 summertime if you're going to connect with the Sir Robert  
53 Vaughan to go to the island portion of the province. The  
54 other link that we have now is the Baie Comeau Highway  
55 which is a long drive. It's about an eight-hour drive to get  
56 to Baie Comeau but it is certainly better in many ways than  
57 having to put your car on a train a week before you leave  
58 here and be without your vehicle again when you return  
59 from holidays for another week or ten days until you get  
60 your vehicle back again by way of the train.

61 MR. BROWNE, Q.C.: Now the Baie Comeau route, is that  
62 open in the winter?

63 MR. COLLINS: Yes, it is. It's open year round but the  
64 exception, it may experience some down time during the  
65 spring thaw for a week or so, but generally it's open year  
66 round.

67 MR. BROWNE, Q.C.: And if you get as far as Baie  
68 Comeau, I gather you can go all the way to Montreal, is it?

69 MR. COLLINS: Yeah, you can go anywhere in North  
70 America from there.

71 MR. BROWNE, Q.C.: So you're not as isolated as what you  
72 were first when you arrived.

73 MR. COLLINS: No, we're not as isolated, however, it is still  
74 a long drive to get to any community outside of Labrador.

75 MR. BROWNE, Q.C.: And in terms of goods coming into  
76 Labrador, I remember first when I was in university with  
77 people from Lab City and Wabush in residence here, there  
78 was a complaint about the high price of milk at the time.  
79 This would have been in the '70s, I guess. Is that still the  
80 case? Is your milk now as expensive as it was in the '70s?  
81 Do you have the same ...

82 MR. COLLINS: I would imagine it's more expensive now  
83 than it was in the '70s but *(laughter)* ... but if it's more  
84 expensive compared to other places now than it would  
85 have been in the '70s, I don't know. I don't buy milk in too  
86 many places other than here, and so I wouldn't really be  
87 able to answer that. I do ...

88 MR. BROWNE, Q.C.: But you have goods coming in here  
89 now.

90 MR. COLLINS: We have goods coming in directly by  
91 transport trucks.

92 MR. BROWNE, Q.C.: On a regular basis ...

93 MR. COLLINS: On a regular basis, yes.

94 MR. BROWNE, Q.C.: ... even during the winter?

1 MR. COLLINS: Yeah.

2 MR. BROWNE, Q.C.: And even during the winter?

3 MR. COLLINS: Yes, even the Co-op, for example, have  
4 their groceries come from Moncton, I think it's twice a  
5 week, by way of transport trucks, so it's much fresher,  
6 particularly vegetables. It still leaves a lot to be desired at  
7 times, the quality of the product, I guess, but it's certainly  
8 an improvement over what it would have been when we  
9 were relying upon the train for transportation for  
10 everything, and it certainly would be cheaper than flying  
11 fresh produce and that into the area.

12 MR. BROWNE, Q.C.: Sure. I just observed last night. I  
13 went down to the supermarket down here and took a look  
14 around. I noticed that your milk prices are about the same  
15 as they are on the island. In fact if you were to get the deal  
16 you got, I think you got four litres you can buy in bags. I  
17 think they're a lot cheaper than the island, as a case in  
18 point. So I guess the point I'm making is that things have  
19 changed favourably.

20 MR. COLLINS: Well, things have changed favourably in  
21 some respects but I can tell you that for most residents of  
22 Labrador City and Wabush who came here when I did, they  
23 have changed in that respect. The only thing is now, most  
24 of us probably don't buy as much milk, to use your  
25 example, as we did in the '70s, because most of our kids are  
26 grown and now we're paying through the other end in  
27 terms of university and in terms of people getting older and  
28 having to go to different areas for, to seek medical advice  
29 or to seek medical procedures, and we still pay a lot for that  
30 now. I mean, if you want ... if you go see a doctor or  
31 something happens, if you have family within the province  
32 on the island portion and something happens, you get a  
33 call tonight, you have to go tomorrow, out and back you're  
34 probably going to pay about \$1,500, close to it, so, you  
35 know, we're still paying through the nose for most things.

36 MR. BROWNE, Q.C.: So there's still high transportation  
37 costs for unplanned ...

38 MR. COLLINS: Yes, for unplanned trips it's high, for  
39 medical it's high, all the other costs that are involved with  
40 that. Of course, you know, students when they have to  
41 leave the area to continue their education, you're looking at  
42 two airfares out and back for them in September and  
43 Christmas and again in the spring, and I realize and  
44 understand that other people who don't live within St.  
45 John's or Corner Brook in particular, you know, still have  
46 some costs but they are not to the degree that they are for  
47 people who live here. I mean, if you're in Happy Valley-  
48 Goose Bay, you have probably four times the number of  
49 flights to and from the island as you do in Wabush, so  
50 obviously the airfares are not quite the same either and  
51 there are a different number of airlines. Only recently we've

52 had two. Before two months ago, for years we only had  
53 one airline flying out of here, so, you know, we are held  
54 captive in many other areas that people in the rest of the  
55 province are not held captive in.

56 *(10:15 a.m.)*

57 MR. BROWNE, Q.C.: In terms of your submission, you're  
58 saying that Happy Valley-Goose Bay should be charged  
59 separately and you should be recognized as a separate  
60 entity.

61 MR. COLLINS: Yes.

62 MR. BROWNE, Q.C.: And you're aware that's not the same  
63 on the island. If I live, someone lives in Port aux Basques  
64 and I live in St. John's, we're paying basically the same  
65 electricity rates and our electricity, I guess, comes from  
66 thermal at Holyrood and through Bay D'Espoir. So is it  
67 your argument that if you live closer to Bay D'Espoir you  
68 should pay lesser than someone who lives further from Bay  
69 D'Espoir? Is that ...

70 MR. COLLINS: No, not ... that's not my argument at all, and  
71 again your question sort of irritates me a little bit because  
72 again it's a comparison to the island. If it's on the island  
73 and it works, then it should be good for Labrador as well,  
74 and that applies to a lot of things that we have to deal with  
75 on a day-to-day basis, but that's not my argument. My  
76 argument is that the transmission line from Churchill or  
77 Twin Falls to Labrador West was constructed by private  
78 enterprise some 40 odd years ago and that the cost to  
79 delivering power to Labrador West has got to be cheaper,  
80 that being one of the reasons. The other reasons is our  
81 close proximity, which I understand other areas are close,  
82 in close proximity to other generating plants, but the  
83 transmission line that comes from Churchill to Labrador  
84 West does not run in any other direction. That's the only  
85 place it runs. It doesn't go on from here to three or four  
86 more communities in the province down the road further so  
87 that you're all on one line. It comes from Churchill Falls to  
88 here and that's the end of the line, so it's almost like a spur  
89 line on a railway. You know, it's designed and it's specific  
90 to the needs of Labrador West, so, you know, it's not like  
91 it's going on from there, it's a continuation for our purpose  
92 or for Hydro supplying power to customers in the province  
93 who may be down line further than us or anything like that.  
94 It's just that this line was there before Hydro was there and  
95 the cost that Hydro paid for that line, being nominal \$1,  
96 obviously is not a big construction project that they had to  
97 undertake. That doesn't come into the equation. And  
98 where we are close, yes, that does have a bearing, but I  
99 think the important thing is that we are not even ... like, if  
100 you leave Churchill Falls to go towards Happy Valley-  
101 Goose Bay, you're travelling in a totally opposite direction  
102 than you are from coming here, and that's mainly the thrust

1 of my argument is that we have one transmission line that  
2 serves no other purpose other than to serve Labrador  
3 West.

4 MR. BROWNE, Q.C.: And your objection is based on your  
5 premise that your cost will go up if it is recognized by the  
6 Board that there should be one interconnected system for  
7 Labrador.

8 MR. COLLINS: I don't think this has to do with making  
9 bookkeeping simple. You know, Hydro has a lot of  
10 resources open to them, so it's not a matter of just making  
11 it easier to keep track of bookkeeping. You know, it's ... I  
12 think it's a design that this is the first step in probably a  
13 long process where an interconnected grid and the group  
14 in with other communities will lead to, and I think this is the  
15 fear that a lot of people have, this will lead to increases in  
16 the future that we will have no control over because by that  
17 time, if this goes through, we will be all part of one group.

18 MR. BROWNE, Q.C.: Do you have any views on the  
19 people who are living in the coastal communities who are  
20 served by diesel and not interconnected and the cost that  
21 they have to bear?

22 MR. COLLINS: I know the cost is tremendous to them,  
23 there's no question about that. When it comes to diesel,  
24 it's like the gasoline regulations on the go. A lot of the  
25 problems associated with that is not necessarily from a  
26 profit perspective. It's mostly to do with the tax regime that  
27 we have in the province and I certainly sympathize with  
28 them but I can tell you from the perspective of people in  
29 Labrador West, we're not greedy people, we have paid our  
30 fair share to the provincial economy over the years, and  
31 while we may sympathize with people who have to pay  
32 higher rates, you know, don't inflict the same burden on us  
33 when it's not necessary to do that, and, like I say, we pay  
34 and we contribute significantly to the overall financial  
35 wellbeing of this province and because we may happen to  
36 get a break on one aspect, and this being electrical rates  
37 that we pay, don't try to tamper with that. You know, we're  
38 already paying our fair share.

39 MR. BROWNE, Q.C.: In terms of the diesel, people in the  
40 diesel communities, I think they pay about 22 or 23 percent  
41 of the cost, and the rest of it is in fact subsidized by Hydro,  
42 by ratepayers. Do you have any views on that, as to how  
43 the subsidy should be paid for or should it be people on  
44 the island paying that exclusively or should there be a  
45 contribution from people in Labrador paying toward the ...

46 MR. COLLINS: Well, go back ...

47 MR. BROWNE, Q.C.: ... interconnected system?

48 MR. COLLINS: I'll go back to what I said earlier in my  
49 presentation, I'm aware that both towns, Wabush and  
50 Labrador City, mentioned the same thing, is that they have

51 legal opinions that there can be a tax introduced on  
52 hydroelectricity that would more, even at a very modest  
53 rate, would more than eliminate the rural deficit that's being  
54 experienced, so I think that's an avenue that should be  
55 pursued rather than pass it on to other consumers. You  
56 know, I know that would be passed on to consumers but  
57 also where we are exporting a tremendous amount of hydro,  
58 then certainly we would get a fair chunk of change from  
59 that that would go towards it rather than having it all  
60 absorbed by the people who are currently paying Hydro  
61 through another tax.

62 MR. BROWNE, Q.C.: Yes, and I understand your  
63 submission there. I don't know if it's within the jurisdiction  
64 of the Board to pursue it but I'm certainly meeting with Mr.  
65 Hearn on it and see if we can take any appropriate steps.  
66 However, I guess the caution is, with all legal opinions,  
67 there's probably a contrary opinion out there too and it  
68 might be right and it might be wrong.

69 MR. COLLINS: That's the way you lawyers are making a  
70 lot of money.

71 MR. BROWNE, Q.C.: That's right. Thank you very much,  
72 sir. I'll ask no further questions. *(laughter)*

73 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
74 Browne. Ms. Mercer, would you have any questions?

75 MS. MERCER: I have no questions, Mr. Chair. Thank you,  
76 Mr. Collins.

77 MR. NOSEWORTHY, CHAIRMAN: Mr. Kennedy?

78 MR. KENNEDY: I have no questions, Chair.

79 MR. NOSEWORTHY, CHAIRMAN: Commissioner Powell?

80 COMMISSIONER POWELL: Just one comment, Mr.  
81 Collins. Do you have any problems with the rationalization  
82 of rates between Lab City and Wabush?

83 MR. COLLINS: No. I think it makes sense in a whole lot of  
84 ways. We're only three miles apart. We both have the  
85 same industry base, so, you know, it makes, it probably  
86 makes, if there's going to be one, that would be the areas  
87 that are included. Everything within the two communities  
88 are sort of common, so I don't see that as being a  
89 significant problem at all.

90 COMMISSIONER POWELL: Thank you.

91 COMMISSIONER SAUNDERS: No questions, Mr. Chair.

92 MR. NOSEWORTHY, CHAIRMAN: Commissioner  
93 Whalen?

94 COMMISSIONER WHALEN: I have no questions. Thank  
95 you, Mr. Collins.

96 MR. NOSEWORTHY, CHAIRMAN: Mr. Collins, you did



1 ... I heard yesterday, and Mr. Browne referred to it, the ...

2 UNIDENTIFIED SPEAKER: Speak up, please.

3 MR. NOSEWORTHY, CHAIRMAN: I'm sorry. The  
4 proposal that you put forward in relation to the tax and with  
5 a view to offsetting the subsidy that's currently being  
6 provided by all ratepayers in the province, do you have  
7 any other particular comments on that proposal itself? I  
8 would agree, I'm not sure that's within the jurisdiction of  
9 this Board but it's been referred to now on three separate  
10 occasions by three presenters here, concerning this tax,  
11 and that it should be a consideration of the Board. Would  
12 you have any further views as to how that might be applied  
13 or any other considerations in respect of that?

14 MR. COLLINS: Well I'm certainly not an expert on taxation  
15 or any of the legalities that would be involved, but all I can  
16 say on that is that there are, there is a view in the legal  
17 community that that could be done. It wouldn't inflict  
18 undue hardship on customers. You know, like I was saying  
19 earlier, the tax could be a very modest one, probably even  
20 less than any proposed rate increase would inflict on  
21 people, and at the same time we have this tremendous  
22 amount of energy that is being sold out of province that  
23 even the small modest tax would certainly generate a lot of  
24 revenue that could be used within the province, but how,  
25 like, the legalities, no, I wouldn't be able to answer that.  
26 You'd need to talk to a tax expert or a legal person on that.

27 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
28 Collins, very much.

29 COMMISSIONER WHALEN: Who are you proposing to  
30 tax?

31 MR. COLLINS: On energy, there could be ...

32 COMMISSIONER WHALEN: Who would pay the tax?

33 MR. COLLINS: Well, the purchasers of the energy. Like  
34 everybody in the province would pay. It would probably  
35 be less than any proposed rate increase would affect, but  
36 the tremendous benefit to people is that the sale of power  
37 from Churchill Falls to its customers out of province would  
38 also be covered under this tax, which would generate a  
39 tremendous amount of revenue for Newfoundland Hydro  
40 and the province.

41 MR. NOSEWORTHY, CHAIRMAN: So it would not only  
42 be internal to the province, it would be external ...

43 MR. COLLINS: Be external as well.

44 MR. NOSEWORTHY, CHAIRMAN: ... as well.

45 MR. COLLINS: Yes.

46 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,  
47 Mr. Collins, for your presentation and for coming here this

48 morning and your time. Thank you.

49 MR. COLLINS: Thank you.

50 MR. NOSEWORTHY, CHAIRMAN: Could I ask Mr.  
51 Condon, please, to come to the witness table? Good  
52 morning, Mr. Condon. How are you this morning?

53 MR. CONDON: Good morning.

54 MR. NOSEWORTHY, CHAIRMAN: I wonder if you could  
55 take the Bible in your right hand, please? Do you swear on  
56 this Bible that the evidence to be given by you shall be the  
57 truth, the whole truth and nothing but the truth, so help  
58 you God?

59 MR. CONDON: I do.

60 MR. NOSEWORTHY, CHAIRMAN: You're here, I  
61 understand, Mr. Condon, as a private citizen basically, or  
62 are you representing some organization or other group?

63 MR. CONDON: I don't particularly represent anyone. I'm  
64 here, I guess, partly because I'm a rejected councillor to  
65 some degree but I've been a past member of (*laughter*) ...  
66 I've been a past member of the Wabush Council when this  
67 issue was a matter of major concern back in the late '80s,  
68 and I'm currently, or was currently a member of the Lab City  
69 Council up to a few weeks ago, so my interest in it is  
70 general and my involvement in it has been specific in  
71 relation to both councils.

72 MR. NOSEWORTHY, CHAIRMAN: Thank you. I'd ask  
73 you to proceed, if you could, with your presentation,  
74 please?

75 MR. CONDON: And I should point out I did write a letter  
76 of intent to make a presentation back in July or whenever  
77 it was. I was hedging my bets in case I wasn't involved  
78 with the council. I wrote to suggest I'd be interested in  
79 presenting anyway. There's one little concern that I have  
80 in relation to anything I'm going to say here. Obviously as,  
81 you know, an ordinary citizen at this point, it's difficult to  
82 get your mind and your head around this process and to  
83 get access to information. I know the web site has a certain  
84 amount of information on there but all I have is a few pages  
85 that I'd like to just have put into the record as questions for  
86 clarification, questions for consideration and general  
87 concerns and possible suggestions. So that's basically  
88 what I have. I did attend the Hydro presentation which  
89 was given here in June. I was a member of the Wabush, the  
90 Lab City Council at that time, and I did attend the formal  
91 presentation they gave shortly after their May hearing, so  
92 I have my notes and information on that, plus I made notes  
93 and information at yesterday's meeting, and all of this, I  
94 tried to condense it to a few little pages with questions and  
95 concerns. None of it is expert obviously and all of it is  
96 ultimate question and interpretation, and a few little things

1 that I found to some degree, I suppose, disconcerting.

2 If you can start with the process, I had difficulty  
3 with the process to the extent, the time lines, and I'll try to  
4 find my little note on this, but in the context of the process  
5 itself and the time lines, and if I can ... just bear with me for  
6 a second. And that was in relation to the time factors  
7 involved. You know, this came out in late, well, in June,  
8 which was in a particular end of the, you know, year, just  
9 prior to holidays. It's not an easy time for people to get  
10 their minds around major issues. This has been a ten-year  
11 process, this has been involved. The rates and everything  
12 else have been in there for, say, eight or ten years, and  
13 June notification on this kind of thing, I think, posed some  
14 difficulty. You have summer holidays coming up, you had  
15 it at a time, four years ... every four years we have a  
16 municipal election and here it was just prior to municipal  
17 election which I think impacts on all councils all around the  
18 province in terms of time and energy and availability to get  
19 their mind around the issues and do the research and so on  
20 like that, and now that the councils are only just recently in  
21 there, just trying to have their first elected meetings with  
22 many new councillors on file, they have the Federation of  
23 Municipalities meetings coming up, and then they're right  
24 into the December thing, which brings you into Christmas,  
25 and then everybody is dealing with, assuming that there's  
26 a rate approval at that time.

27 (10:30 a.m.)

28 All of a sudden, you know, in that short span of  
29 time, there's a lot of things happening and I'm just  
30 wondering if this couldn't well have been, you know, done  
31 in the fall or done in the spring or winter or spring so that  
32 people would have more appropriate time lines to deal with  
33 it. So that's just one little observation I wanted to make.

34 In relation to just being present yesterday, I know  
35 we had the presentation in June. One of the things we  
36 raised was the question of how the rate issues between  
37 Wabush and Lab City, and again I don't understand it, but  
38 it seemed we were told in June that there couldn't be a  
39 distinguishing between the rates for Lab City and Wabush,  
40 that it was all sort of done in a generalized sort of way, and  
41 couldn't separate Lab City out from it and that really we  
42 were all just in the pool, and I stand to be corrected on any  
43 of this. This is my memory, that we were all sort of in a  
44 generalized pool and it couldn't be broken down.

45 On the one hand that was said and on the other  
46 hand there wasn't enough research or documentation  
47 broken down so that Wabush could be designated, get the  
48 kind of payback that they deserved in relation to the  
49 overpayment, so that was an issue.

50 And just from yesterday, I mean, I was really  
51 surprised that we couldn't determine a rate. I heard the

52 Advocate asking many times is there a rate in here, and,  
53 you know, it was almost like there was an avoidance here.  
54 You know, there was nobody ... admittedly people didn't  
55 have their suitcases and their briefcases or whatever, but  
56 the fact of the matter is, this was an open hearing yesterday  
57 to discuss the rates for here and there was almost, to me I  
58 sensed a reluctance to be able to talk rates and talk  
59 specifics. It was just ... it was a generalization sort of  
60 working around it and not wanting to address it, as I  
61 interpret it, so that was a concern as well.

62 The other aspect, and that just continued on  
63 today. I mean, the counsel for Hydro just indicated, and if  
64 I can find his words, was almost ... I know the previous  
65 presenter made the comment, what are we doing here, no  
66 reason to be here, there's no concern, there's no increases,  
67 you know. It's almost like a Shakespearean, much ado  
68 about nothing. If there's no increase for Labrador, what is  
69 all of this whole process all about? It's wasting  
70 everybody's time and energy if there is fundamentally no  
71 increases there and it's just some rationalizations from  
72 within. So that is ... you know, I still, I would like to see  
73 something in black and white in terms of what the rates are  
74 and I think that kind of stuff can be derived and it should  
75 be available and could be available, and in my opinion  
76 when (unintelligible) comes in, I would expect them to have  
77 that and say here's the breakdown and here's how it's going  
78 to be. So we had two presentations here yesterday. Every  
79 time they were asked about increases, Mayor Letto and  
80 Mayor Farrell, talked about, you know, 17 percent, and  
81 there was some challenge to that there this morning, so I  
82 guess the question for me is what exactly are the proposed  
83 rate increases and, you know, specifically for Labrador  
84 West, and what are the overall ones? I know, you know,  
85 neutral revenue or revenue neutral and that kind of thing,  
86 but what we see, I think, is the realization that this is step  
87 one of an ultimate island rate for everybody, and, you  
88 know, we see it being nickelled and dimed away and  
89 obviously we're not going to be accepting of that or happy  
90 about it. So question, and I'm flipping from concerns to  
91 questions here now. So that's my first one, what is it, what  
92 exactly is the rate increase for here in terms of percentage  
93 values and in terms of dollar values? Can that be given and  
94 shouldn't it be given and shouldn't it be in black and white?

95 My other question, and I stand to be clarified on  
96 this as well, is there a new base rate, customer base rate  
97 being included, incorporated into the rates for here now in  
98 Labrador, in Labrador West? So that'd be that one.

99 I, you know, I need a clarification, and again I  
100 understand from talking here this morning I don't have any  
101 right to ask questions, so I'm just hammering on these and  
102 you can respond how you feel afterwards.

103 MR. NOSEWORTHY, CHAIRMAN: I guess my comment,

1 sir, was that it's not a process which is geared around  
2 cross-examination of ...

3 MR. CONDON: Yeah, yeah.

4 MR. NOSEWORTHY, CHAIRMAN: ... Hydro. If Hydro  
5 would wish to respond to some of these questions at the  
6 end, that's ...

7 MR. CONDON: Okay.

8 MR. NOSEWORTHY, CHAIRMAN: ... fine.

9 MR. CONDON: Their ...

10 MR. NOSEWORTHY, CHAIRMAN: It's not a forum which  
11 is designed to do that.

12 MR. CONDON: Yeah, and I appreciate that and that's why  
13 I'm not waiting for answers when I raise these ... okay. So  
14 the other clarification that I'd like to have is about the  
15 whole question of rural subsidy, and I guess from my point  
16 of view, about the only real documentation that I have, and  
17 this was the Labrador presentation which was June of 2000,  
18 which was the document that was provided to us as  
19 councillors at that time. Lab City and Wabush councillors  
20 I assume received copies that and so I do have that as at  
21 least something black and white, but I didn't hear much  
22 clarity on it yesterday nor today, and I would like some  
23 clarification or I think clarification should be made on the  
24 rural subsidy and the whole question of rural deficit.

25 In this document here, which is page six of this, it  
26 refers specifically, the component of rate application. One  
27 is the allocation of rural subsidy previously paid by the  
28 industry. I'd like to hear some clarification on that, and the  
29 setting of the Labrador interconnect rates. Also we're  
30 talking about the Labrador interconnect rates, which is a  
31 new process of trying to get a unified rate for most, if not  
32 all, of Labrador, so I'd like to have some clarification on  
33 that. And the whole question of the deficit, I know it's in  
34 there and I read something about it, 20 or 26 million and  
35 how is it derived, where did it come from, where is it going  
36 and why now. If I read this correctly, you know, are the  
37 industrial people backing out and the five million being  
38 suggested, if I can find the page here, I think it's on page  
39 16, if I can find this. It says, yeah, "The industrial  
40 customers' share of subsidy, approximately five million,  
41 being observed by Hydro since 2000," and at page 17,  
42 "This five million subsidy previously paid by industrial  
43 customers to be allocated to Newfoundland Power and  
44 Newfoundland interconnect customers." You know, I  
45 question that and I ask for clarity and I'm just wondering,  
46 number one, why Hydro would have absorbed that five  
47 million in 2000, and, number two, why they'd be looking  
48 right now to have it passed off to Newfoundland Power  
49 and to Labrador interconnect customers. Again I don't  
50 know and I'm just asking this out of ignorance more than

51 anything.

52 Another thing which came up yesterday is the  
53 whole social, and it relates to that issue of subsidy and  
54 deficit and so on. That was a social cost and the social tax  
55 and the subsidy energy tax. All of these things, to some  
56 degree I had lack of clarity and didn't receive it yesterday,  
57 other than I realize that the proposal by both towns, which  
58 I certainly endorse and concur with, is the energy tax  
59 proposal as an alternative to some of the stuff being  
60 proposed in here.

61 Another thing Mr. Collins just mentioned briefly,  
62 the history of electricity rate here, and I was trying to make  
63 some notes on his presentation, but basically our history  
64 here, and at some point I think he made the point, the line  
65 was here first, Hydro came second, and it reminded me of  
66 the old Samuel Clemens' quote that the world owes you  
67 nothing, it was here first, and I think our point of view is,  
68 you know, we owe Hydro nothing, we were here first, and  
69 they got it as a freebie and although they're providing the  
70 service in terms of distribution at this point, it's our feeling,  
71 I'm starting to talk like a councillor again, I'm saying "our"  
72 here now, it is my feeling ... I got to stop that ... it's my  
73 feeling that, you know, that basically the distribution  
74 service is being well paid for and there is allowance in there  
75 for rate of return for the Company, so in that sense I don't  
76 think they're owed anything in particular here and I'd have,  
77 that'd be something I'd look to have something about.

78 I think I've covered most of these. If you don't  
79 mind my just rambling here, I'm just floating through, just  
80 making notes as we go. So that whole question of  
81 adjustments and rationalization, you know, is an issue.

82 The other question that I had a concern about in  
83 terms of clarification, I noticed when the questioning goes  
84 that both the utility people who are intervenors, they never  
85 ask any questions, whereas the Consumer Advocate asks  
86 a ton of questions and they're all directed at the presenters,  
87 so I'm anticipating my own questions, but (*laughter*) ... I  
88 kind of question, and my question, I suppose, is this a  
89 citizen advocate or a citizen adversary, because a lot of the  
90 questions, to my mind, appear to be, you know, two  
91 questions, and I even asked you that question before we  
92 started this morning, is the Citizen Advocate (*sic*) an island  
93 advocate or a provincial advocate, because to me the tone  
94 of the questions, I kind of wonder if it's an island advocate  
95 or a provincial advocate. Anyway, that's just another  
96 clarification thing for me.

97 That brings me to specific questions that I'd just  
98 like to run by if I haven't already done so. One I think I  
99 already mentioned, what is the exact rate proposed for this  
100 specific area and the specific proposed increases for each  
101 of the areas, increases or decreases, and I know there's a

1 divide and conquer strategy with this kind of thing here  
2 where you, you know, you pay some and you don't pay  
3 others and you play one against the other, region against  
4 region, town against town, us against the island and, you  
5 know, we've lived a life of that and we learn to cope with it  
6 as best we can and sometimes we get accused of being,  
7 you know, whiners and complainers and criticizers but from  
8 our point of view we're looking for justice and inclusion  
9 and fair and reasonable treatment. Okay, so that's  
10 question, one question that's in there.

11 The other one is what was the assessed ... oh, wait  
12 now, sorry. Number two question, I have these numbered.  
13 They're not sequential on my sheet. Yeah, the number two  
14 question. So one is what is the specific rate. Both  
15 presenters yesterday from the towns, I think, asked  
16 questions about street light rate changes and the  
17 implications of that. I'd like to have that dealt with in your  
18 hearing. The other one is what about the pole rate  
19 increases. I know Mayor Farrell talked about the high cost  
20 now of getting poles replaced and stuff like that. All the  
21 poles are, most of them are probably 30, 40 years old, so  
22 there is some difference from the past, so I'm just  
23 wondering what the realities are, if anything, in this  
24 proposal relating to these two issues and what the  
25 implications are for people and for the towns and  
26 everything else and the businesses in relation to future tax  
27 or cost implications.

28 Number three question is, and I'd ask that  
29 specifically, and that is what is the residential consumption  
30 rate in Wabush? What is it? You know, I assume that the  
31 Company has the wherewithal to be able to determine that  
32 because they can determine there is an overpayment and  
33 there is a need to repay, but when we asked what was the  
34 consumption rate in Labrador City in June, we were kind of  
35 given the understanding that, well, that couldn't be  
36 devised, we don't have separation there to do that. So, you  
37 know, again, facts that could be put forward, the residential  
38 consumption rate and the Wabush, Labrador City and  
39 Happy Valley-Goose (*sic*).

40 Another one is the question that I would pose,  
41 and this goes back to history to some degree, and that is  
42 what was the assessed value of the Wabush facilities that  
43 were taken over by this company in '85 and what was the  
44 assessed value? I assume again any corporate operating  
45 coming in, take over something, you know, you buy for \$1,  
46 you might be buying a pig in a poke, so I assume they  
47 would have done their homework and had some estimate of  
48 what assessed value they were receiving in the way of  
49 turnovers. So one was '85 for Lab City and '92 for here.

50 Another question is what is the specific cost, and  
51 again I don't know if you're allowed to ask that or if I'm  
52 allowed to ask it, but what does it cost you to serve

53 Labrador City? So what ... my earlier one, what are the  
54 consumption rates, and then the next one is what are the  
55 specific costs to you to service Labrador City, Wabush and  
56 Happy Valley-Goose Bay?

57 And the other little minor thing, but I'm not sure  
58 on this again, but why is there no prompt payment  
59 discount here in Labrador West? This is just a little minor  
60 one.

61 Number seven, in relation to the surplus, okay,  
62 that, because I know we fought tooth and nail in terms of,  
63 back in the '80s, when the Company was trying to get out  
64 of this, and this would be history situation, but back in that  
65 time when the Company was looking to divest itself here  
66 and most companies seem to want to divest as time goes  
67 along, and certainly Wabush Mines was looking to divest  
68 and they used the old railroad strategy of let it run down,  
69 let the service become so inadequate and let there be so  
70 many blackouts and interruptions to service that people are  
71 so fed up and poisoned with it that they're prepared to let  
72 it go somewhere else in the hope that they get better  
73 service, so that was the situation with that. And so my  
74 question, when we were trying to fight this and anticipating  
75 that there might be rate increases once the Company  
76 washes their hands off it, then Hydro gets a hold to it and  
77 rates will go up. Now we were anticipating and now it's in  
78 the process of happening, but not in one fell swoop. It's  
79 a step-by-step process. You get your part today and the  
80 rest tomorrow. So the question is, when was the surplus  
81 discovered, when, and what was the contingency plan in  
82 the anticipation, so when that rate was set in '89, when the  
83 rates that we're now talking about changing, when they  
84 were set what was the contingency plan, if anything, if  
85 your rate estimate was out of whack, because it was  
86 obviously out of whack to the tune of \$3 million or \$2.9 or  
87 whatever it was, so what was the contingency plan in terms  
88 of identifying that and dealing with it? In other words,  
89 when was the surplus discovered, how was it derived, and  
90 in many ways it's almost a question, who was minding the  
91 shop? You know, it goes back to the old Nixon days. You  
92 know, what did the President know and when did he know  
93 it, and that was, I think, a question one of you asked  
94 yesterday to the Mayor here, and I think I heard Mayor  
95 Farrell say he knew nothing about this until he heard it in  
96 June, and so that's what I'm just wondering, when did the  
97 PUB know about it and if ... you know, I don't know about  
98 Lab City. I didn't hear about it as a member of Lab City  
99 Council, and, like I said, I heard Mayor Farrell, if I heard him  
100 correctly, say yesterday he knew nothing about the, either  
101 about the surplus or the return of the surplus at least until  
102 June of this year and, you know, that built up  
103 incrementally, 2 to \$300,000 a year, so that was another  
104 question.

1 MR. NOSEWORTHY, CHAIRMAN: Mr. Condon ...

2 MR. CONDON: Yeah.

3 MR. NOSEWORTHY, CHAIRMAN: ... I wonder could I  
4 ask your indulgence? We're going to have to break for ten  
5 minutes and return, if that's ...

6 MR. CONDON: Not a problem.

7 *(10:45 a.m.)*

8 MR. NOSEWORTHY, CHAIRMAN: ... if that's okay. So  
9 we'll take a break for ten minutes and we'll return and  
10 continue with your presentation.

11 MR. CONDON: Okay.

12 *(break)*

13 *(11:00 a.m.)*

14 MR. NOSEWORTHY, CHAIRMAN: Thank you very much  
15 and we'll get started. I apologize for that unscheduled  
16 interruption but some things you can't plan for, so I'll ask  
17 Mr. Condon if he could continue, please.

18 MR. CONDON: Thank you very much, Mr. Chairman. I'm  
19 not quite sure where I left off but I'll just sort of ... I think I  
20 was on that whole question of surplus and I just posed  
21 some of these questions in terms of when it was  
22 discovered, the rationale, strategy, you know, contingency  
23 plan if the estimate was out, which it was to the tune of  
24 almost \$3 million over ten, over three, ten years about, and,  
25 you know, what point was it derived and discovered and  
26 what situation? I guess even in relation to that, what about  
27 the interest rates on it and, you know, is the 2.9, does that  
28 include interest rate that would have accrued on that  
29 during the time it was building up?

30 Okay, another one, and again all the points here  
31 I'm just tossing them out for consideration and some, you  
32 know, will make people happy and some won't. The next  
33 question is, in relation to, and I notice your documents here  
34 talk about the industrial rate. My question is in relation to  
35 the two companies here who are unregulated, the question  
36 is in the context of why, you know, are they unregulated  
37 and was there any consideration given by Hydro to looking  
38 at regulation in relation to the companies here, and I know  
39 there's a downturn in the industry and the time and stuff  
40 like that, and this is, we've been in the peaks and valleys.  
41 There's ups and downs here all the time, but overall the ore  
42 keeps going out and the companies keep making handsome  
43 profits and we just within the last two years ago, last two  
44 years or so, being fought over by the two largest mining  
45 companies in the world, so we're not chicken feed by any  
46 means, and over the last four years we've been owned, you  
47 know, by somebody over in Australia, majority owned by  
48 somebody from Australia and major shareholders from

49 Japan and both the companies that fought to get control  
50 were basically out of London, England, but, so I'm just  
51 wondering what the circumstance there, what is the current  
52 rate that they pay in relation to the industrial rates on the  
53 island and was there any consideration given to looking at  
54 that, so that'd be one.

55 And another question, I think it's about number  
56 nine, and that is the whole question of residential hydro  
57 rate, consumption rate in Churchill Falls. I'm just  
58 wondering what the residential population is in Churchill  
59 Falls and what is the situation in terms of citizens, residents  
60 of that area in terms of their rate of paper, consumption of  
61 their household electricity in that area. And again I  
62 suppose to some degree it speaks to either the  
63 Company/Town issue which we've lived with here for  
64 basically all of the life of these communities and certainly  
65 Churchill Falls is pretty well or has been pretty well under  
66 that Company/Town situation as well.

67 I think I'm getting down. Just generalized  
68 concerns then in terms of, I've already mentioned the whole  
69 processing thing. You know, I understand it was about ten  
70 years, and from asking in June I understood that all the  
71 best experts of Hydro worked on this presentation for  
72 about nine months preparatory time line to get it ready for  
73 June and then when the summer and everything else on the  
74 go, everybody else has to get their mind around it, and I  
75 know we have till June, but there's a lot to it and perhaps it  
76 might have been looked at a bit, you know, another time.

77 Another one is in relation to again the concern,  
78 seeing that this was really a first step in terms of a unified  
79 island rate issue. Another one you heard yesterday from  
80 a Steelworker presentation about the ... and, you know,  
81 where the companies are unregulated, obviously the  
82 Company has their own operation taken care of and  
83 protected. The Steelworkers have their employees taken  
84 care of and protected. The question is, what about the rest  
85 of the residents? I think our MHA mentioned it in passing  
86 as well. What about all the service industry people and all  
87 the other people who live in the area and have the same  
88 concerns and costs to worry about?

89 Another generalized concern is that isolated area  
90 and neglect and discrimination, which is what I'd call it, and  
91 I'll come to it a little bit later. I just got it noted as a point  
92 there. And that whole rural deficit, I know I mentioned, I  
93 think, earlier on, but that kind of concept of urban and rural  
94 divide and conquer, that splitting up of thing, pitting area  
95 against area and region against region, that kind of thing,  
96 that's a generalized concern I have in relation to the rates  
97 and so on like that. I know we're becoming more and more  
98 urbanized as province and countries and everything else  
99 around the world, but certainly we need to be looking at the  
100 total bigger picture and not just looking at playing one

1 against the other and, you know, criticizing one for being  
2 at fault, you know, creating a deficit and, you know, the  
3 urbans can look at the rural. Well, you know, if it wasn't for  
4 you guys living out in the rural areas, you know, we'd have  
5 better rates or whatever, and I don't like that and it's a  
6 generalized concern that I think the Public Utilities Board  
7 needs to look at in relation to the bigger picture.

8 And I've mentioned already the Churchill Falls  
9 town site situation and that Company/Town or whatever  
10 mentality that goes with that, and I don't know, I have no  
11 idea whether they pay or don't pay or whether it's just in-  
12 house, whatever, but the fact of the matter is there's  
13 residents, citizens of our province there and, you know, we  
14 hear about Happy Valley-Goose Bay, we hear about the  
15 Straits and we hear about everywhere else as if Churchill  
16 Falls as a community doesn't exist. I know they don't have  
17 many rights or a council or whatever, kind of like we were  
18 20 years ago, but I still think they need to be factored into  
19 the picture.

20 The other question I have, and I did check with  
21 the Town Manager here this morning from Lab City, in  
22 terms of the Public Utility rate, it's my understanding that  
23 Hydro pays a 2.5 mill rate for public utility taxes to Labrador  
24 City municipality and that that's based on gross revenue,  
25 so I guess my point with that is that obviously there has to  
26 be some kind of a bookkeeping process that allows that  
27 gross revenue figure to be derived and why can't it be done  
28 in the same way to distinguish the rates between the towns  
29 and give us the facts and not the diversions.

30 Okay. The other question is a concern in regards  
31 to the Canadian Forces base surplus, and again I don't  
32 know the statistics on this but I do see reference to it in  
33 here in terms of the re-sale or sale or whatever it is. If I  
34 understand this correctly, it talks about 2 or \$3 million  
35 being generated in relation to the base there in Goose Bay  
36 and I just, that surplus, I have a suggestion but it is a  
37 concern, in terms of creating awareness and knowledge  
38 about what's happening here and what will happen in  
39 relation to that.

40 I had also noted interestingly, I heard the MHA  
41 mention about his coffee at Tim Horton's this morning and  
42 the Esker Road thing, because again when we're looking at  
43 Hydro's presence in Labrador West, one of the negatives  
44 that many, many people around here have is in relation to  
45 the road that was there and that was being utilized and that  
46 drew many people into that region for camps and cabins  
47 and hunting outfits and so on like that, and there was a  
48 road put there by the company that generated usage and  
49 building and development and so on like that and now it's  
50 three or four years out of operation just because the  
51 company doesn't see it as being in their interest or concern  
52 or responsibility to deal with it. Now we heard from the

53 Mayor, or the Premier, in August that there was some  
54 developments occurring here but we're still another year  
55 away and that is a generalized concern in relation to  
56 Hydro's presence and accountability and goodwill to  
57 people of the Labrador West area in particular and all of  
58 Labrador, because the Innu and many people from the  
59 Happy Valley-Goose area as well utilize that road and they  
60 feel betrayed and done a disservice by the fact that it  
61 wasn't dealt with immediately and responsibly to restore to  
62 its proper usage, albeit it might no longer be necessary for  
63 the company's best, for Hydro's best interest, but for the  
64 use of the people who were attracted there by the road  
65 being put there in the first place.

66 Okay, I mentioned that point. Yeah, the other one  
67 was just a little concern that, again it came from the  
68 Consumer Advocate's reference to the Virginia expert and  
69 the known world comments. I kind of found that a little bit  
70 disconcerting to some degree. I mean, we know we are in  
71 the known world as much as Confederation Building might  
72 forget it from time to time but, and, I mean, if they have a  
73 concern, I think his reference was to this expert referring to,  
74 and, you know, he's an expert on all the known world. I  
75 thought we knew all the known world at this point. But  
76 that, you know, the rate for here would be a mistake. I  
77 guess if he was looking at that, I'm assuming he'd also  
78 realize that the Churchill Falls hydro rates are a big mistake  
79 and it wasn't of our doing but we're having to live with it,  
80 so that was a generalized concern.

81 And I'll finish, if I can, with some general  
82 suggestions and then I'll get my barrage of questions, I'm  
83 sure. My number one suggestion would be in terms of if  
84 we need a uniform rate for Labrador, I think the only time  
85 that a uniform rate for Labrador would be justified and  
86 appropriate is when there is separate provincial territorial  
87 status for Labrador. In my opinion, at this point, that  
88 would allow a power rate that is, you know, all Labrador, by  
89 Labradorians for Labradorians, and the mind-set up here is  
90 that, you know, we're sitting on the biggest and the most  
91 beneficial power development in the whole, you know,  
92 certainly eastern Canada, and, you know, we're getting very  
93 little in the way of benefits or returns from it, and although  
94 we've had some benefits here, our view is that, you know,  
95 and I know there is alluded reference to the adjacency  
96 principle, but the fact of the matter is the power of Labrador  
97 is serving, you know, lighting up parts of Quebec and New  
98 England and everywhere else and is making billions of  
99 dollars profit for somewhere else and we sit in the backyard  
100 and get little or nothing, so we don't make any apologies  
101 for what we have. As I said earlier, the companies put it  
102 here, albeit they got tax write-offs to do that, but they put  
103 it here and it's here and the cost ... Hydro didn't have any  
104 building facilities and stuff like that costs. All of that stuff  
105 was put here, and even in the case of Wabush Mines, as

1 Mayor Farrell mentioned yesterday, even as an incentive to  
2 get Hydro to take it over they did a \$3 million upgrade on  
3 all the distribution services, so not only did they get it all  
4 for nothing, they got, you know, and I suppose that was  
5 part of the negotiations and wheeling and dealing, they got  
6 a \$3 million upgrade to run it, upgrade the delivery system  
7 before they took it, so that basically be where we're to on  
8 that, where I'm to.

9 So what I'm saying in terms of Labrador, we make  
10 no apologies for it and we deserve, and not only just us,  
11 and again that goes back to some degree to the, you know,  
12 the Citizen Advocate. I mean, we feel or I should say, got  
13 to stop the "we," I feel that, you know, Labrador should  
14 have a rate for everybody and that the coastal area  
15 shouldn't have to be paying these exorbitant rates, and I  
16 don't know if I've come to it in here, I have some notes on  
17 it, but basically Labrador should be, have the best rests in  
18 the whole country because they're serving a whole region  
19 of eastern North America and we're paying the price for  
20 delivering, getting it out and trying to keep this area ... I  
21 mean, if Lab West wasn't here, these areas weren't here,  
22 Quebec, if you get into that provincial territory and border  
23 stuff, I mean, you know, we're almost like the communities  
24 we have up in the high Arctic. We're maintaining  
25 sovereignty, we're maintaining provincial presence here.  
26 We're the ones, and the workers here, and you heard the  
27 President of the Steelworkers yesterday talk about, this area  
28 was built on the blood, sweat and tears of the employees of  
29 steelworkers and others who put the work in to make the  
30 companies viable, to dig the ore out and to make them  
31 viable companies and to, you know ... the companies did  
32 their part in terms of getting the markets and selling and so  
33 on like that, so it's a joint effort. Everybody's working and  
34 we're contributing as was used many times. We're net  
35 contributors to the province in a big, big way and we don't,  
36 I think, have it analyzed enough to just see how much we  
37 are, but so we're paying our way, we're paying our full  
38 share and we're doing it well, and so we don't need any  
39 apologies for that.

40 Okay, again, so that's my suggestion, is let's get  
41 provincial territorial status for Labrador. Nunavut got it  
42 just a couple of years ago and maybe if the decisions  
43 relating to Labrador were made in Labrador, not in  
44 Montreal, not in Cleveland or not in St. John's, maybe we'd  
45 be better served. And I just came back last week from  
46 visiting the Northwest Territories, and, I mean, it's  
47 embarrassing to go up there to Yellowknife and to look at  
48 the infrastructure and look at the development in that  
49 municipality and realize, you know, they're a lot better north  
50 than we are, and you look at what they have in the way of  
51 facilities and high rise building and infrastructure and  
52 everything else and then you compare what we have here,  
53 I mean, it's an embarrassment to our province. And you

54 look at their legislature that they have for that area. If you  
55 look at their historic site and everything there, they have  
56 stuff up there that, you know, puts anything in the  
57 province almost to shame, and we have next to nothing  
58 here in the way of Government administrative services.  
59 The previous MHA mentioned that most of the services  
60 that are in Labrador are over in Goose Bay but they're  
61 minimal at best and we need more of everything and we  
62 need to realize that Labrador has brought this to the  
63 provincial coffers and we deserve some benefit from having  
64 done that.

65 Another suggestion is that the Public Utilities  
66 Board or whoever look at designating the re-call revenue,  
67 and so to the coastal deficit ... that question keeps coming  
68 up, what about the coastal deficit, what about the diesel  
69 people? My question is, what about the re-call rights to  
70 the power that we sold, in recent times Hydro sold at major  
71 profits to Hydro to let them use it because we don't want  
72 to, we didn't take, I think, that Hydro don't take enough  
73 initiative to go after industrial development, get people in  
74 here to use it and create secondary service industries and  
75 so on like that. We, as a province, should be the Alberta of  
76 eastern Canada, but we're not, and the reason we're not,  
77 because we're letting pellet plants go to Sept Iles, we're  
78 letting things go out of the place right, left and centre and  
79 we're just shipping off the power because it's easy and give  
80 us the few bucks and let us, you know, throw us the  
81 crumbs and we'll be satisfied to take them and live with it.  
82 All I'm saying is that re-call power, and I know there's  
83 millions, 70 or 80 million, I don't know the figures, but you  
84 guys know that, why not designate that? If I understand  
85 correctly, it goes into the general revenue pot although I'm  
86 not sure on that, so, and in my swearing on the Bible here  
87 it's only just general reference to things as I know them or  
88 understand them to be, but why not because of this power,  
89 is in Labrador, and put, designate specifically to take care  
90 of the diesel and the coastal rates and then Labrador is not  
91 a drag, because when you get into that rural/urban, you're  
92 making Labrador a drag on everywhere else and you're  
93 making us feel embarrassed because we have a bit of a deal  
94 because the companies generated 30 or 40 years ago.

95 *(11:15 a.m.)*

96 Another suggestion would be, and again I'm sure  
97 a controversial one, but the whole question of the 2.9  
98 million surplus, and again I heard one of your committee  
99 members ask I think it was Mayor Farrell or someone else  
100 about how that was planned to have that distributed, and  
101 it was, seems like it was only just something came up in this  
102 June presentation, and I would suggest that there be some  
103 creativity given to looking at that in the context of it's  
104 about three million bucks, whatever, and I don't know if  
105 there's any interest accruing on it, but the bottom line on it,

1 it could look at at something in the context of using that  
2 funding to make a major contribution in the way of a mining  
3 heritage centre for Wabush or perpetual student  
4 scholarship fund or something along that line, to just not  
5 just dribble it back and forth and just everybody gets a  
6 little piece of it. I lived in Wabush for years before I moved  
7 to Labrador City, but my thing is just that might be  
8 something for, or designated for a freeze on future rates or  
9 something. There's lots of thoughts and ideas could be  
10 considered on that.

11 The other suggestion I'd have is this, the whole  
12 question, and I didn't number these, but I know I come from  
13 the southern shore island of our province and we have  
14 capacity up there and several rivers are, have their own  
15 little dams and so on like that and they generate, I'm sure  
16 Newfoundland Power people would be able to indicate the  
17 exact amount, but they generate a certain amount of  
18 electrical on the basis of the rivers and so on that's done  
19 there. My question is why, and I think there might be some  
20 little minor thing done down the Straits area, but with all the  
21 rivers and all the stuff in Labrador, why not have some  
22 small scale things done in Labrador, and the fact that it  
23 wasn't done 30 or 40 years ago because, I mean, up to '49,  
24 the province, I don't even know if they acknowledged our  
25 ownership other than people coming up and down fishing  
26 the Straits and so on. So, you know, the question is why  
27 not have Hydro look at some of these regional areas,  
28 coastal areas? I know up around Nain, I was up in Nain  
29 there a few weeks ago, if you fly from Goose Bay to Nain  
30 you'll see nothing but rivers and access and stuff like that.  
31 That could be looked at and tapped and why concede or  
32 why just be content with diesel generation and if there is  
33 alternative forms in terms of electrical generation from the  
34 rivers in the areas which could be done in an  
35 environmentally-friendly manner as possible?

36 Another suggestion is the whole question of wind  
37 power. You hear that all the time. You look out now,  
38 there's all kinds of that happening out west. It's happening  
39 in different areas. Again, you know, something specific  
40 could be looked at. I'm sure the coastal areas have plenty  
41 of wind and they could well be ... you know, if there was a  
42 proactive hydro development role there, they could be  
43 looked at proactively for pilot projects because they're  
44 highly specific in that.

45 The other whole question is the Lower Churchill.  
46 I don't think anybody mentioned that one in terms of, you  
47 know, what's happening there with the Lower Churchill and  
48 the whole Anglo-Saxon route in terms of the tunnel? I  
49 know various councils and groups and people even on the  
50 island have proposed a tunnel route and bring the power  
51 down and I know there's been study analysis done on that,  
52 but with the gas and oil and everything coming in offshore,

53 there's always hope and possibilities there that something  
54 constructive and positive could be done to lower the island  
55 rates and let's have a uniform ... if you're going to have a  
56 uniform rate, let's make it a Labrador City rate which is the  
57 cheapest one of the lot instead of bringing everybody up  
58 to higher rates. Let's look at developments that will bring  
59 it all down to the lower and the tunnel could be part of a  
60 joint project that would allow us transport. Someone, I  
61 think the Advocate was asking about getting from here,  
62 there, and the roads and so on like that. The bottom line is,  
63 it takes you six hours to get to Goose Bay and then you're  
64 about two or three days on a boat if you want to get to  
65 Lewisporte, or it takes you eight hours to get to Baie  
66 Comeau and then you have another two or three days with  
67 another boat to get to your provincial capital, so, you  
68 know, I mean, this area has been so neglected and so  
69 under-served, this is an embarrassment and a disgrace and  
70 disservice to the area. Am I starting to sound like a  
71 politician? Anyway, that was just another one.

72 Another one is the whole question of constructing  
73 a new transmission line. I know at one point Government  
74 or Hydro in cooperation with Hydro offered to bring a  
75 transmission line over here from Churchill to Goose Bay to  
76 allow us to get the pellet plant, which we should have  
77 gotten there before, and there was an offer made but it  
78 wasn't followed up on. Now we're in a situation where we  
79 need power for silica development. ALCOA (phonetic) is  
80 coming in looking for projects and proposals. There's been  
81 discussions about manganese developments, things along  
82 that line, but we're always in the catch-22 situation, the  
83 chicken or the egg. If the power is here, we'll develop the  
84 plant, and the other argument being if, you know, if you put  
85 the plant there we'll give you the power, and so all that  
86 whole question of rates and accessibility is an issue that I  
87 think the Board, Public Utilities Board and Hydro need to  
88 discuss and need to put in perspective in terms of utilizing  
89 the power that we have and the re-call rights that we have.

90 I certainly concur with the, imposing the energy  
91 tax and if that's a legal route, and I'm sure it's been on the  
92 table before, but the bottom line, if there isn't one there, it  
93 should be looked at.

94 And a final suggestion would be, and I have to  
95 review quickly, final suggestion would be the Menihek  
96 Dam, that whole question of the Menihek Dam as a facility  
97 that was looking ... you know, we heard rumours this is  
98 going to be turned over and sold to, out of province and  
99 obviously I'd like to suggest that that power base be kept  
100 within the province and looked at in the context of could a  
101 line be gone with that out to Davis? I don't know where it's  
102 closest to, but out to some, the coastal communities or  
103 could some little develop (phonetic) be brought in there to  
104 use that in a constructive manner which would provide



1 some benefit to our province and not see the control and  
2 the use of it go elsewhere, which is no negative reflection  
3 on the Province of Quebec or anything. It's just if we own  
4 it and we have it, why add it to the list of things we're  
5 giving away?

6 The other little things that I did mention is  
7 passing, and that's the question of what is the status of the  
8 silica smelter power access rate, I just talked about it, and  
9 the ALCOA proposals in terms of rates and impacts? So  
10 these are two things. I mean, we have people here now  
11 who are shipping out product in relation to silica  
12 production and we have ALCOA in the process of looking  
13 at that. What are the implications of these for power  
14 usages and rates and impacts on Labrador in general and  
15 Labrador West in particular?

16 And having said all that, I think I've handled as  
17 much as humanly possible in that length of time. Thank  
18 you ...

19 MR. NOSEWORTHY, CHAIRMAN: Thank you very much  
20 ...

21 MR. CONDON: ... for your patience.

22 MR. NOSEWORTHY, CHAIRMAN: ... Mr. Condon.  
23 You've obviously thought quite a bit about this whole  
24 issue and I think some of your comments were certainly  
25 germane to the application. I think some of your comments  
26 may not be in relation to the jurisdiction certainly of the  
27 Board, directly in relation to the application, but we thank  
28 you for them. Some of them clearly are rhetorical questions  
29 which I don't think you would expect to get an answer from  
30 today. I would ask Hydro if there are any questions or  
31 comments that they would have, please.

32 MR. YOUNG: Just one, Mr. Chair. The only comment I  
33 was going to make, Mr. Condon, is you said you were  
34 asking these questions out of ignorance, and I don't know  
35 if you realize, in some of these you might be slighting most  
36 of the people sitting around the table, so an awful lot of  
37 those questions have come up, so I don't know if people  
38 around the table feel that they're ignorant about these  
39 things, but, I mean, the same questions have come up as ...  
40 the Chair has spoken about there's some 50 binders being  
41 filled, and some of the information is in those. The  
42 questions often have complicated answers to them of  
43 course, but the Board has heard them again today and  
44 realizes that there is, you know, some of the issues that  
45 have already come up that are issues that are of interest,  
46 not just to the intervenors but to people like yourself  
47 making presentations (inaudible). That's the only comment  
48 I have. It's not really a question, Mr. Chair. Thanks.

49 MR. CONDON: If I could observe, I apologize if any  
50 comments I made were deemed as a slight.

51 MR. YOUNG: No, no, no. No, I was making ...

52 MR. CONDON: Far be it from me to be slighting or  
53 insulting of anybody. I'm just ...

54 MR. YOUNG: I was making a joke there.

55 MR. CONDON: ... telling it as I heard it.

56 MR. YOUNG: I was making a joke that ... the point is that,  
57 you know, you said, you were asking these questions out  
58 of ignorance. The point I'm raising is they're not questions  
59 out of ignorance. They're good questions and they've  
60 come up before and they, you know, they will be looked at.  
61 As the Chair has said, some of them are rhetorical and  
62 haven't perhaps been addressed and perhaps they won't be  
63 in the hearing, but several of these are issues that I'm sure  
64 the parties could cross off their lists as ones that have  
65 come up.

66 MR. CONDON: Well, it's like Steve Neary used to say back  
67 in the old times when they were dealing with the whole  
68 question of the thing out in Come By Chance, you know,  
69 when they had all the people in. We need it in baby talk.  
70 We need it broken down. You know, if you need to have  
71 a law degree or a degree in electrical distribution and stuff  
72 like that to understand it, I can, you know, that's fair  
73 comment and fair game, but the reality is people, the  
74 general public want to get their minds around it, it has to be  
75 put in print, in black and white and simplified to a degree  
76 that, you know, that it meets the need of the people who  
77 need to have the information. Thank you.

78 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
79 Condon. Newfoundland Power, please?

80 MR. HAYES: No questions, Mr. Chair. Thank you, Mr.  
81 Condon, for your comments.

82 MR. NOSEWORTHY, CHAIRMAN: Consumer Advocate,  
83 Mr. Browne?

84 MR. BROWNE, Q.C.: I have a few questions. You  
85 mentioned that you weren't quite aware of the proposal  
86 Newfoundland Power was making. I gather you got no  
87 insert in your bill indicating what the change  
88 Newfoundland, or Newfoundland Hydro was seeking,  
89 sorry, for you as a customer?

90 MR. CONDON: If I did, I didn't read it.

91 MR. BROWNE, Q.C.: Do you recall ...

92 MR. CONDON: Perhaps I should ...

93 MR. BROWNE, Q.C.: I'm not suggesting there was an  
94 insert. I'm asking you if you can recall getting one. You  
95 can't recall, is that it?

96 MR. CONDON: That's right, no.

1 MR. BROWNE, Q.C.: I think it's a matter of record there  
2 was nothing sent out to consumers, which is something  
3 which will have to change obviously. The other thing, can  
4 you recall ever getting an insert from Hydro with your bill  
5 dealing with issues on conservation, ways to conserve and  
6 bring down the cost to you of your electricity?

7 MR. CONDON: Yes, I have.

8 MR. BROWNE, Q.C.: You have gotten that?

9 MR. CONDON: Uh hum.

10 MR. BROWNE, Q.C.: And have you taken any action ...

11 MR. CONDON: Sure, yeah.

12 MR. BROWNE, Q.C.: ... from a conservation perspective?

13 MR. CONDON: I mean, that kind of stuff comes about  
14 stripping and siding and usages and windows and doors  
15 and that kind of stuff. I find ... from time to time I seen  
16 inserts over the years in relation to some of these things  
17 which I applaud.

18 MR. BROWNE, Q.C.: I gather you've been a long-time  
19 resident here.

20 MR. CONDON: I have. I came here, Labrador West, in '75.  
21 I came to Labrador first back in the '60s in the  
22 Cartwright/Goose Bay area and I lived in the Happy Valley  
23 area in the early '70s and I've here, Labrador West, since '75.

24 MR. BROWNE, Q.C.: Now when you moved here, was  
25 your energy source both electric and oil?

26 MR. CONDON: Generally a combination, you know, in  
27 terms of my own situation. We had oil for most of it but I  
28 have a combination now.

29 MR. BROWNE, Q.C.: Do you have oil now as well?

30 MR. CONDON: Yes.

31 MR. BROWNE, Q.C.: We heard the evidence here  
32 yesterday from the President of the Union saying that  
33 clause in the collective agreement was no longer needed  
34 because a lot of people had in fact converted to electricity.

35 MR. CONDON: Uh hum.

36 MR. BROWNE, Q.C.: So you haven't converted  
37 completely?

38 MR. CONDON: So would I if the Company was picking up  
39 the tab on my electricity. I'd have it ...

40 MR. BROWNE, Q.C.: But you have no ... no one is picking  
41 up the tab for you as a retired educator?

42 MR. CONDON: Or as an educator either.

43 MR. BROWNE, Q.C.: As an educator. Yes, okay. Are you  
44 retired?

45 MR. CONDON: I am, yes, four years.

46 MR. BROWNE, Q.C.: You mentioned that you receive no  
47 prompt payment discount option on your bill. Can you  
48 expand upon that?

49 MR. CONDON: Well, I just saw it somewhere. In reading  
50 last night I just saw a reference to it. It was either in this  
51 document or in somewhere else, and I don't recall it being  
52 on our bills locally. I assume it's ... and I can remember from  
53 living on the island, I lived many years up the southern  
54 shore and in St. John's area, and I do recall seeing it on  
55 family home bills and stuff like that but I don't recall seeing  
56 it here or Goose Bay, but I stand to be corrected. Not to my  
57 knowledge.

58 MR. BROWNE, Q.C.: I guess through my question I'm  
59 trying to raise the level of awareness of some of the  
60 problems that the Board has to deal with, even though,  
61 according to Hydro here, the increase that they're seeking  
62 is revenue neutral or minuscule, I guess, but are you aware  
63 that in the Labrador isolated system the cost for fuel is  
64 about \$17 million and the revenue is about \$4 million  
65 collected and there's a \$13 million shortfall every year? Are  
66 you aware of that?

67 MR. CONDON: Yes, I've seen it in the documentation.  
68 Again that's not general knowledge that people have, but  
69 I did reference it in there that it was a 22 percent recovery  
70 in '87 for isolated and general and, see, that's a part of my  
71 argument. When you break that kind of stuff down, the  
72 regional and isolated and stuff like that, you're pitting,  
73 you're making a case, you know, that these are, you know,  
74 whether it's down in the southwest coast or whether it's up  
75 the Northern Peninsula or the Straits or wherever, is that,  
76 you know, these areas are a burden to us all and that, you  
77 know, man, what's happening? You know, we should  
78 collectivize everybody in St. John's and have one big  
79 happy, you know, rural city and, or urban city and heck  
80 with the rural. You know, I don't agree with that and I think  
81 that there should be efforts and responsibility on the hydro  
82 companies to address these needs by development of some  
83 rivers. I don't know. I mean, again these are questions for  
84 the Board but, I mean, there's lots of rivers up around Nain  
85 that could be tapped in there and get away from the diesel  
86 if that's what the, costs are so exorbitant. You know, put  
87 some money into it. Money was put into Bay D'Espoir, the  
88 money was put into putting a plant in Holyrood, and as I  
89 understand it in these diesel operations, the plant itself,  
90 cost recovery on the plant is what the big factor is, that just  
91 the distribution is more or less, pays for itself.

92 MR. BROWNE, Q.C.: Be curious as to who you would  
93 suggest should pay for this shortfall. I represent  
94 consumers on the island, consumers in Labrador,  
95 consumers in the rural part of the island, the integrated part

1 of the island, the integrated parts of Labrador and the  
2 diesel customers. Now we have a shortfall here and Hydro  
3 isn't proposing to collect all that shortfall but the money  
4 has to come from somewhere. Do you see yourselves  
5 making any contribution toward that over time?

6 (11:30 a.m.)

7 MR. CONDON: Well, my thing is, and, I mean, I'm sensitive  
8 to that concern and that need and we don't want to be  
9 played off against them, but, I mean, I guess the goal that  
10 I would think that all of Labrador would have is let's  
11 everybody in Labrador pay the lowest rate, which would be  
12 our rate, and, I mean, let's say that as a uniform rate for  
13 Labrador and you could have it for the island too for that  
14 matter, but certainly for Labrador because Labrador is  
15 where the power is, so all the excess power now that we,  
16 just selling off to Quebec, and I'm not sure if it goes into  
17 general revenue, but have that a dedicated money to pay  
18 for Labrador and let all of Labrador pay the lower rate and  
19 just say, look, the region, this region of our province, which  
20 is very poorly connected in terms of roads and  
21 transportation, I mean, we're still crying out to get Goose  
22 Bay to Cartwright connected, and this is 2000 and  
23 something, right. They put the Alaska Highway up in the  
24 '40s and we can't get around to putting a little section of  
25 road that will allow us to drive here and go over, down to  
26 the island instead of, you know, have to drive for a day  
27 down to Baie Comeau and then spend two more going  
28 down through Nova Scotia, and New Brunswick and Nova  
29 Scotia and a long six or eight-hour ferry ride to get home,  
30 so what I'm saying ...

31 MR. BROWNE, Q.C.: So it's your argument because the  
32 power is here ...

33 MR. CONDON: Yes.

34 MR. BROWNE, Q.C.: ... it's yours as of right. Is that what  
35 you're saying?

36 MR. CONDON: Well, what I'm saying is the power is being  
37 generated in Labrador and let's have, if you're going to  
38 have a uniform rate and all that kind of stuff, eliminate  
39 whatever grids you like and, you know, give everybody the  
40 lowest rate and let the money that's generated out of the  
41 excess power that's being sold to Quebec and whatever  
42 percentage of that it takes to give everybody the lowest  
43 rate, let it be done.

44 MR. BROWNE, Q.C.: I've heard the argument before, and  
45 some people have said to me, well, do the people of Florida  
46 get cheap oranges, do the people in Detroit get cheap  
47 vehicles, do the people in Bay D'Espoir get a reduced rate  
48 because they live next to the development?

49 MR. CONDON: Well ...

50 MR. BROWNE, Q.C.: I guess what's the answer to all of  
51 those, right?

52 MR. CONDON: Well, (inaudible) the people in Florida have  
53 the benefit of the sunshine and the people in Detroit have  
54 the benefit of being the centre of the access. The people in  
55 the north have little or no benefits at all. They pay high ...  
56 you know, I mean, listen on the news this morning. You  
57 guys came in on a flight yesterday. This morning in the  
58 news, Gladys Snow, who came up from the seniors, got up  
59 five o'clock, I don't know if any of you heard it on CBC, got  
60 up five o'clock and had to go to Deer Lake and fly into St.  
61 John's and wait for hours in the airport and then come back  
62 to get in here because she, you know, the connections, one  
63 of the flights have gone. We live with all kinds of hassles  
64 and, you know, I mean, you're all much better dressed and  
65 presentable today, not to say anything negative about you,  
66 but we live with that all the time.

67 MR. BROWNE, Q.C.: Don't be fooled. (laughter)

68 MR. CONDON: If we're going with something important ...  
69 (laughter) well, most of you. But we know from history  
70 that if you go with some important document to make a  
71 presentation, you don't leave it out of your hand, you don't  
72 put it on a rack or you don't put it anywhere else. You take  
73 it and hold onto it because if you let it out of your sight, it's  
74 likely be in Nunavut before you get to here. So all I'm  
75 saying is, and, you know, I've reared five kids here, we've  
76 sent them off to college, university, we paid an arm and a  
77 leg. As an ordinary citizen here, you know, we don't get  
78 the perks and benefits, we don't get access to the Company  
79 flights, we don't get the rates and stuff like that, so there's  
80 a lot of factors here. And, you know, I mean, there's 50,000  
81 from the island basically have been coming and going  
82 through here, and if you do the homework on the revenues,  
83 tax and income tax and sales tax and all that kind of stuff  
84 that's, you know, I mean, we're a big generator, benefit to  
85 our province, and, you know, we deserve the little bit of a  
86 perk that we're getting, and I don't like to be accused from  
87 the island or from anywhere else of being selfish and  
88 greedy, to want to keep it the way it is. As I said earlier,  
89 like Clemens said, the world owes you, Samuel Clemens, the  
90 world owes you nothing, it was here first, and so we owe  
91 nothing because the companies put the stuff here and  
92 Hydro just inherited it for a buck and leave it with us and if  
93 you want to harmonize, use your revenue that's being  
94 generated from the power thing or use your \$3 million. I  
95 don't know if it's \$3 million or something that comes out of  
96 that re-sale to the NATO Base over there. Use that and let  
97 that, designate that amount to go to take care of Nain and  
98 the north. They're ... I mean, they're isolated, they have no  
99 roads, they have no nothing. They're frozen up in the  
100 winter. Use something, yes, help them, let them realize that  
101 they're part of the province and valued and appreciated. I

1 mean, half them areas, they're isolated and they're suicidal  
2 and they're ... you know, they have horrendous problems  
3 and they need it, and, yes, we should be all looking at them  
4 and concerned about them because these are two regions,  
5 particularly Nain and Davis, who have the most social  
6 problems in the world, in the country, and we should be  
7 collectively doing something about it, and so if that stuff is  
8 generated in Labrador, let the benefit be first and foremost  
9 to the people of Labrador and all people of Labrador, not  
10 just the ones who got the best connections or whatever.

11 MR. BROWNE, Q.C.: Thank you, Mr. Condon, for your  
12 frankness, and your sincerity is obvious. Thank you very,  
13 very much.

14 MR. CONDON: Thank you, sir.

15 MR. NOSEWORTHY, CHAIRMAN: Not yet, Mr. Condon.

16 MR. CONDON: Oh, sorry.

17 MR. NOSEWORTHY, CHAIRMAN: There may be some  
18 other questions, if you don't mind. Ms. Mercer?

19 MS. MERCER: No questions, Mr. Chair. Thank you.

20 MR. NOSEWORTHY, CHAIRMAN: Board counsel?

21 MR. KENNEDY: No questions. Just a comment though,  
22 Mr. Condon. I just wanted to advise you that all the  
23 documentation that has been filed (inaudible) format on the  
24 Public Utility Board web site. I recognize the awkwardness  
25 though of accessing some of that on a dial-up from  
26 Labrador, which is ...

27 MR. CONDON: Tell us about it.

28 MR. KENNEDY: ... an example perhaps of another one of  
29 the shortcomings, as you described them, but I do know  
30 that Hydro, on request, can provide to you a CD to recall  
31 the documentation, on CD, and it will allow you to do  
32 keyword searches, for instance, and I think that you will  
33 find the answers to some, but not all, of your questions  
34 that you posed here today, if you went through the  
35 documentation in that manner. I know when you were  
36 raising some of your questions I just did a search because  
37 I have that information on my laptop and I found the  
38 answers to some of the questions that you were looking  
39 for, so I would certainly encourage you to do that.

40 MR. CONDON: Thank you.

41 MR. KENNEDY: That's all the comments I have, Chair.

42 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
43 Kennedy. Commissioner Powell?

44 COMMISSIONER POWELL: No questions.

45 MR. NOSEWORTHY, CHAIRMAN: Commissioner  
46 Saunders?

47 COMMISSIONER SAUNDERS: I had one question. Mr.  
48 Condon, your comments are very interesting. You  
49 obviously have some very deep concerns about this part  
50 of our province and the country. You made reference there  
51 a couple of times to a meeting which took place between  
52 Hydro, and I guess it was the Town ...

53 MR. CONDON: Uh hum.

54 COMMISSIONER SAUNDERS: ... back in June.

55 MR. CONDON: Uh hum.

56 COMMISSIONER SAUNDERS: Now June would have  
57 been subsequent to Hydro filing an application or filing  
58 this application that we're hearing presently. What was the  
59 subject of the meeting? What took place at that meeting?  
60 Was that an information meeting regarding the application?

61 MR. CONDON: Yes, sir, it was an information meeting.

62 COMMISSIONER SAUNDERS: And you attended it.

63 MR. CONDON: Yes. It was held in the chambers, Council  
64 chambers in Labrador City and there was three or four  
65 representatives present and this ... you know, they had a  
66 slide presentation ...

67 COMMISSIONER SAUNDERS: Yes.

68 MR. CONDON: ... and a hard copy, which I have, and  
69 that's basically what it was all about, and the intent was, it  
70 was more kind of a modus. It wasn't for debate, discussion,  
71 I think. I have my notes on it. I can refer to them, but that's  
72 probably not necessary, but the idea, the only thing that ...  
73 one of the things, I was reviewing this last night when I  
74 wrote my notes, is information overload where you come in,  
75 Joe Blow Citizen or Joe Blow Councillors, if you'd call us at  
76 that point, and you're sitting there and you have, you  
77 know, eight or ten, or three or four technical people come  
78 in and they put a million slides up and they give you all  
79 kinds of detailed and complicated scenarios and pictures  
80 and overviews and, I mean, we stayed with it to the extent  
81 that we could but it was, you know, it was fair ... they  
82 weren't there to debate or discuss or whatever. They were  
83 just saying it was Phase 1, I guess, a requirement of the  
84 process, notify the people who are being affected, here's  
85 the overview picture provincially and locally, and we're not  
86 here to debate or discuss other than to let you know that  
87 this is the process and here's our opening document, which  
88 is that.

89 COMMISSIONER SAUNDERS: Okay. And in that  
90 document or in that presentation, you were made aware,  
91 were you, of what the impact of the rate changes would be  
92 to this area?

93 MR. CONDON: Yes, sir. There was specific things in here  
94 regarding that. If you'd just ...

1 COMMISSIONER SAUNDERS: I don't want you to say  
2 what they were. I'm just asking if you were made aware.

3 MR. CONDON: Yes, we would ...

4 COMMISSIONER SAUNDERS: Yes, you were.

5 MR. CONDON: Yeah, we were ...

6 COMMISSIONER SAUNDERS: Is that what you're saying?

7 MR. CONDON: Yes.

8 COMMISSIONER SAUNDERS: Yes.

9 MR. CONDON: We were given reams and reams of charts  
10 and slides and presentations and breakdowns and, you  
11 know, what, depending on what you use. I mean, you  
12 know, you'd need about a month to absorb it and analyze  
13 it and you'd need somebody to help walk you through it to  
14 ...

15 COMMISSIONER SAUNDERS: Unfortunately that's the  
16 nature of the business.

17 MR. CONDON: I know, yeah.

18 COMMISSIONER SAUNDERS: It takes a long time to  
19 understand what it is, the various aspects of the  
20 application are all about.

21 MR. CONDON: Yeah.

22 COMMISSIONER SAUNDERS: But that's it and ... but I  
23 was wondering if, at that meeting you had where Hydro  
24 made the presentation, did you get an opportunity to ask  
25 the questions that you put forward here today?

26 MR. CONDON: Well, if I recall correctly, it was a broken  
27 play at the time, it was a hasty thing. They were kind of like  
28 you came in yesterday. You know, it was, there was sort of  
29 time constraints and there was, it was (unintelligible) in  
30 between the other meetings or something. I stand to be  
31 corrected by anyone who was present at it, but, you know,  
32 it was a lengthy presentation, a complicated detailed thing,  
33 but there was some question and answer opportunity and,  
34 you know, as part of it they had this May the 31st official  
35 statement. I have my notes on it. They ... May the 31st  
36 official statement there was about it, and talking about the  
37 rates and stuff like that.

38 COMMISSIONER SAUNDERS: Did you go away from the  
39 meeting understanding what it was Hydro was proposing  
40 in their application before this Board?

41 MR. CONDON: I went away from it, probably went away  
42 from it with the realization that if I didn't have a degree in a  
43 particular field I'd probably be relying on the good graces  
44 of someone else to tell me what it was all about, but I did  
45 make notes. This is a note I made in June. The  
46 householder was January, a 3.7 increase, July, a 3.4, which  
47 came out to 7.1, industrial rate was 10.4 in January and 7.4  
48 in July of 2002 for 17.8, and Newfoundland and Labrador,  
49 or Power, they had a 6.7 and a 5.6, came out to 12.6 (*sic*).  
50 You know, these kinds of statistical stuff were in there, I'm  
51 not denying that, and there was some, you know, clear  
52 stuff in there in terms of proposed structure and rates and  
53 so on like that, so, I mean, I guess I do have to apologize  
54 for my lack of capacity to absorb all that in a two-hour, an  
55 hour and a half presentation, but, you know, I had the right  
56 to go and the time to go and read it and I read it again last  
57 night for the second time.

58 COMMISSIONER SAUNDERS: You were a member of  
59 Council at the time, were you?

60 MR. CONDON: Correct, yeah.

61 COMMISSIONER SAUNDERS: And it was only the  
62 Council members that were there?

63 MR. CONDON: I understand they made a presentation to  
64 Wabush Council as well. It wasn't a joint one at that time  
65 because again it was divide and conquer in a sense, right.  
66 We were being told we're going up and they were being  
67 told you got a rebate coming.

68 COMMISSIONER SAUNDERS: And you are aware too  
69 that the Town of Lab City has registered with the Board as  
70 an intervenor in this matter ...

71 MR. CONDON: I was a strong proponent ...

72 COMMISSIONER SAUNDERS: ... and ...

73 MR. CONDON: ... of that.

74 COMMISSIONER SAUNDERS: Yes, okay. That's all I  
75 have, Mr. Chair.

76 MR. NOSEWORTHY, CHAIRMAN: Thank you,  
77 Commissioner Saunders. Commissioner Whalen?

78 COMMISSIONER WHALEN: No, I have no questions. I  
79 just want to thank you for your interest and your obvious  
80 concern for the issues that are before the Board, and I  
81 would note that I still don't have my luggage, as you can  
82 probably tell. I'm one of those.

83 MR. CONDON: It's only you and Bill left, is it?

84 COMMISSIONER WHALEN: Yeah. We're the "W's" on  
85 the list ...

86 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
87 Condon. I'd like to thank you for your presentation.  
88 Clearly you have a passion and a sincerity and an interest  
89 in the subject. I found the presentation most interesting,  
90 quite frankly, and there's a lot in your presentation which  
91 is food for thought directly as it relates to the application  
92 itself and other issues certainly that are of interest  
93 (inaudible) understanding in relation to the trials and

1 tribulations that you experience in this area of the province,  
2 and I thank you very much.

3 MR. CONDON: Thank you, Mr. Chairman ...

4 COMMISSIONER SAUNDERS: Thank you, Mr. Condon.

5 MR. NOSEWORTHY, CHAIRMAN: Could I ask Mr.  
6 McClatchie, please, to take the witness stand? Good  
7 morning, Mr. McClatchie ...

8 MR. McCLATCHIE: Good morning.

9 MR. NOSEWORTHY, CHAIRMAN: ... and welcome. Take  
10 the Bible in your right hand, please. Do you swear on this  
11 Bible that the evidence you are about to present is the  
12 whole truth, will be the truth, the whole truth and nothing  
13 but the truth, so help you God?

14 MR. McCLATCHIE: Yes, I do.

15 MR. NOSEWORTHY, CHAIRMAN: Thank you very much,  
16 and I'll ask you to continue with your presentation, please.

17 MR. McCLATCHIE: First of all, good morning, Mr.  
18 Chairman, and welcome to you and your Board and all of  
19 the visitors from outside of Labrador to Labrador West. As  
20 President of the Chamber of Commerce, we were made  
21 aware of the possibility of making this presentation only  
22 late yesterday, so unfortunately we don't have the hand-  
23 outs that some of the other people have been able to give  
24 you. On the other hand, we will issue, for the record, a  
25 letter of comments, based on today's presentation, along  
26 with the comments of the executive of the Chamber of  
27 Commerce.

28 Today's presentation basically is to focus on the  
29 business aspect of the impact of this rate increase. To be  
30 quite honest, this morning, right now, I feel like what, I  
31 have a flashback to my former naval officer days when  
32 preparing for exercises. When you get to the day of the  
33 exercises, 80 percent of that would be toppled and you'd  
34 have to readjust very quickly, and hearing Mr. Condon's  
35 and Mr. Collins' presentation, there will be, there will seem  
36 to be a lot of overlapping but I would like to give it the  
37 business overtone, if I may.

38 Before I get asked a question, I'm a resident of  
39 Labrador City for the last four years. I've originally worked  
40 out of Montreal. I've been working in Lab City for the last  
41 ten years and moved up here in late '97. I'm involved with  
42 a company that is worldwide in supplying major equipment  
43 to the mining communities, so I don't have a whole lot of  
44 experience as to the history, but point of views that I'm  
45 putting forth are shared and have been discussed with  
46 some of my executive in that it's a different, little bit of a  
47 different approach.

48 (11:45 a.m.)

49 The Chamber has been made aware of the rate  
50 increase through the newspapers and consultation with the  
51 Town's Council. Unfortunately we only have preliminary  
52 information that has been reviewed and there's some of this  
53 that we would like to validate in some cases, and I would  
54 like to start off with the comment that Mr. Young made  
55 earlier this morning. Unfortunately I wasn't able to be part  
56 of your debates yesterday, but where he mentioned at the  
57 onset that there was no, it was just a reclassification of  
58 customer and that there's no increase for Labrador West,  
59 and if I look on page ten of this document, the average  
60 domestic rate will increase by approximately 13 percent. So  
61 we're a little bit confused and we'd like to be able to clear it  
62 up, and you will well appreciate that as businessmen and  
63 representing business people, whether it be the industrial  
64 supply or the retail and anything in between, we'd like to  
65 have a very, a much clearer picture of exactly what's being  
66 presented. First of all, what are these different classes,  
67 what effect will each class have on each other and vice  
68 versa, how is that going to have a ripple effect, and  
69 probably continue the process that my colleagues have  
70 done earlier this morning of pursuing discussions and  
71 trying to persuade you that Labrador West should not be  
72 involved in any rate increase.

73 So I don't know you would like, Mr. Chairman, for  
74 me to get those answers or how should we go, because  
75 depending on the answers, then my presentation will take  
76 a different direction, or should ...

77 MR. NOSEWORTHY, CHAIRMAN: Well, I guess at this  
78 point in time, perhaps you should pose the questions and  
79 certainly if Hydro wish to respond to some of those, that's,  
80 again this is not a hearing in relation to cross-examination.  
81 I point that out.

82 MR. McCLATCHIE: Because what we have is that we're  
83 going from 24 classes to 6 classes. In there there are terms  
84 for which we're a little bit in the dark as to what the general,  
85 I understand, which is the lighting, the street lighting, the  
86 domestic rates. Does that involve just residential or the  
87 small businesses or businesses? The industrial, is that the  
88 large industrial, the industrial companies, or everybody  
89 that's in business supplying products and services to these  
90 mining companies? Basically that's the first question that  
91 we'd like to entertain and see how that has an impact on the  
92 cost of each local or separate class.

93 MR. YOUNG: I don't know if it's appropriate for me to  
94 interject with answers but it is somewhat complicated and  
95 I fully appreciate the confusion that exists about some of  
96 these things. If it gives any benefit at all, we're hoping  
97 going forward there'll be less. One of the problems we have  
98 in the Labrador interconnected system, even though we're  
99 not looking for an increase for the Labrador interconnected  
100 system, is that we have this problem of 24 rate classes and

1 not an awful lot of commonality amongst them in the way  
2 they're set up, and basic customer charges are the same,  
3 and there's essentially a history which is an explanation for  
4 that as to how we acquire these systems as opposed to a  
5 rational basis for their development. We're trying to move  
6 forward and give you a rational basis for the development  
7 of these classes. The first step is (inaudible), and, Mr.  
8 McClatchie, I'm not sure if I appreciate exactly what the  
9 question was you asked for. You had one specific one.  
10 You did mention some points which I understand were  
11 correct.

12 MR. McCLATCHIE: Well, the first thing is you're going  
13 from 24 to 6 classes.

14 MR. YOUNG: Yes.

15 MR. McCLATCHIE: Okay. In those six classes, how are  
16 they divided up? What makes the six classes? The no rate  
17 increase overall of these six classes, is it for Labrador or  
18 Labrador West?

19 MR. YOUNG: It's the Labrador interconnected system.

20 MR. McCLATCHIE: So it's not Labrador West.

21 MR. YOUNG: It's not just Labrador West. Essentially  
22 there was no significant rate increase for any particular  
23 region of the interconnect in Labrador. There is, however,  
24 as you mentioned, domestic customers in Labrador West  
25 will see increases, there's no doubt about that, and the  
26 guidelines that we used to try to keep these increases  
27 within certain bounds are the ways that we feel are an  
28 appropriate way of doing this and that's what we've  
29 proposed to the Board. But you're quite right, we cannot  
30 walk into this room and say there will be not or no  
31 customers in the Labrador interconnected system will see  
32 increases. That would be patently untrue.

33 Some of the other points you raised, and it's  
34 difficult to carry on an information session in this kind of a  
35 setting, but, for example, the term "domestic" relates to  
36 households, I mean, residential dwellings. There are then  
37 general service classifications which relate to non-  
38 residential dwellings, and they're, generally speaking,  
39 businesses, but not always. They can be other kinds of  
40 places, and industrial classes are generally larger, much  
41 larger groups. I don't know if that helps you.

42 MR. McCLATCHIE: Yeah, that does.

43 MR. YOUNG: I would think with, the basis of your  
44 appearance today, if you're here, you're probably not  
45 restricting yourself strictly to this, but if you're here on  
46 behalf of businesses, most of the people you represent  
47 would fall within the general service classification.

48 MR. McCLATCHIE: Okay.

49 MR. YOUNG: And I haven't looked at them but you might,  
50 you know, wish to see which of those are going up and  
51 down. I think it's fair to say, generally speaking, the  
52 general service groups are going to see decreases  
53 (phonetic). You know, the increase on the residential side,  
54 which we feel is necessary and we know it's unfortunate in  
55 the sense that an increase is always unfortunate, but just to  
56 rationalize these and balance these off, and the businesses  
57 we feel have not been charged appropriate rates and they  
58 will see decreases (phonetic).

59 MR. McCLATCHIE: Well that is already a clarification that  
60 was appreciated. Now, one of the things that I'd like to  
61 start off with is saying that if it wasn't for IOC in Lab City,  
62 Wabush Mines in Wabush, coming in as mining  
63 companies, we wouldn't have towns and we wouldn't have  
64 what we have as far as infrastructure for power. When  
65 these companies came in at the time, the way of going  
66 about business was basically to create a town to build  
67 every infrastructure that was required in a remote area to  
68 make life as easy and as affordable and as, with all and  
69 everything that, the amenities that people would want, to  
70 attract people to these communities in order to be able to  
71 get the mines up and working. Over the ages, the years,  
72 that has been ongoing. We now very well know that in  
73 today's society we will see very little of these mining  
74 towns, as we call them. We'll have more fly-in and fly-outs,  
75 for that specific reason of the cost associated to  
76 infrastructure amongst other things.

77 The point I want to make here is that one of the  
78 key bargaining tools to entice people to come up here, even  
79 if we do have a road coming in from Baie Comeau that's  
80 been there for about a decade, and that we now have a road  
81 going to Goose Bay since the last seven or eight years, we  
82 still encounter the effects of remoteness. The problem is,  
83 is that when we look at what we have and what we receive  
84 as goods and services here, and I for one travel a lot, go  
85 back to Montreal, go back to Sept Iles, go back to the  
86 island, wherever it is, and realize that we're a far cry ... it's  
87 better than it was but it's a far cry than what is out there, so  
88 to entice people to come in here and to work with the  
89 mining companies, it makes it very difficult to do so if we're  
90 going to increase rates, domestic rates and ultimately at  
91 some point in time industrial rates, because it's our firm  
92 conviction that we pay in Labrador West the total cost of  
93 production, distribution and return on investment. Why?  
94 Well, very simply because IOC basically built Twin Falls,  
95 and as Mr. Collins very, said it very well, gave it back to  
96 Hydro for \$1, so all of a sudden you've increased revenues  
97 and it hasn't cost you very much to buy it or get it up and  
98 running, alright.

99 Now, I realize one of the driving forces behind this  
100 rate increase, as stipulated on page six (phonetic), is the

1 primary driven by a dramatic increase in the Bunker C or  
2 diesel. I don't know if it's for the plant-generated power  
3 from, for the north shore of Labrador.

4 MR. YOUNG: No, it's ... that's, if I understood your point,  
5 and this is something which is an important distinction  
6 between the cost changes in Labrador and those on the  
7 island, there is a large component of increase in the island  
8 which relates to the cost of Bunker C, No. 6 fuel, burned at  
9 Holyrood. Because the interconnected Labrador system is  
10 dealt with separately than the interconnected island  
11 system, there's no transfer of those costs up here.

12 MR. McCLATCHIE: So basically what we have though is  
13 that we're trying to cover the costs associated to supplying  
14 power to the people on the north coast. We're trying to  
15 have a harmonized way of generating revenues in order to,  
16 those that have or seemingly have the capacity of  
17 increasing their rates and able to offset some of the costs  
18 associated to providing electricity to some more remote  
19 areas, i.e. the north shore.

20 MR. YOUNG: Yeah. It's a ... Mr. Chairman, I apologize for  
21 jumping in but I'm trying to be helpful. I think one of the  
22 things Mr. McClatchie is, you're stumbling into an area that  
23 you know, you understand our terminology is a little  
24 different, and I'm concerned that we may be like ships  
25 passing in the night here for that reason. Mr. Browne was  
26 examining some of the other witnesses on this point, that  
27 there are areas along the Labrador coast, and several places  
28 around the island also, which are served by isolated diesel  
29 systems and they don't have any, (inaudible) they're not  
30 hydroelectricity. They could use it if they wish to, and  
31 their costs are higher, and that results in a deficit that  
32 Hydro passes on to Newfoundland Power and to its  
33 interconnected customers in Labrador, and if that's what  
34 you're alluding to ...

35 MR. McCLATCHIE: Yeah.

36 MR. YOUNG: ... then you're correct on that, but ...

37 MR. McCLATCHIE: Okay.

38 MR. YOUNG: ... I just wanted to make sure that the  
39 terminology ...

40 MR. McCLATCHIE: Yeah.

41 MR. YOUNG: ... is a little different, yeah.

42 MR. McCLATCHIE: Okay. Well, the impact, what we're  
43 trying to do here is basically trying to promote Labrador  
44 West, okay, as being an area that is good to come to work  
45 in, and also to promote attracting new industry. Iron ore,  
46 the iron ore business, the steel business, is basically very  
47 slow right now, very sluggish. The markets are very  
48 sluggish and the downsizing of all the mining companies,  
49 they are not in a position to, and where they're trying to be

50 cost-efficient and be competitive in the world market,  
51 they're in no position right now to suffer or to be able to  
52 carry the burden of increased rates, not for themselves as  
53 a company but all those that are under contract with them,  
54 if the rates are to be increased, these rates will be paid by  
55 the Company, therefore increasing expenditure, therefore  
56 making them less viable on the markets.

57 If we look at the demographic of Labrador West,  
58 back in 1996 for every employee employed within a mining  
59 company there was 2.3 workers that were employed in the  
60 retail service sector. As mining ... for the most part the  
61 sector would pay, is being paid a lot less than what the  
62 mining industry pays their employees. Since the '96  
63 census, this ratio has been increasing. As we see the  
64 downsizing of the mining companies, as we see for  
65 economic reasons as to make themselves more cost-  
66 efficient, but also a lot of employees or a lot of things are  
67 being subcontracted or will be subcontracted out, therefore  
68 making that ratio a lot higher, therefore making the  
69 capability of the population of Labrador West lower, its  
70 financial capabilities less than what it was ten years ago,  
71 and these, this income, this disposable income or reduce,  
72 reduction in disposable income, makes it more difficult on  
73 businesses here for several reasons, is that there's less  
74 money to spend and whatever monies that are spent today  
75 with today's technology of E-bay, internet purchasing and  
76 all the different possibilities of going out of town and  
77 getting produce and services, puts an onus on the local  
78 businesses to try to be as competitive, as cost-efficient and  
79 as, and quality end service of everything they do, and to  
80 increase their rates ultimately through the consumers rate  
81 increase or lack of availability of cash flow will, where they  
82 will suffer enormously.

83 (12:00 p.m.)

84 There was mention of the social responsibility that  
85 we should try to take into account when we're saying no to  
86 this rate increase, and I think that anything that revolves  
87 around a social responsibility should be up to Government  
88 to entertain it because they have some means of being able  
89 to have resources allocated to taking care of these social  
90 problems that some of our fellow Labradorians are  
91 encountering.

92 As it was proposed by both Mayors of Labrador  
93 City and Wabush, the energy tax scenarios for all  
94 customers and all users of electricity produced in the  
95 province, we could share in that way. I mean, we're, we  
96 agree with the towns, is that that is something that should  
97 be entertained by Government and is probably outside of  
98 this forum, but nonetheless when we look at where you ...  
99 what we're trying to do is to get those increased revenues.  
100 Well maybe instead of knocking on the consumers' heads  
101 and trying to get him to foot the bill, maybe we could try to



1 work out, outside the box, and try to look at some creative  
2 ways of doing it, i.e. if we have one of the lowest, if not the  
3 lowest rates in North America, that should be something  
4 that should entice companies to come into Labrador West  
5 and establish themselves, which will create employment,  
6 will generate taxes, and possibly through those taxes and  
7 employment and taxes on their employees and the use of  
8 electricity, generate enough revenues to attain the goals  
9 that probably Hydro is pursuing right now. It just seems  
10 that it's a lot more effort, and this is seen through the eyes  
11 of a layman, a lot more effort on behalf of Hydro to go that  
12 route or try to get Government to pursue other avenues.  
13 It's a lot easier for them to come down on the consumers  
14 and say this is how much it's going to cost you now, and  
15 unfortunately that's not the case and basically what my  
16 colleagues and town representatives have been doing  
17 since yesterday is basically telling you the same thing.  
18 We're not denying Hydro's right to increase their revenues  
19 but we're just contesting where it's going to be coming  
20 from, in a nutshell.

21 I think that we should have a look at how we can,  
22 Labrador can access the re-call of the 130 megawatts and  
23 how we can turn that, and where presently we have about  
24 \$30 million a year that are going through some, through the  
25 province's coffer, there's something that could be done  
26 there.

27 The fact that we're close to Labrador, to Churchill  
28 Falls, I mean, some people see it as, well, because you're  
29 close you should pay less. No, I don't think so, that's not  
30 the point. I think just because of what was built prior to  
31 Hydro taking over that we should still benefit from it.

32 One other thing that I would encourage and I  
33 would say I would close off with this basically, is that  
34 Hydro should, instead of coming and requesting a rate  
35 increase, should maybe look at itself as an energy provider  
36 and go out and take a proactive role in marketing its power  
37 to attract new industry, therefore bringing possibly much  
38 more than what we can bring, because all you're doing is  
39 basically spreading out the costs over about 8,000 or 10,000  
40 people, while if you brought in major industry you'd have  
41 enormous possibilities, and as Premier Grimes mentioned  
42 during a luncheon event that we had in August, is that  
43 there are different avenues out there that could generate  
44 enormous revenues and for the province and for Hydro,  
45 and I would appreciate Hydro possibly pertaining,  
46 entertaining those avenues instead of taking the easy way  
47 out as far as we're concerned in passing the buck to the  
48 consumers.

49 I thank you for this opportunity, Mr. Chairman,  
50 gentlemen, ladies, and open to any questions.

51 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.

52 McClatchie. Does Hydro have any questions?

53 MR. YOUNG: No, I've interrupted enough, thanks, Mr. ...  
54 thank you, Mr. McClatchie.

55 MR. NOSEWORTHY, CHAIRMAN: Thank you.  
56 Newfoundland Power?

57 MR. HAYES: Thank you, Mr. Chair. No questions. Thank  
58 you, Mr. McClatchie.

59 MR. NOSEWORTHY, CHAIRMAN: Mr. Browne?

60 MR. BROWNE, Q.C.: Just one question. Sir, I gather from  
61 your comments that you are confused concerning if there  
62 is a rate increase, whether or not there is going to be a rate  
63 increase, does it apply here to people in Lab City and  
64 Wabush, is that fair?

65 MR. McCLATCHIE: Well at the onset, the opening  
66 remarks, it was mentioned that there would be no rate  
67 increase overall for Labrador West, but he said Labrador  
68 West or Labrador as a whole. Now, going from 24 to 6, and  
69 there's revenues being generated somewhere, who is going  
70 to be carrying the burden of that excess rate? Is it the  
71 domestic, which is now, I understand, is the residential, or  
72 what we represent, the businesses? But in either way,  
73 whoever foots the bill, business is going to suffer.

74 MR. BROWNE, Q.C.: Do you recall getting an insert in  
75 your own ...

76 MR. McCLATCHIE: No, because I don't deal with those  
77 things. I take ... business-wise I have people that care of it  
78 and at home I have somebody else taking care of it.

79 MR. BROWNE, Q.C.: You didn't see ... are you satisfied  
80 that you know now, having heard Hydro's answers, that  
81 there would be some adjustment in domestic rates? Do you  
82 realize that?

83 MR. McCLATCHIE: Oh, I understand that. I just needed  
84 clarification on behalf of our group for which we haven't  
85 had proper representation on what we can bring back to  
86 our members and tell them what's going on.

87 MR. BROWNE, Q.C.: Generally is it the practice of your  
88 members to pass on any increase that they might have onto  
89 their customers? Is that the practice?

90 MR. McCLATCHIE: Are you a businessman?

91 MR. BROWNE, Q.C.: Yes. So the answer is yes?

92 MR. McCLATCHIE: Yes.

93 MR. BROWNE, Q.C.: Thank you very much, sir.

94 MR. McCLATCHIE: Thank you, sir.

95 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.  
96 Browne. Counsel?

1 MS. MERCER: No questions. Thank you, Mr. Chair.

2 MR. NOSEWORTHY, CHAIRMAN: Oh, I apologize ...  
3 excuse me, Mr. ...

4 MR. McCLATCHIE: Oh, sorry.

5 MR. NOSEWORTHY, CHAIRMAN: We're not quite  
6 concluded here yet. We may be ...

7 MR. McCLATCHIE: I'm so sorry.

8 MR. NOSEWORTHY, CHAIRMAN: We may be in a  
9 couple of minutes.

10 MR. McCLATCHIE: I'm so sorry, excuse me.

11 MR. NOSEWORTHY, CHAIRMAN: No, that's fine. Ms.  
12 Mercer, I'm sorry, do you have any questions?

13 MS. MERCER: No, I have no questions. Thank you, Mr.  
14 Chair.

15 MR. NOSEWORTHY, CHAIRMAN: Counsel?

16 MR. KENNEDY: No questions, Chair.

17 MR. NOSEWORTHY, CHAIRMAN: Commissioner Powell?

18 COMMISSIONER POWELL: No, I have no questions.

19 COMMISSIONER SAUNDERS: Just one question, Mr.  
20 Chair. Mr. McClatchie, how large is your Chamber of  
21 Commerce in terms of membership?

22 MR. McCLATCHIE: Basically we represent about 150  
23 some odd businesses in town.

24 COMMISSIONER SAUNDERS: And when you say in  
25 town you're talking both towns?

26 MR. McCLATCHIE: Yes.

27 COMMISSIONER SAUNDERS: But only both towns.

28 MR. McCLATCHIE: Labrador West ...

29 COMMISSIONER SAUNDERS: Lab City and Wabush.

30 MR. McCLATCHIE: Lab City and Wabush.

31 COMMISSIONER SAUNDERS: Right. About 150.

32 MR. McCLATCHIE: Roughly.

33 COMMISSIONER SAUNDERS: I see. What portion of the  
34 total number of businesses would that represent, do you  
35 have any idea?

36 MR. McCLATCHIE: I would say, I won't want to be  
37 quoted on it, but I would say about anywhere between 40  
38 and 60 percent.

39 COMMISSIONER SAUNDERS: Okay. Are there other ...  
40 well, I know there are but you would know better than I  
41 would. Are there other service clubs and so on in the area

42 here that would represent businesses and so on?

43 MR. McCLATCHIE: Not as such. Not with its prime focus  
44 on promoting business and defending businesses' rights,  
45 if you want.

46 COMMISSIONER SAUNDERS: So the Chamber is the  
47 main ...

48 MR. McCLATCHIE: Yes, it is.

49 COMMISSIONER SAUNDERS: ... body. Okay. Thank  
50 you, Mr. McClatchie.

51 MR. McCLATCHIE: Thank you.

52 MR. NOSEWORTHY, CHAIRMAN: Commissioner  
53 Whalen?

54 COMMISSIONER WHALEN: No questions. Thank you  
55 very much.

56 MR. NOSEWORTHY, CHAIRMAN: Mr. McClatchie, Mr.  
57 Saunders asked one of the questions I had. Relating to 150  
58 members, how many of those would be directly providing  
59 services to the mine versus the service industry?

60 MR. McCLATCHIE: Well, we're in ... we're right now  
61 revamping the Chamber's structure and I wouldn't be able  
62 to give you a very definite or very good answer on that  
63 right now, but what we have done is that we have created  
64 what we call an industrial arm or committee of the Chamber  
65 and we're in basically a blitz right now to get everybody  
66 that works directly to the, with the mining companies to be  
67 on board. Now, you have several types of, call it suppliers  
68 to the mining companies. You have restaurants that bring  
69 in meals for people that are doing overtime, and you have  
70 at the other end of the spectrum, like my company and  
71 some of the companies that supply major components,  
72 whether it be the trucks out at the mine, the drills out at the  
73 mine, the mills themselves, and any process equipment, and  
74 you would have an array of everything in between, from  
75 the paper clip to the computer wizard to consultants. You  
76 would all have that. You have representatives of every part  
77 of what a mine would need in town.

78 MR. NOSEWORTHY, CHAIRMAN: I asked this yesterday  
79 of a couple of people and primarily I think the answer in  
80 respect of the residential customers relating to the  
81 reliability and quality of service, how do your members feel  
82 about the reliability and quality of service from, on the  
83 business side of things?

84 MR. McCLATCHIE: It's interesting that you bring that up  
85 because I wasn't sure if I should bring it up at this forum,  
86 but we find that the lack of, how would I say it, being in  
87 tune or in touch with the business community from Hydro  
88 is a bit lacking. It's only recently that when they decide to  
89 do some work on some of their equipment, they do it during

1 the day, which causes power outages, amongst other  
2 things, in the Wabush industrial park that puts us out of  
3 work for two, three, four hours a day, and because of, as  
4 you well know, today everything being mechanized and  
5 computerized and everything, well people are not able to be  
6 in a position to perform their duties, so what does the  
7 employer do, sends them home, keeps them there and has  
8 them do something else and pays for it? How does he  
9 respond to customer requirements that either come through  
10 e-mail, faxes or even telephones? Does that mean that  
11 every business town has to have a power generator or  
12 some kind of a backup system to enable him to continue  
13 business? And it's only in the last couple of events, after  
14 bringing forth this situation, that now we get calls saying  
15 that this is what they're going to do and we suggest  
16 strongly that they do it outside of normal business hours,  
17 whether it be in the evenings or early in the morning. I  
18 understand there is a problem with doing it early in the  
19 morning because of the airport, the proximity of the airport.  
20 I realize that there is overtime to be paid if it's going to be  
21 done on the weekends and things like that and even in the  
22 evenings, but we have to look at who's servicing whom.  
23 Are the ... are we bringing money to the Hydro's coffers or  
24 is the Hydro's coffer, or is Hydro supplying a service and  
25 a product to its customers, and that's my main concern  
26 when it comes to that, quality of service. It's only recently  
27 that we've been able to, at least once that I remember, that  
28 we really got phone calls and saying this is what we're  
29 going to do and try to be finished by the beginning of the  
30 working day, but prior to that ... I understand that there  
31 have been situations which required immediate  
32 intervention, and that's understandable, but things that  
33 could be done outside the normal scope of daily work, we  
34 find that we are penalized at times, so that's an extra cost to  
35 us.

36 MR. NOSEWORTHY, CHAIRMAN: Sure. That's all the  
37 questions I have, Mr. McClatchie. Thank you very much  
38 for ...

39 MR. McCLATCHIE: Thank you.

40 MR. NOSEWORTHY, CHAIRMAN: Thank you.

41 MR. McCLATCHIE: Anybody else?

42 MR. NOSEWORTHY, CHAIRMAN: That brings to, these  
43 proceedings here in Labrador West to a conclusion. I  
44 would make the point again that there's ... I would make the  
45 point again that there's opportunity for letters of comment  
46 to be made between now and the conclusion of the hearing  
47 and certainly if anybody would wish to do that, either  
48 today, you may talk with Ms. Blundon after the conclusion  
49 of this meeting here or indeed later on at any time. She  
50 would provide you with the information to enable you to  
51 do that.

52 I would like to thank everybody for their  
53 presentation. Certainly they've been most interesting and  
54 will provide us with food for thought over the next coming  
55 weeks, in addition to listening to other expert evidence and  
56 testimony, and indeed will assist us greatly, I'm sure, in  
57 making our final decision and rendering orders on the  
58 application itself. So I thank you for your participation and  
59 taking the time out of your schedules and all the best.  
60 Thank you.

61 (12:15 p.m.)

62 (hearing adjourned)