

1 *Happy Valley-Goose Bay, Newfoundland*

2 *(9:45)*

3 MR. NOSEWORTHY, CHAIRMAN: Good morning,
4 everybody. Perhaps we could get started. My name is Bob
5 Noseworthy and I'm Chair and CEO of the Public Utilities
6 Board. I apologize, first of all, for the short delay this
7 morning, but I think the room had to be restructured and
8 revamped this morning after yesterday. I believe there was
9 something else that went on here last night. So our
10 apologies for that. I'd like to welcome everybody here,
11 especially those people from the Happy Valley-Goose Bay
12 area and other parts of Labrador, the coastal communities,
13 indeed, who have taken the initiative today to attend this
14 hearing, either on their own behalf, or indeed, on behalf of
15 other interested parties and individuals in your respective
16 communities. This is the second day of our public hearings
17 here in Happy Valley-Goose Bay. And we had a full and
18 interesting day yesterday. We had presentations primarily
19 from the north coast of Labrador and those presentations
20 certainly were frank and candid and very sincere about the
21 impact of the application in those particular communities.
22 And certain, I think, there were other comments as well,
23 that had nothing to do with the application that were frank
24 and candid and sincere. And we look forward to no less
25 sincerity and frankness today. For purposes of this
26 hearing I, as well, serve as the Chair of the Panel who have
27 responsibility to hear the application from Newfoundland
28 and Labrador Hydro.

29 And before we begin I'd like to introduce my
30 colleagues. On the far right is Commissioner Don Powell,
31 who is a businessman from the Stephenville area. To my
32 immediate right is Commissioner Fred Saunders, who is a
33 retired businessman, lives in St. John's. On my immediate
34 left is Commissioner Darlene Whalen who is Vice-Chair of
35 the Public Utilities Board. And I'd also like to introduce, on
36 the table on the right here, legal counsel, Board counsel
37 Mr. Mark Kennedy and Board secretary, Ms. Cheryl
38 Blundon.

39 And I would, perhaps, before we begin, before I
40 begin, ask the other parties, Hydro, the Applicant and other
41 registered intervenors to introduce themselves and indicate
42 in what capacity they are participating in the hearing
43 please. I'll begin with Hydro.

44 MR. YOUNG: Thank you, Chair. My name is Geoff Young.
45 I'm legal counsel with Newfoundland and Labrador Hydro.
46 To my far left is Mr. Sam Banfield, Director of Customer
47 Services. To my immediate left is Mr. Bill Wells, President
48 and Chief Executive Officer. To my right is Mr. Paul
49 Hamilton, he's our Regulatory Specialist.

50 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
51 Young. Newfoundland Power please.

52 MR. HAYES: Good morning, Chair. My name is Gerard
53 Hayes. I'm counsel to Newfoundland Power Inc., registered
54 intervenor in this proceeding. And to my right is Mr. Kevin
55 Fagan, Customer Service Specialist for Newfoundland
56 Power.

57 MR. NOSEWORTHY, CHAIRMAN: Thank you, very
58 much, Mr. Hayes. Consumer Advocate, please?

59 MR. BROWNE, Q.C.: My name is Dennis Browne. I'm the
60 government appointed Consumer Advocate to represent
61 domestic consumers of electricity and others. Thank you.

62 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
63 Browne. Mr. Peck?

64 MR. PECK: My name is Dennis Peck, and I'm an intervenor
65 and I'm with the Town of Happy Valley-Goose Bay.

66 MR. NOSEWORTHY, CHAIRMAN: Thank you. Other
67 registered intervenors to this hearing are the industrial
68 customers which comprise the North Atlantic Refining
69 Company and the three paper mills in the province, and as
70 well, Labrador City is also a registered intervenor to these
71 proceedings, and neither one of those parties are here
72 today.

73 The reason the Panel is here in Happy Valley-
74 Goose Bay today is to listen to public input and comment
75 on the application of Newfoundland and Labrador Hydro
76 for a general rate review. Pursuant to the Public Utilities
77 Act, Hydro are seeking approval to increase rates to be
78 charged for the supply of electricity to its retail customer,
79 Newfoundland Power, and its rural customers. In addition,
80 the application is requesting approval of rates, as well as
81 terms and conditions of contracts governing the supply of
82 electricity to Hydro's industrial customers. I referred to
83 those a moment ago. Finally, in this application Hydro are
84 also seeking approval of their 2002 capital budget.
85 Essentially, this application affects every consumer of
86 electricity in the province, be they householders, small
87 business, industry, be they living in rural or urban
88 communities, the application will impact the rates each will
89 pay for electricity in the future. It is with this in mind that
90 the Board scheduled, in consultation with Hydro and other
91 registered intervenors here, a series of public participation
92 days in various locations throughout the province. These
93 public participation days are designed to provide the
94 opportunity for individuals and organizations, be they
95 municipal counsels, economic development associations,
96 chamber of commerce, service clubs or others to make their
97 views known directly to the Panel on matters contained in
98 the application which affect them. These public
99 participation days have been scheduled for St. Anthony,
100 we were there earlier in the week. Labrador west. We've
101 held two days in Happy Valley-Goose Bay. And we will be
102 travelling to Stephenville, Grand Falls and we'll be holding

1 a day or two in St. John's next week.

2 For those of you here this morning who many not
3 be familiar with the role of the Public Utilities Board and the
4 process we employ in hearing a rate application, I'd like to
5 take a brief moment to explain who we are and, indeed, what
6 we do. The Public Utilities Board is a quasi judicial
7 independent agency which is established under and
8 derives its authority from provincial statutes and
9 legislation, primarily the Public Utilities Act and the
10 Electrical Power Control Act. The Board has an obligation,
11 under this legislation, to regulate electric utilities operating
12 in the province, and this includes Newfoundland and
13 Labrador Hydro. The full Board of Commissioners has a
14 compliment of three fulltime commissioners and six part-
15 time commissioners and also includes ten staff. And the
16 four of us here on the Panel have been appointed from that
17 group of nine commissioners to hear this particular
18 application. In accordance with our legislative
19 responsibilities this Panel has a duty to hear the evidence
20 presented by the Applicant, Hydro, and other interested
21 parties, and at the end of the process render a fair and
22 equitable decision. The statutes require the Board to make
23 rate decisions that are reasonable and just and not
24 discriminatory. The legislation requires that the utility be
25 allowed to earn a just and reasonable financial return. The
26 legislation also dictates that power be delivered to
27 customers in the province at the lowest possible cost while
28 ensuring safe and reliable service. In fulfilling its statutory
29 responsibilities the Board must protect the interests of all
30 parties, including producers, retailers and consumers of
31 electricity. In doing this, we must also be sensitive and
32 strive to balance the interests of each class of consumer,
33 whether they be households, business, industries, both
34 small and large users of electricity.

35 Having described who we are and why we are here
36 this morning, I would like to spend another brief moment,
37 perhaps, explaining the process itself, what has occurred to
38 this point and what can be expected resulting from this
39 process. The application was submitted by Hydro on May
40 the 31st of this year, following which a notice of public
41 hearing was advertised throughout the province. A pre-
42 hearing conference was held on July the 5th, at which time
43 registered intervenors were identified and various times
44 and dates and other procedural matters were set. Following
45 this there were a number of other motion days that were
46 held throughout the summer to indeed fine tune the rules
47 and procedures, and these are contained in specific orders.
48 In addition to this preliminary ... this preliminary process
49 also allowed for questions to be asked by one party of
50 another and responses to be prepared and circulated
51 among all the parties. Also, pre-filed evidence of any
52 expert witnesses engaged by a party has been filed and
53 distributed to everybody. To give you some idea of the

54 volume of material pre-filed to date, it comprises close to 50
55 rather large binders, and indeed, is growing on a daily
56 basis. Following the preliminary work that went on during
57 the summer, the public hearing itself began on September
58 the 24th, and during this phase each of the parties had the
59 opportunity to question company witnesses and their
60 experts, and in turn, present the views of their own experts,
61 which will also be subject to cross-examination by the other
62 parties. The process involves one of examining, evaluating
63 and questioning the large quantity of information and
64 testimony presented. The purpose is to ensure that all the
65 necessary evidence required to reach a determination on
66 rates and other matters contained in the application are
67 placed before the Panel. The process will enable the Panel
68 to assess all the issues covered by the application and
69 render a fair and equitable decision that will serve to
70 balance, in the best manner possible, the interests of all
71 stakeholders. The public hearing is expected to conclude
72 in early December, following which a report will be prepared
73 by the Panel containing a series of orders on rates and
74 other related matters relevant to the application.

75 The part of the process we are engaged in here
76 today, as I indicated earlier, will provide the opportunity
77 during these public participation days for persons and
78 organizations throughout the province to provide public
79 input and comment on proposed rate increases and other
80 issues arising from the application. This can be done in
81 two ways, either by oral presentation, which will be heard
82 today, or indeed, by letter of comment which can be filed
83 today, or indeed, at a later date. This can be done by
84 simply contacting the Board's secretary, Ms. Blundon here
85 to my right, and she will provide all the information
86 concerning addresses and deadlines for submission of
87 letters of comment. All the oral and written material
88 submitted by individuals and organizations will form a part
89 of the public record. The information gathered here today,
90 along with the letters of comment, will combine with the
91 documentation resulting from the formal proceedings and
92 will form the total body of evidence which will be
93 considered by this Panel in registering its final decision. So
94 what you say here today will be heard and carefully
95 examined by the Panel in issuing its orders.

96 Before we begin there are a couple of other
97 matters. I will ask Hydro to just make some brief opening
98 comments in a moment which will hopefully provide a little
99 bit better focus for the application itself. The proceedings,
100 as well, are being recorded under the supervision of the
101 Board's secretary, Ms. Blundon, and will be subsequently
102 transcribed for the public record. In addition, presenters
103 will also be sworn in to make this a part of the body of
104 evidence before the Board. The Board's main goal is,
105 indeed, to get the facts on the record in a way that is
106 convenient to the parties and in the public interest. Now,

1 while I recognize this may appear a little formal, above all
2 else, we are here today to listen to your views and
3 comments and we want you to express them in a way that
4 you feel most comfortable. We do have eight presenters
5 today which I'll be calling to the witness table in just a
6 short time. We will probably break around 11 for a short
7 break of ten minutes and we'll, I think, play it by ear in terms
8 of the lunch break. We'll see how we proceed throughout
9 the morning. Before we move on I'll ask Mr. Kennedy to
10 provide information on preliminary matters before us,
11 please, Mr. Kennedy?

12 MR. KENNEDY: Thank you, Chair. I'll call the formal
13 cause. In the matter of the Electrical Power Control Act,
14 1994 and the Public Utilities Act and in the matter of an
15 application by Newfoundland and Labrador Hydro for
16 approvals of: (1) Under Section 70 of the Act, changes in
17 the rates to be charged for the supply of power and energy
18 to its retail customer, Newfoundland Power, its rural
19 customers and its industrial customers. (2) Under Section
20 71 of the Act its rules and regulations applicable to the
21 supply of electricity to its rural customers. (3) Under
22 Section 71 of the Act, the contract setting out the terms and
23 conditions applicable to the supply of electricity to its
24 industrial customers. And (4) Under section 41 of the Act,
25 its 2002 capital budget. I can confirm, Commissioners ...
26 Chair and Commissioners that the appropriate notices for
27 the public hearing, as well as for the public presentation
28 days have been issued and that this is properly
29 constituted.

30 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
31 Kennedy. I want to ask Mr. Young, on behalf of Hydro, to
32 have some opening comments, please, on the application?

33 MR. YOUNG: Thank you, Chair. This is Hydro's first
34 general rate proceeding since 1991, '92, and it's Hydro's first
35 rate application under the Public Utilities Act, one in which
36 Hydro is coming before the Board, and the Board has full
37 jurisdiction to set its rates and also determine its capital
38 budget.

39 There are a number of issues before the Board in
40 this hearing which affect essentially everyone's rates in the
41 province. I'll briefly list them: Hydro's 2002 capital budget;
42 adjustment to preferential rates paid by some customers,
43 some of those customers in Hydro's isolated diesel
44 generation communities; and the consideration by the
45 Board of an appropriate financial and capital structure for
46 Hydro.

47 At present, Hydro is proposing a very modest
48 margin of profit, a return on equity of only three percent.
49 It should be understood that this is an interim measure
50 intended to avoid a larger rate increase at this time. In the
51 future, Hydro will be proposing a return on equity that is

52 conducive, over the long term, of retaining for Hydro a
53 sound financial position and sound credit rating so that it
54 can attract the capital needed to carry on the business of
55 the utility. Retaining a sound financial position is required
56 of Hydro and is required of this Board by the governing
57 legislation, the Public Utilities Act and the Electrical Power
58 Control Act.

59 By way of explanation of some of the other issues,
60 a key component of Hydro's cost structure on the island
61 part of the province is the price of Bunker C oil burned at
62 Holyrood. The price of this oil is part of the cost structure
63 for the interconnected region on the island, and it was last
64 set by this Board in 1992. At the time the oil was much
65 cheaper. It was about \$12.50 a barrel and the base rate was
66 set at that rate. The rate for oil since that time has
67 approached \$40 a barrel at some occasions, and that is,
68 indeed, one of the main reasons that the application is
69 required at this time.

70 Hydro's isolated diesel system customers ... and I
71 should clarify something here. I remember when we did the
72 Royal Inquiry four or five years ago someone brought me
73 to task on this. When we say "isolated diesel systems"
74 we're referring to the diesel systems, not the ... in an
75 electrical sense, not the communities themselves being
76 isolated, because some of them, of course, aren't. But
77 those systems and the customers on them, whether they're
78 on the coast of Labrador or on parts of the coast of
79 Newfoundland and some of the islands around
80 Newfoundland, they pay the same for the first 700 kilowatt
81 hours per month as to Hydro's interconnected customers
82 on the Island of Newfoundland and Labrador ... on the
83 Island of Newfoundland. This 700 kilowatt hour block per
84 month is referred to generally as the lifeline rate, and that
85 may be how it's referred to later this morning by some of
86 the people here. The consumption over the 700 kilowatt
87 hour per month level is priced at higher rates. These rates
88 which have been set by the Board in accordance with the
89 power policies of the Province set by government follow
90 the rates set for the customers on the island interconnected
91 system. This means that if prices on the island
92 interconnected system go up or down the rates paid by
93 Hydro's isolated rural customers go up or down, as the
94 case may be, by the same average amount. So there is a
95 connection to the rates paid by Hydro's rural isolated
96 customers and those paid by Hydro's island interconnected
97 customers. This is why there will be an increase
98 attributable to one component of Hydro's rate structure on
99 the island. And this increase only pertains to the lifeline
100 block. But there will be an increase in July of this year for
101 that lifeline block arising from an increase in (inaudible)
102 called the Rate Stabilization Plan. This is a 3.4 percent
103 increase, and it relates to the price of oil at Holyrood.
104 Without getting into much detail about that, I would say,

1 though, that this is not an increase that's been applied for
2 anew here in this matter, this is an increase that would have
3 flowed automatically from the way that the Rate
4 Stabilization Plan was always in place, and it's just a
5 component of the island interconnected rates.

6 While it might seem a little strange to some that
7 rates on the Labrador coast and on the isolated diesel
8 systems around the island have rate adjustments triggered
9 by things such as oil changes at Holyrood or other costs,
10 the change strictly on the island interconnected system, it
11 should be kept in mind that tying isolated diesel rates to
12 island interconnected rates is overall a very positive thing
13 for isolated system customers. It gives them a rate which
14 covers about one fifth of the costs of providing services to
15 them. And it bears stating that it results in a deficit of
16 about \$26 million, which is paid by the customers of
17 Newfoundland Power, primarily, and also paid by the
18 customers on the interconnect to the Labrador system
19 going forward. It is not a government subsidy.

20 (10:00)

21 MR. YOUNG: As a matter of clarification on this point, it
22 should be noted that the customers ... I know that the
23 Honourable Yvonne Jones is here and she represents ... a
24 portion of her district is the Labrador Straits area. People
25 in that area are treated a little differently from other areas.
26 That formerly was considered by Hydro an isolated diesel
27 system, and in fact, was. There has been a change here
28 from the source of some of the energy and that area is now
29 charged rates the same exactly in every respect as the
30 island interconnected rates.

31 Moving to Goose Bay, for a moment, there are 24
32 rate classes, at present, on the Labrador interconnected
33 system. Hydro is proposing to collapse these 24 rate
34 classes into six. And the reason there are so many rate
35 classes, which is an extremely unwieldy number, is largely
36 a matter of history, how the systems were incorporated into
37 Hydro's service territories over a period of time. So it's
38 determined now that it makes more sense to treat them all
39 alike, charge them all essentially similar rates in a useable
40 period of time in doing so. And the number of rate classes
41 which is most appropriate for this kind of service would be
42 a number like six, and that's what we're doing. So in doing
43 this we will be phasing in these changes with the aim of
44 having all similar customers on the interconnected
45 Labrador system paying the same rates. The changes
46 being proposed in accordance with principals in the
47 governing legislation that requires that rates be fair and
48 nondiscriminatory, and we feel it's also consistent with the
49 principals followed by this Board arising out of the 1992
50 cost of service methodology here. The phasing in of these
51 changes will occur over a period of time.

52 The first stage is the rationalizing of these 24 rate
53 classes into six. And inevitably, when you do that, there
54 will be some customers who will receive decreases and
55 some customers who will receive increases. Although, the
56 only significant increase that we'll see here will occur in
57 Labrador City, which we addressed a few days ago when
58 we were in that area. Essentially, most of the others will see
59 very small differences. And in the Goose Bay area overall
60 there'll be decreases. It's also important to realize, I think,
61 that ... and this was a point which I think was
62 misunderstood, that overall Hydro will not be achieving
63 any increases in revenues from the Labrador
64 interconnected system arising from those rate adjustments.

65 In designing these six rate classes, and in this
66 phasing in approach that we are taking and that we are
67 proposing, Hydro has used four guidelines to ensure that
68 this happens as smoothly as possible. The first is that no
69 rate class should increase by more than 20 percent. The
70 second is that no domestic or small general service
71 customer should receive an increase of more than \$20 a
72 month. The third is that large general service customers
73 should not receive increases of more than 20 percent unless
74 their circumstances are unique. And the final one is that
75 street lighting should move towards recovering the specific
76 costs of providing the services.

77 Those are my introductory remarks. Thank you,
78 Mr. Chairman.

79 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
80 Young. We'll proceed now directly to the presentations.
81 We have eight presentations today. Colonel Paul McCabe,
82 who is commanding officer of the 5 Wing in Goose Bay;
83 Ms. Yvonne Jones, who's MHA for the district of L'Anse-
84 au-Clair; Betty Sampson who is here representing the Town
85 of Port Hope Simpson; Nath Moores who is representing
86 the combined Councils of Labrador; Annie Rumbolt who is
87 representing the Town of St. Lewis; Melita Paul, who is
88 representing the Town of Charlottetown; Ford Rumbolt,
89 who is representing the Town of Mary's Harbour; and
90 Roxanne Motley, (sic.) I think it is, is that correct? Ms.
91 Motley, who's representing the South Eastern Aurora
92 Development Corporation. No, the South ... I'm sorry, I
93 can't. Could you just correct for me who you represent,
94 Ms. Motley? I can't read it here on this.

95 MS. NOTLEY: South Eastern Rural Development
96 Corporation.

97 MR. NOSEWORTHY, CHAIRMAN: Thank you.

98 MS. NOTLEY: And the name is Notley.

99 MR. NOSEWORTHY, CHAIRMAN: Notley, okay. Thank
100 you, very much. My apologies. We'll begin with Colonel
101 Paul McCabe, please. If you could, Colonel McCabe, come

1 to the witness table, please? Good morning, Colonel
2 McCabe, and welcome. Could you take the Bible in your
3 right hand, please? Do you swear on this Bible that the
4 evidence to be given by you shall be the truth, the whole
5 truth and nothing but the truth, so help you God?

6 COLONEL MCCABE: I do so swear.

7 MR. NOSEWORTHY, CHAIRMAN: Thank you, very
8 much, Colonel McCabe. I'll ask you to proceed with your
9 presentation, please?

10 COLONEL MCCABE: Mr. Chairman, members of the Board,
11 good morning and thank you for seeing me this morning.
12 My name is Colonel Paul McCabe, I am the wing
13 commander of 5 Wing, Goose Bay. With me today is Major
14 Paul Doucette, who is responsible for facilities management
15 at the base, amongst other duties. I would also like to
16 introduce Mr. Lee Gear from Serco (phonetic, 714) who is
17 responsible for the physical infrastructure operations on
18 the base. Serco's engineering partners from Quadratic
19 (phonetic) Incorporated are also represented by Misters
20 Derek Brown and Tony Costello. Other members of our
21 rate structure review team can be presented if the Board so
22 desires.

23 The Department of National Defence would like to
24 thank the Board for allowing us to make this informal
25 presentation. We have been absent from the proceedings
26 to date, however, we are very much aware of the
27 proceedings and the potential impact on 5 Wing, Goose
28 Bay. The Upper Lake Melville area, the province as a
29 whole, and indeed, the country benefits greatly from the
30 training operations that take place at 5 Wing. It is the
31 primary area ... industry in the area, and has been for half a
32 century. It is, indeed, an industry, an industry that
33 contributes substantially to the local economy. During the
34 last year operations at 5 Wing contributed \$90 million to
35 the province gross domestic product and \$28 million to the
36 provincial government revenues.

37 Our business is tactical flying training. We
38 compete constantly with similar facilities in other countries
39 around the world to maintain the amount of business we
40 now have. It is incumbent upon us to provide the best
41 services we can for our customers, the allied forces that
42 train here in Labrador. In recent years we have made
43 significant changes to the way we carry out our mission to
44 reduce the cost of our operations. The most recent being,
45 that many of the services at the base are now provided by
46 a private sector entity. We have implemented many other
47 changes, as well, all with the same objective, to provide the
48 service we deliver to sustain and retain our current
49 customers. It is also our intention to posture ourselves to
50 attract future allied customers who have expressed an
51 interest in training at 5 Wing. We have also embarked on

52 major capital improvements on the base over the last ten
53 years. One of these initiatives, which Hydro is very much
54 is aware and supportive of, is the ongoing aerial electrical
55 distribution system upgrades. Indeed, we have used
56 Hydro's own standards as a basis for our planning and
57 design. All of these improvements are expensive, and like
58 any other business, these costs must be passed on to our
59 customers. Tactical flying training is a competitive
60 business. Our mission is to make our business as effective
61 and efficient as possible without compromising public
62 safety, health or the environment.

63 We are pleased that there will be a reduction in our
64 firm power costs as a result of the proposed rate structure.
65 These cost savings will be greatly appreciated by our allies,
66 who in recent years have been wondering why their energy
67 bills have increased dramatically. The arrangement for
68 secondary power, interruptible power to the base has been
69 beneficial to all involved since the electric boilers were
70 installed at 5 Wing in 1982. At the base we can now burn
71 oil or utilize electricity to generate steam that we need to
72 heat our buildings. Prior to 1982 we could only burn oil.
73 This arrangement is a win, win, win situation. DND wins by
74 being able to utilize electricity at 90 percent of the cost of
75 oil. Hydro wins by having a buyer for surplus power when
76 it is available. And other consumers win because the
77 revenues from the sale of the secondary power now
78 contribute to the operating costs associated with the
79 interconnected Labrador grid. The environment is also a
80 winner because the arrangement encourages us, at 5 Wing,
81 to use hydro generated electricity and not fossil fuel.

82 However, we are concerned with the proposed
83 Clause B in the secondary rate structure as it leaves the
84 base liable to increases in cost for energy beyond those in
85 the current arrangement. We are also concerned that it will
86 reduce the amount of secondary energy that is offered to
87 us at 5 Wing. In this scenario we may be forced to burn
88 more oil to generate steam. This will be detrimental to the
89 environment and leave our allies, our customers, open to
90 higher costs.

91 We are in the process of carrying out a utility
92 study that will take several months to complete. This study
93 may very well result in some radical changes to our power
94 requirements and the way in which it is delivered. We will
95 be soliciting input from Hydro with a view to making sure
96 that any proposed changes can be accommodated and are
97 in keeping with the law.

98 DND is Hydro's largest customer in the Lake
99 Melville area with power purchases during the last year of
100 over five and a half million dollars. We have a cooperative
101 relationship with Hydro and we thank them for their
102 services. However, there are a few issues that we do have
103 to work out.

We understand that the ongoing process here is a legal one and with this in mind, and with the utmost respect for the Board and all parties involved here today we respectfully request an opportunity to further address the Board at a later date but prior to the conclusion of these proceedings. It would be our intention, with your approval, to have a representative of DND, likely a legal counsel, appear in St. John's at the Board's convenience in late November or early December to address some of the specific regulatory issues arising from our ongoing utility study. I ask that you give this request your fullest consideration and I thank you for your time and your attention.

MR. NOSEWORTHY, CHAIRMAN: Thank you, very much, Colonel McCabe. It has been standard practice with presenters to offer the opportunity for the Applicant and registered intervenors and ourselves to ask questions. Are you receptive to that?

COLONEL MCCABE: Yes, I am.

MR. NOSEWORTHY, CHAIRMAN: Thank you, very much. I'll ask Hydro, please?

MR. YOUNG: We have no questions. Thank you.

MR. NOSEWORTHY, CHAIRMAN: Newfoundland Power?

MR. HAYES: No questions. Thank you, Colonel McCabe.

COLONEL MCCABE: You're welcome.

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

MR. BROWNE, Q.C.: Yes, Colonel, what conservation measures has the Base put in place to conserve the use of energy?

COLONEL MCCABE: Recently we have converted a number of our accommodations barracks. First of all, we've renovated them and added additional insulation. And secondly, we've converted them to electricity which one thing is it's cheaper for us, and also, it's better for the environment.

MR. BROWNE, Q.C.: So you're onto that issue?

COLONEL MCCABE: We are definitely onto that issue. And we have commissioned a study with Quadratic Engineering to look at our steam plant. As you may know, that is the main source of heating on the base, and we generate steam in that plant and then it is distributed to our married quarters where our members live. It's distributed to our major industrial facilities, such as the hangers and the shops that Serco operates on our behalf. We've commissioned a study to look at the amount of energy we consume in that plant to optimize its efficiency and look at

other ways of producing the heat that we need on the base.

MR. BROWNE, Q.C.: And, Colonel, what's the season, your prime season for operation?

COLONEL MCCABE: We operate our facilities the year round. Our customers, the allies, fly at Goose Bay commencing in April and until the end of October each year. During the winter, of course, we entertain various ground type of training from the allies, should they choose to come to Labrador for training in the wilderness, survival training. But we do retain the buildings in livable condition throughout the entire year. That does two things for us. It allows us to accommodate transient military personnel that do come through during the winter months, and it ensures the buildings are retained in a sustainable fashion during the winter months.

MR. BROWNE, Q.C.: And your local employment levels, what would they be?

COLONEL MCCABE: Directly, we employ 94 CF members, approximately 30 DND civilians and in the number between 330 and 360 employees for Serco providing support services to us.

MR. BROWNE, Q.C.: Thank you, Colonel.

COLONEL MCCABE: You're welcome.

MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr. Browne. Mr. Peck, would you have any questions?

MR. PECK: Just one question. Colonel, could you elaborate a bit on the sensitivity of the allies to some of the cost increases they may see?

COLONEL MCCABE: Yes. Recently our allies, like the Canadian Forces in Canada, have been reviewing their budgets and just as recently, most recently the Italian Government reelected changed the budget for their defence. As a result of that, the Italian defence force had to re-look at their business at Goose Bay. Not all people here are aware, but the Italians have intended and still intend to build a new hanger here to support their operation. They're our newest customer. They started flying with us last year. And they have deferred their commitment to a new hanger in the area because of the high cost of operations and the reduced budget. They are committed to staying here at 5 Wing. But all of the allies, like the Italians, are reviewing their budgets. Some allies, like the Germans, have reduced the number of squadrons they fly, so now their operations are a little bit smaller than they were in the past and they're now looking at Goose Bay and saying, okay, what can we do to reduce our costs at Goose Bay and is that cost worth operating in Goose Bay. We're reasonably confident that the allies will stay with us if we are able to work with this community and provide the

1 best possible value for the funds that they invest at 5
2 Wing.

3 MR. PECK: That's all.

4 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr. Peck.
5 Mr. Kennedy, counsel?

6 (10:15)

7 MR. KENNEDY: No questions. Just a comment that if, in
8 fact, counsel if retained for 5 Wing that it would help if
9 notice was provided as soon as that's accomplished so that
10 contact can be made regarding what, if any, arrangements
11 for late November, early December.

12 COLONEL MCCABE: We, in fact, did have an intention to
13 have counsel represent us here today, but unfortunately,
14 that individual is a member of the military and she was
15 assigned to the Preserver (phonetic). And if you were
16 watching TV yesterday you would have seen her leave
17 with the fleet. So we will provide you with notification.
18 We're now going to go back to Ottawa and seek another
19 counsel to represent us.

20 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
21 Kennedy. Commissioner Powell, would you have any
22 questions?

23 COMMISSIONER POWELL: Yeah. Just one question,
24 Colonel McCabe. Being from the west coast of the island
25 we don't get as much inter-reaction with Goose Bay. And
26 when you say "5 Wing" what is 5 Wing?

27 COLONEL MCCABE: It's the same as CFB Goose Bay, it's
28 the base here in the community.

29 COMMISSIONER POWELL: So, it's just a label put on the
30 base itself from a marketing point-of-view, as much as
31 anything?

32 COLONEL MCCABE: Not as much as a marketing, it's
33 actually a chain of command change that we made in the
34 Air Force back in 1996. Up and until that time the bases
35 were called CFBs in the Air Force, and the base commander
36 did not have control over the operational forces at that
37 base, at the base. They were under the control directly
38 from our higher headquarters. In 1996 we made a
39 conscious change to call the bases another name. It still is
40 CFB Goose Bay, but it's also now called Formation 5 Wing,
41 Goose Bay. What that does, it allows me ... because I am
42 both a base commander at this point-in-time and a wing
43 commander. And as a wing commander I now have control
44 over the operational forces that reside at 5 Wing, and that
45 is, namely, Triple Four Squadron. In the past that control
46 would have been exercised directly from Winnipeg in the
47 one Canadian Air division. So we're both at the same time,
48 but when I refer to 5 Wing I refer to all of the base facilities
49 here in Happy Valley-Goose Bay.

50 COMMISSIONER POWELL: Sort of a streamline
51 management?

52 COLONEL MCCABE: Yes, it does. It allows us to control
53 those forces directly and it now allows me to be held fully
54 accountable for the operation at 5 Wing, including any
55 support we provide to operations by that squadron.

56 COMMISSIONER POWELL: Okay. Thank you. That's all.

57 MR. NOSEWORTHY, CHAIRMAN: Thank you,
58 Commissioner Powell. Commissioner Saunders?

59 COMMISSIONER SAUNDERS: No questions, Mr. Chair.
60 Thank you, Colonel.

61 MR. NOSEWORTHY, CHAIRMAN: Commissioner
62 Whalen?

63 COMMISSIONER WHALEN: I just have one question,
64 which is a clarification. When you mentioned that you
65 have some concerns with the Clause B.

66 COLONEL MCCABE: Yes.

67 COMMISSIONER WHALEN: Could you elaborate on that
68 for me just a little?

69 COLONEL MCCABE: Yes, I can. I just need to find it here.
70 Currently, for secondary power, our charges are based on
71 a rate that is a formula that approximates 90 percent of the
72 cost of oil. In the proposed rate changes there is a new
73 clause. It's an "or" clause and it's Clause B. And it says
74 the price equivalent, so first of all it says "We will either be
75 ... the energy charge shall be charged monthly based on
76 either the customer's cost of fuel most recently delivered to
77 the customer, including fuel additives, if any, in accordance
78 with the following formula," and then there's the formula,
79 "or" and this is what concerns us, "(b) the equivalent to
80 that negotiated ... the price equivalent to that negotiated for
81 the sale of energy to a non regulated customers as adjusted
82 for losses, whichever is greater." That clause did not exist
83 before and that really is an open ended clause that if, for
84 example, Hydro were able to sell ... let's say they're selling
85 us power now at 4.8 cents, if they were able to sell it to
86 Quebec at six cents this clause says then they could charge
87 us six cents, as well. And that concerns us because it
88 leaves us open to anything well beyond and above the
89 price of fuel.

90 COMMISSIONER WHALEN: And that clause wasn't
91 discussed with you before it was put in the proposal?

92 COLONEL MCCABE: Not to my knowledge.

93 COMMISSIONER WHALEN: Okay. That's all I have.
94 Thank you, very much.

95 MR. NOSEWORTHY, CHAIRMAN: Thank you.

96 MR. YOUNG: If I could just clarify that point, Mr. Chair.

1 It's a matter of some legal interpretation as to whether or
2 not the effect of that clause was already in the previous
3 contract, and we haven't filed that. And I don't know if we
4 need to, for the purposes of -

5 MR. NOSEWORTHY, CHAIRMAN: Could you speak up?

6 UNKNOWN SPEAKER: Excuse me, Geoff, I can't hear you
7 back here. Sorry.

8 MR. NOSEWORTHY, CHAIRMAN: Could you speak up?

9 MR. YOUNG: Sorry, Tony. I was just saying that as a
10 matter of legal clarification here, we did have a contract
11 with CFB Goose Bay or 5 Wing for some years. And it was
12 written in a different form than a rate schedule, obviously.
13 But in our view, it would have had a similar effect in the
14 sense that ... and I don't mean to get into this in too great
15 a detail here, because we haven't filed it and it's not
16 relevant. It's historical. But we would have had, because
17 it was a secondary contract and essentially we were making
18 energy available, if it was available, at our discretion. It
19 may not have been available at those rates and we might
20 have had the option of discussing further with them
21 whether it would be available in certain circumstances. So
22 it can be a little bit complicated here, but there are two sides
23 to the story.

24 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
25 Young. Commissioner Whalen's question was the
26 question, I guess, that I had of Colonel McCabe, as well.
27 Just one additional question. I believe Mr. Peck referred to
28 this yesterday in his comments. What saving will the base
29 experience as a result of these new rates? I believe he had
30 indicated something in the order of \$200,000. Is that an
31 accurate figure?

32 COLONEL MCCABE: It's in the order of \$200,000 to
33 \$400,000, depending on our consumption next year and the
34 price of oil, of course.

35 MR. NOSEWORTHY, CHAIRMAN: What are your total
36 electricity costs, do you have any idea of that?

37 COLONEL MCCABE: Five and a half million.

38 MR. NOSEWORTHY, CHAIRMAN: That's all I have, sir.
39 Thank you, very much. I appreciate your coming this
40 morning and making your presentation.

41 COLONEL MCCABE: You're most welcome. And thank
42 you, again, for allowing me to present. I'll just leave a copy
43 of my statement with the secretary.

44 MR. NOSEWORTHY, CHAIRMAN: Sure. Could I ask Ms.
45 Jones, please, if she'll come to the witness table? Good
46 morning, Ms. Jones and welcome to these proceedings.
47 You're the MHA for the district of L'Anse-au-Clair?

48 MS. JONES: Cartwright, L'Anse-au-Clair.

49 MR. NOSEWORTHY, CHAIRMAN: Cartwright, L'Anse-
50 au-Clair. Thank you. I should have known that.

51 MS. JONES: Yeah, indeed.

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

57 MS. JONES: Yes, I do.

58 MR. NOSEWORTHY, CHAIRMAN: Thank you, very
59 much. Could I ask you to proceed with your presentation,
60 please?

61 MS. JONES: Okay. Thank you, Mr. Noseworthy, for the
62 opportunity to be here this morning, and thank you to the
63 members of the Public Utilities Board, as well. I'll start off
64 this morning, I guess, with a couple of comments. First of
65 all, I would have to indicate my disappointment with the
66 decision of the Public Utilities Board to not hold hearings
67 in the district of Cartwright, L'Anse-au-Clair. We are a
68 region that will be significantly impacted by any increases
69 that could be granted to Newfoundland and Labrador
70 Hydro through this application and we felt that it was very
71 important for us to have your presence in our region so
72 that we could take that opportunity to bring evidence to
73 the PUB in the numbers that we certainly would have
74 hoped to have done. Having said that, I do want to
75 acknowledge and thank the PUB and Newfoundland and
76 Labrador Hydro, I understand, for contributing to the cost
77 of having individuals flown in to Happy Valley-Goose Bay
78 from my district to make presentation to you this morning.

79 MR. NOSEWORTHY, CHAIRMAN: I will clarify that it's
80 Hydro who are picking up the cost, it's not the PUB.

81 MS. JONES: Okay.

82 MR. NOSEWORTHY, CHAIRMAN: And we hope to have
83 had some input into facilitating that, but certainly we
84 haven't contributed financially.

85 MS. JONES: Well, I thank you, Mr. Wells, for that this
86 morning. And having said that, I also want to present to
87 the PUB a petition signed by over 1100 residents of my
88 district opposing, first of all, the application that has been
89 submitted to the PUB by Newfoundland and Labrador
90 Hydro, as well as a petition asking the PUB to look at the
91 rates of diesel customers and that they be charged at the
92 same rate as the interconnected island customers in the
93 province. And those petitions are here and I'll leave them
94 for your Board's consideration.

95 I'll be one presenter, along with six other
96 representatives of my district this morning. All these
97 individuals represent community councils or economic

development corporations, and know firsthand the importance of having good electrical rates in their communities in order to grow and prosper.

The information that you'll hear may be somewhat repetitive to what you've heard yesterday from northern Labrador communities simply because we all face the same ordeal in terms of electrical rates. But I think it's important that we reiterate our statements and our cause to ensure that the impact of what we want to say is being heard and being considered as part of this forum.

As a member of the House of Assembly for the District of Cartwright, L'Anse-au-Clair I want to indicate to you, first of all, that we live in a very unique geographic culture and social economic circumstance within the context of the remainder of the province. The challenges faced by citizens in my district are disproportionate when compared to other areas of the province. The root of this non-equality of opportunity and disability of the choices offered to current and future generations rests largely on a series of structural deficits that have impeded the development of the region over a long period of time. The social economic development of the district requires some very basic elements in foundation. These include an effective transportation system, access to basic water and sewer services, access to health care community services and law enforcement, access to public education at the secondary and post-secondary level in one's own communities and access to affordable housing and shelter, access to public, private sources of capital for community and business investment and access to affordable energy.

I can report to the PUB that citizens in the communities of Cartwright, L'Anse-au-Clair have risen to these challenges with varying degrees of success. Under transportation and infrastructure our community had continued to be linked by road. With the addition of the "M.V. Apollo" we have increased capacity in terms of the ferry service. Publicly funding water and sewer projects are ongoing as we work towards the day when all residents will enjoy this basic level of infrastructure. Mr. Chairman, I'm sure you can appreciate that statement, given your prior role.

Health care: Progress is being made to address the unique challenges faced by health care delivery services in the area. We continue to develop innovative and unique means to deliver expedient and quality health care throughout the district.

Education: We are moving towards teacher recruitment and retention packages to help stabilize the secondary school system while innovative post-secondary education and training programs are being brought into our communities via the internet and the public college system.

Housing: Another provincial crown corporation, the Newfoundland and Labrador Housing Corporation as well as the Canadian Mortgage and Housing Corporation and private developers help bring affordable housing to the area. This benefits all citizens and certainly those in the lower income bracket and our seniors.

Economic development: The economic development boards, one of whom you'll hear from later this morning, and a myriad of community based agencies and groups promote development and channel various sources of funding into very worthwhile initiatives.

Energy: On the energy front, in this application, Newfoundland and Labrador Hydro proposes to raise the cost of electricity for both domestic and general service customers. Based on my research in conjunction and interpretation ... and an interpretation of public statements issued by Newfoundland and Labrador Hydro officials and a related news release issued by Newfoundland Power, I will compare actual usage rates of real customers in my district before and after the impact of this application.

The effect of Hydro's proposed increase results in a large number of customers in my district, that's those that aren't serviced by the interconnected L'Anse-au-Loup system, customers in my district paying 20 percent more for the same amount of electricity. This is the case when they are compared with customers serviced by Newfoundland Power or the island interconnected system rate or, for that matter, their immediate neighbours, those customers residing between L'Anse-au-Clair and Red Bay.

(10:30)

MS. JONES: These are the highest domestic and general service electrical energy costs in the province. The public agency responsible for the generation and delivery of this power now wishes to charge an amount that will effectively wipe out gains being made in respect of the entire social, economic investment portfolio that I've indicated already. We have to ask ourselves what impacts result from this proposal. We need to examine the evidence and analyze the impact where it counts, and that's the end customers' electrical bill.

I'd like to comment on a couple of pieces of evidence that have been presented to the Public Utilities Board. And I'll just let you know, Mr. Chairman, that these remarks were prepared in advance of hearing starting, so if there's evidence that have changed throughout I may not be aware of it but you can certainly feel free to point it out.

I want to note Mr. William Wells, President and Chief Executive Officer of Newfoundland and Labrador Hydro, who stated on page 7 of the pre-filed testimony document that first Hydro is proposing to increase the base

rate it charges for the supply of electricity to Newfoundland Power by 6.7 percent, commencing January 1st, 2002, which corresponds to approximately a 3.7 percent increase at the consumer level. He continues on page 9 to state that Hydro will also propose specific rates for customers on the isolated rural system commencing January 1st, 2002, based on a reconfirmation of the policy that the first 700 kilowatt hours per month of electricity would be identical in price to that paid by island interconnected customers. Rates for consumption over 700 kilowatt hours per month should, in the short-term, continue to be automatically changed by the average percentage change in Newfoundland Power rates charged to its customers.

It should be noted that in addition to the specific rate proposals outlined above there will be a Rate Stabilization Plan adjustments for customers which are estimated to be the range of six to seven percent in 2002.

The news release of May 31st, 2001 from Newfoundland Power indicates that they are very concerned about the proposed rate increase requested by Hydro. They state Hydro has proposed two increase in 2002 to the rate charged to Newfoundland Power totalling approximately 13 percent. These increases will directly effect operating costs and electrical rates for consumers. Newfoundland Power will examine the details of Hydro's rate application to determine the total impact these increases will have on customers.

Given these facts, it is a small comfort to know that isolated diesel systems base customers are not specifically targeted as part of this current application, and that was indicated by Mr. Hamilton on page 6 and 7 of the pre-filed testimony documents attached to the rate application presented before this Board. He states regarding the isolated diesel system, Hydro proposes to submit a plan in Hydro's next rate application that will reflect the Board's direction regarding rate design and cost recovery targets. Regardless of this statement, the residual effect of the current rate application will affect these customers.

The impacts of proposed rate increase on the domestic service, IDS customer base, I present information regarding the cost impact on the individual diesel system domestic customer using the following scenarios based on the published evidence that I've had at the time. In effect, I conclude that scenario 1 will reflect Hydro's statements, while scenario 2 represents a direct throughout of cost based ... passing along to the end customer as implied in the Newfoundland and Labrador Power statements. The truth will be somewhere in the middle, I hope. For the purposes of this exercise I will demonstrate the following using both scenarios, if I could have that opportunity.

Scenario 1, the impact of Hydro's rate increase proposal for Newfoundland Power customers, and by extension, to corresponding impact on the diesel isolated system customers means a 3.7 percent increase at the customer level, plus a 6.7 percent increase in the Rate Stabilization Plan adjustment. I am taking an average value of 6.5 percent, in my calculations, for purposes of this illustration, okay. This is 10.2 percent total increase. So barring evidence to the contrary, this figure is a projection of the average percentage change in Newfoundland Power rates charged to its customers. This is used by Newfoundland and Labrador Hydro in its subsequent calculations.

In scenario 2 I'll look at the impact of Hydro's rate proposal for Newfoundland Power customers, and by extension, the corresponding impact on the isolated diesel system customers, which means a 6.7 percent increase at the consumer level, plus the 6.7 percent increase of the Rate Stabilization Plan adjustment. Again, I am taking the average of 6.5 percent in my calculations for purposes of this illustration. This is a 13.2 percent total increase. And once again, barring evidence to the contrary, this total figure is in projection of the average percentage change in Newfoundland Power rates charged to its customers, and thereafter used by Newfoundland and Labrador Hydro in its subsequent calculations. Okay. Excuse me for a moment.

Given the fact that Newfoundland Power customers currently pay 6.770 cents per kilowatt hour on their scenario 1 they will face a cost of 7.460 cents per kilowatt hour and there's ... or under scenario 2 a cost of 7.664 cents per kilowatt hour. In real terms, a person consuming 1250 kilowatt hours of electricity per month, serviced by Newfoundland Power, will see their bills increase, and this doesn't include HST, from \$100.93 to, in scenario 1, \$109.55 and in scenario 2, \$112.10. This also assumes that the current basic charge, service charge of \$16.30 per month, which is charged at the present time, will not change over the coming year.

When you apply the statement made by Newfoundland and Labrador Hydro and Newfoundland Power in terms of the above two scenarios to electricity costs faced by residential customers serviced by an isolated diesel system then the following implications must be noted. Whenever increases faced by an island connected system customer and a Newfoundland Power customer will be translated into an increase in cost of an isolated diesel system customer the first 700 kilowatt hours, which is considered the lifeline block of electricity consumed per month, once again, this implies, when given scenario 1 and 2, a cent per kilowatt hour cost of 7.460 or 7.664, respectively.

It gets interesting when we then apply what Mr. Wells stated logical to two other components of the IDS rate stream. Currently, an IDS customer will pay 6.770 cents per kilowatt hour for the first 700 kilowatt hours consumed per month. For the next 300 kilowatt hours the consumer pays at a rate of 9.571 cents per kilowatt hour and for all kilowatt hours consumed over 1000 per month the customer will pay at a rate of 12.975 cents per kilowatt hour.

So let me go back, for one moment, to the Newfoundland Power and island interconnected system customer who would consume the 1250 kilowatt hours per month. He or she will pay \$100.93 cents for that power. The same customer that is serviced by the isolated diesel system in my district will currently pay \$124.84 for this amount of power per month. As for Hydro's proposed rate increase and manner in which it is to be applied to consumers serviced by the isolated diesel system then the following calculations must be put forward in keeping with the spirit of Hydro's statements on the matter. The first 700 kilowatt hours per month raise the cost from 6.70 to 7.460 cents per kilowatt hour in scenario 1 or from 6.770 to 7.664 cents per kilowatt hour in scenario 2. So you apply the rate increase charged by Newfoundland Power to its customers when calculating the rate per kilowatt hour for those kilowatt hours used over and above the lifeline block. When we do this we raise the second block rate from 9.571 to 10.55 cents per kilowatt hour in scenario 1 or to 10.834 cents in scenario 2. We raise the cost of the remaining power consumed, and that's the power over the 1000 kilowatt hours that right now is at 12.975 cents per kilowatt hour, that would then increase to 14.298 cents per kilowatt hour under scenario 1 or 14.688 cents per kilowatt hour under scenario 2.

Let us return to our isolated diesel service customers using the 1250 kilowatt hours per month and examine the impact of these changes in terms of his or her electrical bill. Once again, we assume that the basic monthly charge of 16.30 will not change for purposes of this calculation. We know that currently the customer is paying \$124.84 per month for this amount of power. Under the first scenario this will increase to \$135.92. Under the second option it will reach \$139.92. Please remember that the Newfoundland Power island interconnected customer will see his or her bill climb to \$109.55 under scenario 1 or \$112.10 under scenario 2. When we compare the Newfoundland Power and island interconnected system customers with the isolated diesel system customer the latter is paying 20 percent more for the same amount of power. So why bother to strive and promote communities in isolated regions of Labrador on in areas of Labrador that are under an isolated diesel system? The energy costs alone are a clear disincentive to locating and remaining here in terms of doing business or even taking up residency.

Impacts of proposed rate increase on a general service isolated diesel service customer base: The disincentive to start and maintain a small business in the area is evidenced as a result of the proposed rate increase. As well, the inability of the area to attract new industry to the region is severely hampered.

When we apply the evidence and perform the calculations implied in this rate application to general service customers the results are equally frightening. Based on my research, currently a typical small business monthly electrical bill, and in this case I used a garage in one of the communities in my district that is serviced by the isolated diesel system, the garage which burned or used 4500 kilowatt hours of power per month paid \$723.05. That doesn't include HST. The same garage, if it were located on the island and used the amount of power that I've quoted would have a cost of \$416.96. This is a 42 percent difference in cost. And we must remember that the general service customer serviced by the island interconnected system or Newfoundland Power pays 8.853 cents per kilowatt hour for all power consumed. The general service customer serviced by the isolated diesel system pays this rate for the first 700 kilowatt hours of power and thereafter must pay 19.47 cents per kilowatt hour for all additional power consumed.

When we interpret and apply the statements of Hydro regarding rate increases as indicated in the scenario 1 and 2 method introduced above for domestic customers then we observe the following cost changes implied in their proposal. Once again, we do not change the basic charge rate of 18.57 cents per month. We do not include HST costs in any of the calculations that I've quoted. And we examined this garage in light of the proposed effect percentage changes in rates and apply them across scenarios 1 and 2 examples in comparison with the island general service customer.

(10:45)

MS. JONES: Under scenario 1 where we see an effective rate increase of 10.2 percent we observed that our garage owners will see his cost rise from \$723.05 to \$794.91. This compares to a rise in costs for the island customer from \$416.96 to \$457.59. Under scenario 2 where we see an effective rate increase of 13.2 percent we observed that our garage owner will see his cost rise from \$723.05 to \$816.03. This compares to a rise on cost for the island consumer from \$416.96 to \$469.47. I think these numbers speak for themselves.

Ladies and gentlemen, we can promote our communities on the basis of lifestyle, access to a skilled labour force, cultural and natural attractions, but we cannot do so if the provision of service to support this is

1 nonexistent due to the cost of energy. The disparity within
2 the province results in energy being a factor in the location
3 of a business. Some communities will benefit at the
4 expense of others.

5 We have great potential for resource development
6 within our district. The biggest obstacle that we have
7 faced and continue to face in developing these resources
8 is energy. We cannot do it as long as we are burdened
9 with energy costs such as those that have been indicated.
10 I'm not going to get into listing a lot of examples because
11 that will be done by presenters that will come after me. Our
12 experience that we've had so far with developing different
13 industry and economic base in communities and cite some
14 specific examples.

15 I note, from the Hydro Act that Hydro is a crown
16 corporation mandated to supply power at rates consistent
17 with sound financial administration for domestic,
18 commercial, industrial and other uses in the province. As
19 a crown corporation is by virtue of public trust it is owned
20 by the province on behalf of its citizens. Its paramount
21 responsibility is that it must do what is first in the interests
22 of its shareholders, the people of the province. It is not in
23 their interest to have their communities shut down, their
24 citizens leave and their resources remain untapped. Hydro
25 is not a private company. Economics alone do not dictate
26 its mandate. It must remain cognisant of the residual
27 impacts of its decisions on the citizens of the province. It
28 must temper its desire for efficiency and cost containment
29 with the diversity of need of the customer base it serves.
30 It must be willing to investigate the application of new
31 technologies and means of power generation on both a
32 small and large scale. I believe that it must contribute to
33 regional development, it must look beyond its annual report
34 and towards the communities in which its customers and
35 shareholders live.

36 I am aware of a number of small scale Hydro
37 developments throughout the world. I am aware of
38 technology issues published by the International Energy
39 Agency in relation to its hydro power implementing
40 agreement of which Canada, China, Finland, France,
41 Norway, Japan, Spain, Sweden and the UK are member
42 participants. Quoting from the IEA technical report entitled
43 "Small Hydro Mechanical Equipment" and the web site is
44 listed, on page 1 of the overview "Advances in fully
45 automated hydro power installations and reductions in
46 manufacturing cost have made small scale hydro power
47 increasingly attractive." There is an atlas presented that
48 notes a large number of small scale hydro projects
49 throughout the world. I reference anyone who is interested
50 to visit the web site and assess the feasibility of this
51 technology. This is a growing body of literature related to
52 this topic. And I would like Hydro to investigate and

53 present the Public Utilities Board with an update on the
54 feasibility of small scale hydro and our wind power
55 generation in helping to offset the energy needs of our
56 communities. And I'm already aware that there is a pilot
57 project in wind power that is ongoing at the present time.

58 I am somewhat disappointed with Hydro's lack of
59 creative thinking in facing our needs along the coast of
60 Labrador. After all, in this day in age we can bring wireless
61 communication technologies to the remotest of
62 communities, yet, we cannot come up with an innovative
63 solution for local energy use. Hydro must look at the
64 longer term cost benefit of providing access to affordable
65 power as an incentive for regional development in
66 communities that need every advantage they can muster in
67 order to succeed. I believe Hydro succeeds when the
68 province, as a whole, succeeds. Imagine the positive
69 attraction for new investment along the coast provided
70 through access to affordable energy. While we might not
71 be able to keep up fundamentally I would pose the
72 question does Hydro see the provision of power services
73 and the anticipation of rising demand into the future driven
74 by regional development as a burden or an opportunity to
75 its company. Where is the partnership, the vision and the
76 insight to make it happen? I do not wish to see limited
77 solutions.

78 I wish to advise the Public Utilities Board that in
79 my view the enforcement of this application is contrary to
80 the public interests, contrary to a variety of federal and
81 provincial development initiatives and counterproductive
82 to the wellbeing of the province. Contributing to the
83 shutting down of communities is not the answer, but giving
84 them a helping hand up is a much better approach.

85 Moving forward in Cartwright, L'Anse-au-Clair
86 communities helping communities. I believe that
87 Newfoundland and Labrador Hydro must become
88 cognisant of and encouraged in a direction that forces them
89 to consider a review of its overall planning with respect to
90 the long-term treatment of all customers serviced by
91 isolated diesel systems in my district, and indeed,
92 throughout the province. We need a plan to be brought
93 forward to address the prospect of interconnection of the
94 island and Labrador grids or the extension of the existing
95 Labrador grid to these communities. Similarly, we need to
96 explore alternative sources of energy on a community-by-
97 community basis throughout Cartwright, L'Anse-au-Clair.
98 What may not have been feasible in the past may prove
99 useful in the future, given the availability of new
100 technologies and methods within the marketplace. We do
101 not have the information to form an opinion today, or at
102 least, I don't, but it is a matter of perspective. And to the
103 average corporate outsider or the board of directors living
104 on the coast of Labrador may appear to be an exotic frill but

1 to the people who live there, like myself, it is my home and
2 it's a home worth fighting for. We should remember that it
3 was the ancestors of Labrador settlers who because they
4 chose to live here, provided the argument before the Privy
5 Council in 1927 that demonstrated our attachment to the
6 Island of Newfoundland as opposed to the Province of
7 Quebec. And all people of this province are linked
8 together, community to community, person to person, and
9 this historical partnership should be maintained.

10 Hydro, our publicly owned utility cannot shirk its
11 responsibility when it comes to the wellbeing of all its
12 customers' interest. This includes the smallest and also the
13 most vulnerable. The Public Utilities Board has a
14 responsibility to ensure that Hydro cannot be used as
15 another tool of the economic rational that's contributing to
16 forced relocation of communities. Hydro must be made to
17 see the role in the overall welfare of communities and it
18 should be encouraged to specifically look at ways to
19 increase the economic development potential of isolated
20 communities. After all, growing communities are good for
21 business.

22 The relationship of ongoing community
23 investments to this rate application. Governments at both
24 levels are investing in highway infrastructure activities and
25 improved transportation links as one aspect of the
26 development equation. Communities are exploring a
27 diversity of economic growth ... economic development
28 initiative, public and private investment in the region is up.
29 This is indicative of the many steps that contribute to
30 future success since the collapse of the ground fishery.
31 Indeed, Hydro noted on page 8 of its 1999 annual report
32 that sales to rural customers and the isolated systems were
33 52 kilowatt hours and (inaudible) an increase of 5.9 percent
34 over 1998 primarily in the Labrador isolated systems. They
35 are selling more energy because the economy needed it.
36 An indicator that economic development is having an
37 impact. I wonder, does Hydro wish to punish its customer
38 base for such actions. We are turning the page we are
39 capturing our future, and frankly, we need Hydro's support.
40 The resilient opportunities for development and expansion
41 of the economic base in these communities must be directly
42 connected to accessible and affordable energy. Hydro
43 needs to be reminded of this fact during its rate application.
44 A carte blanche acceptance of their proposal effectively
45 sounds a warning for these communities because it limits
46 growth and innovation. It is contradictory to accepted
47 economic development practice and disrespectful to the
48 citizens of this province.

49 I have several recommendations for actions and
50 considerations by the Public Utilities Board, Mr. Chairman.
51 First of all, I want to recommend that the Public Utilities
52 Board reject this rate application proposed increase in light

53 of the fact that it will provide a financial burden to those
54 interconnected system customers within my district and
55 throughout the province. And also, given the nature of the
56 rate structure of the isolated diesel system customers there
57 is currently a disparity of cost for both domestic and
58 general service customers when one looks beyond the 700
59 kilowatt threshold. This is increased significantly by this
60 rate application as illustrated in the examples that I've
61 already set forth.

62 Recommendation number two: I recognize the fact
63 that Hydro may receive some measure of increase. Given
64 the fact that a large number of citizens in my district
65 support rate equality with Newfoundland Power other
66 island interconnected system and the L'Anse-au-Loup
67 customers then I support their interest and advocate that
68 the PUB apply the single rate classification for power
69 consumption enjoyed by these groups to both domestic
70 and general service customers accessing power from a
71 diesel isolated system plant increasing or eliminating the
72 lifeline block of 700 kilowatt hours.

73 Recommendation three: That Hydro undertake a
74 cost and benefit analysis to investigate whether or not an
75 interconnection of the Lake Robinson (phonetic) system in
76 Quebec with the remaining communities in the district of
77 Cartwright, L'Anse-au-Clair is feasible.

78 Recommendation number four: That Hydro
79 undertake a cost and benefit analysis to investigate
80 whether or not an interconnection of the island and
81 Labrador grids will achieve an overall reduction in basic
82 kilowatt hour rate, to what degree, over what period of time,
83 and with what implications for citizens serviced by isolated
84 by diesel systems.

85 Number five: That Hydro undertake a cost and
86 benefit analysis to investigate whether or not an
87 interconnection of the Labrador grid with the communities
88 serviced by isolated diesel systems in Labrador will achieve
89 an overall reduction in the basic kilowatt hour rate, to what
90 degree and over what period of time.

91 Recommendation number six: That Hydro produce
92 a plan that demonstrates how it can reduce its dependency
93 on fossil fuel based energy generation as it currently exists
94 at Holyrood and explore alternative energy sources as
95 possible replacements for existing isolated diesel facilities
96 on a case-by-case basis.

97 Before I make my concluding remark I also want to
98 indicate that Newfoundland and Labrador Hydro's plan or
99 future plan seems to be to remove towards a cost recovery
100 approach for its entire system. And frankly, I just want to
101 indicate that it is frightening for people that are under a
102 diesel isolated system. As Mr. Young already indicated
103 this morning, I think he said they recover one of five

percent of the cost of diesel customers, and the rest of the system is subsidised. And if I recall correctly, it's to the tune of well over \$7 million right now just in my district alone. And to look at cost recover on a system like this would, no doubt, wipe out entire communities in terms of being able to achieve any type of an economic base. And I know that's not the issue before the PUB this morning, but I'd like to make that comment.

The Public Utilities Board must balance the interests of the consumer with the interests of the company. I have long advocated that the rates paid for energy on the coast of Labrador are unacceptably high on face value regardless of the manner in which they are constituted or based. I believe the Public Utilities Board must frame its questions to Hydro within a long-term viewpoint. We need to ask what is the best solution over time and not simply address the symptoms manifesting themselves today. Hydro needs to consider the long-term and slow progress towards such a goal. It needs a regulatory mandate that expresses this goal.

I want to thank you very much for the opportunity to present to you this morning.

(11:00)

MR. NOSEWORTHY, CHAIRMAN: Thank you, Ms. Jones, for that presentation. We move to questions now, please. Hydro?

MR. YOUNG: Thank you, Chair. I've just got a few questions. I haven't seen your presentation until this morning and I'm trying to work through the numbers. I'm having a little bit of trouble. I'm just wondering which number did you use for the RSP component, was it the full amount that Newfoundland Power is going to be assessed or the amount that Newfoundland Hydro expected it to flow through?

MS. JONES: I didn't indicate it in the presentation already? I took in ... oh, I'm not sure. I think I took the higher end number under the Rate Stabilization Plan.

MR. YOUNG: Okay.

MS. JONES: Is that the one you're talking about?

MR. YOUNG: Yeah.

MS. JONES: Yeah.

MR. YOUNG: It was ...

MS. JONES: I'm not sure what the exact number was now. I didn't bring a copy of my calculations.

MR. BROWNE, Q.C.: I have to intervene at this point. Surely Hydro is not now proposing to examine Ms. Jones on the numbers that she had presented, given the fact that

there was no insert provided to consumers in Ms. Jones' district as to what exactly the impact would be of the increase. And on its face Ms. Jones makes reference to various increases that are proposed there. And I can see the confusion because if you look at page 4 of her presentation she makes reference to specific percentages which are no longer accurate because they've been revised. You've done your best, Ms. Jones. And then on page 5 we have Newfoundland Power getting into the act suggesting the total increase is 13 percent, which is to them, but it's not to the end user. So how is someone like Ms. Jones supposed to know what the increase is? Accompanying with that is the fact that last Friday Newfoundland Hydro sent a notice out to all its diesel customers, I don't know if you've seen this, Ms. Jones.

MS. JONES: No, I haven't.

MR. BROWNE, Q.C.: Suggesting that the increase was 3.6 percent effective January 1, 2002. And yesterday in the hearing, when the people from the north were speaking, that was modified again to take into account that there was 3.4 percent that wasn't included in that. So maybe it would be more helpful to Ms. Jones, rather than to cross-examine her on the numbers she's presenting, as to tell her exactly what the increase is.

MR. YOUNG: Mr. Browne, I'm a lawyer and clearly the point of cross-examining is not the person who gives information. Ms. Jones had provided information to this Board today in the way of presentation. And I understand, although I'm not certain about this, that Ms. Jones has received all the evidence. Is that correct?

MS. JONES: When I started my presentation I did indicate that this was prepared in advance of the hearings and the information I used was in the initial testimony that was made on the first day. And I've been out of the country for the last seven days and I got back late last night to find out early this morning that there was changes that had taken place over the course of the last week or so as the hearings proceeded, and therefore, I indicated that the information in the scenarios that I was presenting this morning was based on original evidence. Anything that had been changed was not incorporated in the document.

MR. YOUNG: Okay.

MS. JONES: So, I guess in terms of that fact Mr. Browne is, indeed, right. I'm not in a position, right now, this morning, to provide you with all the information that you may require. If there's something that you need you can feel free to provide me the questions in writing and I'll have it responded in the best ... shortest possible time that I can. But ...

MR. YOUNG: And that's fair. It's just the only concern we

1 had, the numbers are not jelling with us, either, from what
2 we understood. And if I can just point people's attention
3 where some people in this room has been wading through
4 this evidence for a similar period of time. And Mr. Derek
5 Osmond's evidence on pages 2 and 3 sets out the increases
6 which are the same as I'd indicated this morning from the
7 RSP. Because, by way of explanation, Mr. Browne, I'm sure
8 you understand this, but by the way the rates change from
9 going from Hydro to Newfoundland Power and then from
10 what Newfoundland Power charges to its customers. And
11 there seems to be a bit of mixing here. I won't belabour
12 those points. It's just that the numbers are not the same, I
13 would point out to you, that's my point, as are in our
14 application.

15 MS. JONES: And I should indicate that you're not the only
16 one that's confused, because for us people as consumers
17 we've been confused from the beginning of all this because
18 the numbers keep changing all the time. And in terms of
19 what the increases are to isolated diesel system customers,
20 I think the question was already asked, maybe you could
21 indicate to us what that increase is.

22 MR. YOUNG: The increase to isolated diesel customers,
23 from the general increase, is 3.7 percent. And because
24 isolated diesel customers pay the same rates at island
25 interconnected customers, there will be, in July, a 3.4
26 percent increase. And this information ... and I should
27 indicate, also, and this is an important distinction, perhaps,
28 although I'm not sure exactly how your calculations work,
29 but that 3.4 percent only applies to the first block, the first
30 700 kilowatt hours, it doesn't apply to the other blocks. So
31 ...

32 MS. JONES: But the seven ... the 3.7 applies to the full ...

33 MR. YOUNG: Yes. For the Board's reference and the
34 parties, as I mentioned a moment ago, I think the easiest
35 section I can see ... I'm looking on the screen now so it's
36 easier for me, and I can't produce a copy for you. But it is
37 on Mr. Osmond's evidence, pre-filed evidence, pages 2 and
38 3. One other point, Ms. Jones, if I might. You mentioned
39 that it was a frightening thing on the people in your district,
40 particularly those in the isolated diesel communities as
41 opposed to those in the Straits as to, you know,
42 rationalizing all these rates together and paying full cost
43 recovery and that. You were present in the rural inquiry, I
44 remember, that's where I first met you and when you, I think
45 you were in Mary's Harbour this time. I don't recall anyone
46 at that hearing suggesting that people in the isolated
47 communities could ever sensibly be expected to pay full
48 cost recovery, so the issue then is the amount. I'm just
49 wondering, though, did ... you seem to have a fairly good
50 grasp of this. Did you know that about seven percent of
51 the costs which are allocated to Newfoundland Power is
52 the rural subsidy, were you generally familiar with that?

53 MS. JONES: Very much so.

54 MR. YOUNG: And that. And you quoted a number and
55 you were quoting me and I may have mumbled it when I
56 said it this morning. I just want to be clear that you
57 understood this. What I said is that the cost recovery is
58 about one in five, one fifth. If I said five percent I didn't
59 intend to.

60 MS. JONES: Okay.

61 MR. YOUNG: It's about 20 percent. Those are all my
62 questions. Thank you.

63 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
64 Young. Newfoundland Power?

65 MR. HAYES: No questions. Thanks for your presentation,
66 Ms. Jones. Nice to see you again.

67 MS. JONES: Nice to see you, too. Thank you.

68 MR. NOSEWORTHY, CHAIRMAN: Mr. Browne, it's five
69 after 11. I suspect that you ...

70 MR. BROWNE, Q.C.: I just have one question.

71 MR. NOSEWORTHY, CHAIRMAN: Oh, okay. I was
72 anticipating more. Proceed, please.

73 MR. BROWNE, Q.C.: I'll save the questions that I normally
74 ask for people who live in the communities which make up
75 your district, Ms. Jones. Yesterday we heard from Mayor
76 Ruth Flowers and she asked the Board to consider a unified
77 rate for Labrador. Now, what is your view on that? Would
78 it be your preference to have a unified rate for Labrador or
79 a unified rate for the entire province? Have you given any
80 thought to that?

81 MS. JONES: Yeah, I've given a great deal of thought to it
82 because it's certainly been one of the options that's been
83 proposed to me by Mr. Wells of Newfoundland and
84 Labrador Hydro, on several occasions, for consideration in
85 a number of information gatherings that we've had on the
86 topic of diesel isolated systems. I guess I have some
87 concerns, to a certain degree. I think a uniform rate for
88 Labrador will work only if it's not at the expense of the
89 consumers in Labrador west and Happy Valley-Goose Bay.
90 I don't think it's right to gouge the customers in the rest of
91 Labrador to offset the cost of the diesel system. But if
92 there is a way, and I think the resolution was passed at the
93 combined councils' meeting, and I think Mr. Moores may
94 speak to that further this morning, it was passed at the
95 combined councils' AGM last year by all the communities
96 that were present that they would support a uniform rate
97 for Labrador if, and only if, that rate was set at the rates
98 that were presently being paid in Labrador City or Labrador
99 west. It didn't indicate Labrador City or Wabush, in
100 particular, but in Labrador west. And that resolution that

was put forward, I would support. But I certainly don't support gouging the rest of Labrador to cover this.

MR. BROWNE, Q.C.: Thank you for your response. Thank you for your presentation and your recommendations, Ms. Jones.

MR. NOSEWORTHY, CHAIRMAN: Mr. Browne. Mr. Peck?

MR. PECK: Just one small point. As you're the third MHA who made a presentation here, in your last sentence in your presentation, it needs a regulatory mandate that expresses this goal, is that a Provincial Government position or is that your personal view?

MS. JONES: This is my personal view.

MR. PECK: There is no Provincial Government position on this matter in terms of changes in the Act?

MS. JONES: The legislation, you mean?

MR. PECK: Yeah.

MS. JONES: Not that I'm aware of at this particular time.

MR. NOSEWORTHY, CHAIRMAN: Is that it, Mr. Peck?

MR. PECK: That's all.

MR. NOSEWORTHY, CHAIRMAN: Thank you. Counsel?

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

MR. NOSEWORTHY, CHAIRMAN: Commissioner Powell?

COMMISSIONER POWELL: Just a couple of comments, Ms. Jones. First of all, thank you for the presentation.

MS. JONES: You're kindly welcome.

COMMISSIONER POWELL: It was very well thought of. And even if the numbers may not be right I think the impact and the scenarios are good, so it's only matter of reworking them. I'll ask you the same thing I asked Mr. ... your colleague, Mr. Anderson, yesterday. Each one of these isolated diesel systems, they are their own power source and distribution in itself, they're totally enclosed and they service a particular community with ... while a lot of the problems probably are similar, I'm sure each one of the communities have some uniqueness. So have you given any thought to advocating that each one of these communities should have electoral ... a committee that's in the community that's dedicated to looking at the problems unique to each community so to work as a community in dealing with Hydro as opposed to individual? And as a follow-up to that, one of the things that came up as after I talked to Mr. Anderson in some of the communities was a problem with the billing in getting the discounts. Because, as we know, times, nature, don't allow the readily flow of mail to and from the coast and at times the bills are late and

late getting back and they lose the discounts. I can't help but think if there was a committee within the community approaching Hydro that little issue could be resolved rather quickly and be some significant savings to some people on the coast. So have you given any thought to that?

MS. JONES: No, I haven't. And it is a good suggestion. I guess one of the things that we've tended to do, over the past few years, within the district as a whole, was to set priorities on different fronts. And I guess while reducing energy costs has been a priority since 1996 for me, and as Mr. Young indicated already, it was my last time I went before the PUB, then on the uniform rates for the Labrador Straits region or the L'Anse-au-Loup area customers. But, no doubt, we have discovered, within the last 12 to 18 months, that one of the biggest setbacks that we're having in developing our communities is energy cost. You'll hear some examples this morning, but just briefly I'll give you one. In the community of Charlottetown, in my district, where we were able to attract investment of \$10 million into the development of a new shrimp processing plant we didn't have the power to be able to support that type of development. And we had to go to Newfoundland and Labrador Hydro to have them make significant investments to upgrade the diesel plant in that community to provide power to this company. Now, I don't think it was at any great additional cost to the company. It was at great cost to Newfoundland and Labrador Hydro, no doubt, to have to do this. But the cost is in the price that they have to pay. And only because they were going to receive a precedential rate from Newfoundland and Labrador Hydro would they even consider, at the time, this investment. Without the precedential rate they probably would have just taken their chequebook and went some place else. So when I say that it has significant impacts on the growth and development of communities, that's what I mean. We Created 120 jobs through that investment in a community of 350 people. And without that we would have lost 120 jobs and had a community with no economic base. So the energy component is the key component to any development that we will have over the next five, ten years. And it seems like every day now that we're looking at new initiatives. It's the one thing that keeps hitting us in the face. So maybe we do need local committees that would monitor and look continuously at the utility in terms of where we're lacking. For us it's more than about rates. Rates is a part of it. And my case this morning was based around rates and the differential ... the differences that we pay from one area of the province to the other. But the bigger issue is the availability of power, as well. And we don't have that availability. We are limited in what we can consume.

(11:15)

MS. JONES: So even if I could afford or every consumer in the community could afford to have electric heat, they wouldn't be able to have it, because the capacity doesn't allow for it. So when you look at building larger, more technologically advanced fish processing facilities. When you look at entering into large scale sawmilling development because forest development is one of the newer industries that we're looking at in my district right now, all which require significant amounts of power to be able to operate, we're faced with those challenges. So it's not just about rates, it's also about availability for us.

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

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

COMMISSIONER SAUNDERS: No questions, Mr. Chair. Thanks, Ms. Jones.

MS. JONES: You're very welcome.

MR. NOSEWORTHY, CHAIRMAN: Commissioner Whalen?

COMMISSIONER WHALEN: Yeah, I just have one question. Thank you for your presentation, Ms. Jones. I was interested in your last comment, I don't think it was part of your official presentation, about the resolution of the combined councils and the uniform rate and the rate ... I think the resolution intent was that you would support that if the rate was set at the Labrador west rate. Is that what I understood it to be? I guess just a question, more of a general interest for me. In looking for your ... not your government perspective, but your personal view in terms of the cost of the system in Labrador will still be there. And who do you anticipate would pay the cost of the system if the rates decrease in the entire ... in the Labrador area to that level?

MS. JONES: That's why my entire position over the past number of years and, hopefully, indicated this morning, has been that we've got to look more at the longer term, moving away from diesel operated plants to another source of power, of energy for those communities and look at an amortization period of doing it over a certain length of time. I think that we're really narrowing our own thinking and also narrowing the opportunity for these communities, as long as we try and cover the increasing costs of diesel power. And you know, when I say uniform rates at a rate that is equivalent to what's being offered in Labrador west, I think that if we really put some serious effort into this, that we could do that and we could do it, one, through ... right now we already know that there's a surplus being paid on the Labrador west system. We also already know that in other parts of the world, in the countries that I've

outlined this morning, including our own, there is lots of cases of hydro power being developed in small communities that are being used to create and drive the local economies. And I think that we really seriously have to look at that option. We are going to reach a point in our history where we're never going to be able to pay for diesel systems. I mean, the cost of fuel is going up all the time. The cost of operating these systems are increasing at a rapid pace. And I mean, I don't think it's very creative to constantly look at increasing the rates to offset the cost. I think we have to look at something different. And I think it broadens the opportunities and the perspectives of everybody involved, including Newfoundland and Labrador Hydro, including the Government of Newfoundland and Labrador, the consumers and the communities that are affected. And that would be where I would like to focus energy and attention. And I would hope that that would be where the Public Utilities Board would give guidance and direction to Newfoundland and Labrador Hydro to do just that.

COMMISSIONER WHALEN: You see that as a role for this Board?

MS. JONES: I see it a role for not just your Board but for us as people who live in Labrador and also for the government. And I think that collectively, if we all put forward that direction and worked with Newfoundland and Labrador Hydro to do that it can be done. But I don't think we can continue to increase costs to pay ... increase the cost to consumers to recover the monies that are needed to operate diesel plants.

COMMISSIONER WHALEN: Okay. Thank you, Ms. Jones.

MS. JONES: You're welcome.

MR. NOSEWORTHY, CHAIRMAN: I think, Ms. Whalen, you asked the question that I was asking in respect to the role ...

COMMISSIONER WHALEN: I'm not looking at your book.

MR. NOSEWORTHY, CHAIRMAN: ... of the Board and the whole issue of regional development, and I think it was answered. Thank you, very much, Ms. Jones.

MS. JONES: Thank you.

MR. NOSEWORTHY, CHAIRMAN: My experience with you has always been that you've done your homework on behalf of your constituents and certainly no less in this presentation here this morning. Thank you, very much.

MS. JONES: You're welcome. Thank you.

MR. NOSEWORTHY, CHAIRMAN: It is 20 after 11 now. Perhaps we could take a ten minute break until 11:30 and

1 we'll reconvene with our next presentation.

2 (break)

3 (11:40)

4 MR. NOSEWORTHY, CHAIRMAN: Perhaps we could get
5 started and continue on with our presentations here this
6 morning. I'd like to ask Ms. Betty Sampson, who is with the
7 Town of Port Hope Simpson to take the witness table,
8 please?

9 MR. KENNEDY: Mr. Chair, just before you begin with the
10 witness I had a couple of documents which I just wanted to
11 bring to the attention of the parties. It was in response to
12 as question from, I believe it was the Chair, regarding the
13 Labrador ... Newfoundland and Labrador Hydro bills paid
14 by the Town of Hopedale and the Town of Makkovik. And
15 we've received those in and copies will be made and
16 distributed to the parties so that they have them available
17 as an official part of the record.

18 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
19 Kennedy. Good morning, Ms. Sampson.

20 MS. SAMPSON: Good morning, sir.

21 MR. NOSEWORTHY, CHAIRMAN: Welcome. You're with
22 the Town of Port Hope Simpson in what capacity?

23 MS. SAMPSON: Councillor.

24 MR. NOSEWORTHY, CHAIRMAN: Councillor, okay.
25 Could you take the Bible in your right hand, please? Do
26 you swear on this Bible that the evidence to be given by
27 you shall be the truth, the whole truth and nothing but the
28 truth so help you God?

29 MS. SAMPSON: Yes, I do.

30 MR. NOSEWORTHY, CHAIRMAN: Thank you, very
31 much. I'd ask you to begin your presentation, please?

32 MS. SAMPSON: Ladies and gentlemen of the Public
33 Utilities Board, officials, town representatives and my
34 MHA. We thank you for this opportunity to address your
35 Board and to speak, for a moment, on the request by
36 Newfoundland and Labrador Hydro for a rate increase. As
37 fill in for Mayor Margaret Burden, I represent the
38 Community of Port Hope Simpson, Labrador. My name is
39 Betty Sampson, town clerk.

40 As you are aware, communities such as ourselves
41 depend on the diesel generated power for electricity. We
42 are not tapped into the Lake Robinson or any other power
43 grid as our neighbours in the Straits approximately 100 and
44 150 kilometres away. But with the completion of the Trans
45 Labrador Highway this has changed our factor of isolation
46 and opens a possibility that we can tap into this wonder.

47 We are not an example where you get more for less

48 or buy in bulk at discount price, but rather, we ... the more
49 we pay the more we ... the more we use the more we pay.
50 And is this a fair approach or is this the reality of a
51 monopoly or the absence of other options? Do the
52 Newfoundland and Labrador Hydro have to get 100 plus
53 return immediately and not look at long-term return on
54 investments? The need for electricity will remain as long as
55 there is a population. The fear for Newfoundland and
56 Labrador Hydro of losing a customer is nil. The fear of one
57 going with another provider is nil. It is a monopoly and we,
58 the residents of Port Hope Simpson, through our petition
59 to your Board members request your support to see that
60 the necessary (phonetic) commodity had electricity in the
61 year 2001 is not beyond affordability.

62 The majority of our population in Port Hope
63 Simpson live on a fixed income. There is no industry, no
64 economic base in Port Hope and the majority of the
65 working adults work seasonally. Through opportunities at
66 the shrimp plant at Mary's Harbour, the crab plant ... shrimp
67 plant at Charlottetown and the crab plant in Mary's
68 Harbour draw some to travel to those seasonal employment
69 facilities. Our seniors are living on Social Security income
70 and we have individuals on Social Assistance and we have
71 families living on, and yes, below the poverty line. These
72 families would ask that their financial situation be a point in
73 your discussion and your deliberations. For example, many
74 of our families earn annual income in the range of 10,000 to
75 \$13,000 bracket and their electric payments is \$1200 plus
76 annually. This is only one commodity taken care of. And
77 these figures do not include the cost of heating homes, it
78 do not include the furnace oil or the wood used for heat. I
79 know this has no bearing on Newfoundland and Labrador
80 Hydro, but it is a point made. For example, a business in
81 Port Hope Simpson pays 1200 to \$1500 a month with this
82 being 15 to \$18,000 annually.

83 The people of Labrador have always been givers
84 in resources, allowing for opportunities to others to earn a
85 living. The fishery brought many Newfoundland families
86 to fish off the Labrador coast. The construction of today's
87 Trans Labrador Highway provided more jobs to non-
88 residents of Labrador than Labradorians. The Labrador
89 water harnessed to hydro power is bypassing our
90 communities and is going at basement bargain prices to the
91 States area. Our wood is being wanted badly by Abitibi.
92 The political dynamics of the Labrador water is those
93 decisions are out of your hands and out of my hands, but
94 the reality of Labrador resources can be evaluated by us all.
95 We coastal residents are left with the highest electric power
96 bills in the Province of Newfoundland and Labrador.

97 We urge you members of this Public Utility Board
98 hearing to be very sensitive to the economic and the
99 realities of living in Port Hope Simpson and other rural

1 coastal communities. The hurt that an increase of any
2 amount by Hydro will be felt, not only by moms' and dads'
3 pocket book, but it will be felt by the school kids because
4 there'll be less money in the family and things will have to
5 go because of it.

6 (11:24)

7 MS. SAMPSON: The factor of the rate of diesel generated
8 power is not only expensive to the family unit, but think of
9 the industry development. If an individual or a company
10 wanted to construct a hotel or a garage or a supermarket or
11 whatever along the Trans Labrador Highway or within the
12 towns one of the factors to be thought about, and to be
13 given a lot of thought about, is that of the method of
14 heating such an establishment. In researching the realities
15 and the costs that business venture would soon have had
16 many second thoughts and the business idea would be lost
17 from our area. The option for local sawmillers to upgrade
18 and have electric motors to run that sawmill operation is
19 beyond reach for the local industry in Port Hope Simpson
20 due simply to the high cost of electricity and the inability
21 to provide that required power.

22 The pressure put in the forestry in heating homes
23 in our area is a factor also to be given some thought to.
24 The cost to get wood is getting higher due to the increased
25 price in gas and we could question could that wood be
26 used for pulp wood. Are we to be ever slotted as the
27 gatherers of wood because of the option of electric heat is
28 beyond our means along this stretch of the Labrador
29 coastline?

30 When looking at the presentation made by the
31 Town of Wabush and their suggestion that the province
32 would apply an energy tax of one mil per kilowatt hour to
33 be collected from customers be cautious and be ever
34 mindful that the cost per kilometre kilowatt hour ... I'm used
35 to the Trans Labrador Highway now. Another exciting
36 thing. The cost per kilowatt hour must be equal and then
37 apply the energy tax. Is there an assumption that all
38 kilowatt hours are of the same cost throughout the
39 province? This idea is open for clarity on details.

40 And I've attached some invoices showing
41 business rates from the Municipality of Port Hope Simpson
42 and for the residents. And then I'd ask you to compare
43 these prices with Wabush. Since I've come here I've got
44 my daughter's Hydro bill and you could compare that one,
45 too. Families, business development and social
46 development in the communities connected to diesel
47 generated electricity are held back because of the simple
48 fact the more you use the more you will pay. Ponder
49 heavily on all these factors and we are confident that you
50 will return with a decision of not supporting the request of
51 Newfoundland and Labrador Hydro rate increase.

52 In closing, I say to Hydro, wind power is an area
53 for further research like Northern Ontario Hydro and
54 Finland. With the completion of the Trans Labrador
55 Highway the cost of your fuel, that's your diesel fuel, as
56 well as the cost for my apple at a local store should go
57 down, will go down. Hence, this should reflect in my
58 Hydro invoices.

59 And I take this moment to thank Hydro for the
60 little bit of land that they gave us for the community
61 volunteer group, but I do thank you for it. And in closing,
62 I thank you for the airplane ride, it was a rush, I tell you.
63 And it was supposed to be a presentation made by the
64 mayor and she was going to stay at the hotel and thank
65 you for the rest at the hotel but I stayed with my daughter
66 and they got a two month old baby. I don't know about the
67 word "rest" is all right there or no. And in closing, sorry
68 but I hope your request is denied. Thank you.

69 MR. NOSEWORTHY, CHAIRMAN: Thank you, Ms.
70 Sampson, for your thoughtful presentation. We'll go to
71 questions now. Hydro, please?

72 MR. YOUNG: No questions. Thank you, Ms. Sampson.

73 MS. SAMPSON: Thank you.

74 MR. NOSEWORTHY, CHAIRMAN: All right.
75 Newfoundland Power?

76 MR. HAYES: No questions. Thank you, Ms. Sampson.

77 MR. NOSEWORTHY, CHAIRMAN: Consumer Advocate,
78 Mr. Browne?

79 MR. BROWNE, Q.C.: Mrs. Sampson, what's your role with
80 the town?

81 MS. SAMPSON: I'm the town clerk.

82 MR. BROWNE, Q.C.: You're the town clerk. And what's
83 the population of Port Hope Simpson?

84 MS. SAMPSON: About 550.

85 MR. BROWNE, Q.C.: Has Hydro engaged in any plan in
86 reference to conservation to try to get people to conserve
87 energy use on Port Hope Simpson, to your knowledge?

88 MS. SAMPSON: Not that I know of.

89 MR. BROWNE, Q.C.: In terms of yourself and your own
90 requirements, what form of heat do you use in your house?

91 MS. SAMPSON: Oh, mainly wood.

92 MR. BROWNE, Q.C.: Mainly wood?

93 MS. SAMPSON: We treat our self to a little bit of oil in the
94 morning when it's cold, but mainly wood.

95 MR. BROWNE, Q.C.: Would that be typical of the
96 residents of Port Hope Simpson?

1 MS. SAMPSON: I would say that 80 percent is all wood.

2 MR. BROWNE, Q.C.: Is all wood?

3 MS. SAMPSON: Yeah.

4 MR. BROWNE, Q.C.: Is there a sawmill or any kind of
5 wood industry there now?

6 MS. SAMPSON: There's a sawmill, there's a couple of
7 three sawmills that are in Port Hope Simpson trying to
8 develop. One of ... the larger one is Strignose Woodward's
9 (phonetic) and that's the one who deals with Abitibi.
10 That's the one with the most controversy in town, I
11 suppose. And there's some more smaller level sawmills that
12 are there, yes.

13 MR. BROWNE, Q.C.: And what's the employment rate in
14 the town itself, are people more or less employed or
15 unemployed or seasonal?

16 MS. SAMPSON: Seasonal, yes. 80 percent, 75, 80 percent
17 are seasonally employed.

18 MR. BROWNE, Q.C.: So everyone works at some time?

19 MS. SAMPSON: We try.

20 MR. BROWNE, Q.C.: In terms of your own house, you said
21 you got ... you're in wood. What electrical appliances do
22 you have in your house, do you use a hot water boiler?

23 MS. SAMPSON: Oh, yes, electric hot water tank.

24 MR. BROWNE, Q.C.: And a range?

25 MS. SAMPSON: A kitchen range.

26 MR. BROWNE, Q.C.: And a fridge?

27 MS. SAMPSON: A regular kitchen fridge and a small deep
28 freezer.

29 MR. BROWNE, Q.C.: And a small deep freeze?

30 MS. SAMPSON: Um hm. I got empty nest syndrome now.

31 MR. BROWNE, Q.C.: What's that?

32 MS. SAMPSON: My kids are grown up and gone so I
33 don't need the gigantic deep freezer any more.

34 MR. BROWNE, Q.C.: So you scaled back. Is a deep freeze
35 a necessity in Port Hope Simpson?

36 MS. SAMPSON: Oh, yes, if you want to treat yourself to
37 some Labrador, you know, like frozen fish and berries and
38 if you happen to get some caribou and things like that, uh
39 hum.

40 MR. BROWNE, Q.C.: Does that help bring down your own
41 particular cost of living?

42 MS. SAMPSON: Yes.

43 MR. BROWNE, Q.C.: The water in Port Hope Simpson,
44 how does the town deal with the supply of water to
45 residents?

46 MS. SAMPSON: Our town water is provided by gravity
47 flow, so we don't have the high bills like some towns do
48 that got the pump stations. So our town's Hydro bills, that
49 would include the water service, the municipal building and
50 the street lights and the whole shebang of it all is roughly
51 about \$1700 a month, \$2000.

52 MR. BROWNE, Q.C.: So you're paying ... the town itself
53 pays \$1700 a month?

54 MS. SAMPSON: Hydro.

55 MR. BROWNE, Q.C.: For Hydro. That's an average bill
56 typical of a monthly?

57 MS. SAMPSON: Well, I would say the lowest is about
58 \$1400.

59 MR. BROWNE, Q.C.: Do people require any kind of
60 circulation pumps for water in their homes?

61 MS. SAMPSON: No.

62 MR. BROWNE, Q.C.: These are my questions. Thank you,
63 very much.

64 MS. SAMPSON: Okay.

65 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
66 Browne. Mr. Peck? You have no questions? Counsel?

67 MR. KENNEDY: No questions, Chair.

68 MR. NOSEWORTHY, CHAIRMAN: Commissioner Powell?

69 COMMISSIONER POWELL: Just one question, Ms.
70 Sampson. In your presentation here, your invoices here,
71 there's one here for the Town of Port Hope Simpson.

72 MS. SAMPSON: Yes.

73 COMMISSIONER POWELL: And it starts off with a big
74 credit adjustment, \$254.60. Hydro being nice to the town?

75 MS. SAMPSON: No. That's the ... you're talking about the
76 sample that I put in there?

77 COMMISSIONER POWELL: Yes.

78 MS. SAMPSON: Okay. No, that's a domestic one, that was
79 the light bill. That is the domestic bill, it's \$212 in ...

80 COMMISSIONER POWELL: No, no. The one the Town of
81 Port Hope Simpson, the first one.

82 MS. SAMPSON: No. The Town of Port Hope Simpson is
83 the ... it's squat, you can't see it, see, because it's squat and
84 it's put up in under the clips there. This one here is the
85 Town of Port Hope Simpson.

1 COMMISSIONER POWELL: Yes.

2 MS. SAMPSON: The one on the community centre.

3 COMMISSIONER POWELL: Yeah. No, it just starts of
4 with previous balance, payment and they got a credit
5 adjustment of \$254 ...

6 MS. SAMPSON: That's because I paid one bill twice.

7 COMMISSIONER POWELL: Oh, okay.

8 MS. SAMPSON: Yeah. Don't tell the mayor, don't tell the
9 mayor.

10 UNKNOWN SPEAKER: Strike that from the record.

11 COMMISSIONER POWELL: Take that off the record.

12 MS. SAMPSON: That's okay.

13 COMMISSIONER POWELL: I'm an accountant so when I
14 see numbers I got to play with them, you know.

15 MS. SAMPSON: Especially when it's CR.

16 COMMISSIONER POWELL: Yeah. But I noticed this
17 month here that you've been charged \$221.92 in HST and
18 you only got a bill for \$1000. And I haven't done any quick
19 calculation but HST should only be 15 percent and that
20 looks a lot higher.

21 MS. SAMPSON: I'm going to look into that.

22 COMMISSIONER POWELL: Yeah. So you may want to
23 talk to Hydro. That's all my questions, Mr. Chair.

24 MR. NOSEWORTHY, CHAIRMAN: Thank you.
25 Commissioner Sanders?

26 COMMISSIONER SAUNDERS: No questions.

27 MR. NOSEWORTHY, CHAIRMAN: Commissioner
28 Whalen?

29 COMMISSIONER WHALEN: No questions. Thank you,
30 very much, Ms. Sampson.

31 MR. NOSEWORTHY, CHAIRMAN: I have no questions.
32 Thank you, very much, Ms. Sampson, it's been a pleasure.
33 Thank you. Could I ask Mr. Nath Moores, please, to come
34 up? Good morning, Mr. Moores. How are you this
35 morning?

36 MR. MOORES: Good.

37 MR. NOSEWORTHY, CHAIRMAN: You represent the
38 Combined Councils of Labrador?

39 MR. MOORES: That's right.

40 MR. NOSEWORTHY, CHAIRMAN: In what capacity do
41 you serve?

42 MR. MOORES: Treasurer.

43 MR. NOSEWORTHY, CHAIRMAN: Treasurer. Are you ...
44 obviously you're a councillor or mayor of what community?

45 MR. MOORES: Mayor of L'Anse-au-Clair.

46 MR. NOSEWORTHY, CHAIRMAN: How long have you
47 been mayor of L'Anse-au-Clair?

48 MR. MOORES: About eight years.

49 MR. NOSEWORTHY, CHAIRMAN: For about eight years,
50 very good. Okay. I'd ask you to place the Bible in your
51 right hand, please? Do you swear on this Bible that the
52 evidence to be given by you shall be the truth, the whole
53 truth and nothing but the truth, so help you God?

54 MR. MOORES: I do.

55 MR. NOSEWORTHY, CHAIRMAN: Thank you. Okay.
56 Begin your presentation, please?

57 MR. MOORES: Good morning, Commissioners,
58 Newfoundland Hydro, MHA, Yvonne Jones,
59 Newfoundland Power, ladies and gentlemen. Thank you
60 for the opportunity to speak on behalf of Labradorians in
61 this great land. My remarks will be brief and that's for two
62 reasons. Much that I am about to say has already been
63 said. Yvonne seemed to detail everything, left nothing for
64 the rest of us. And I only found out about those hearings
65 late Friday evening, giving me very little time to prepare.
66 So, basically I don't have any numbers, I'm just going to
67 make a general presentation. First of all, however, to the
68 PUB, I'm disappointed that you did not schedule any
69 hearings on the coast where those rate increases will have
70 the greatest and most detrimental effects.

71 Let me begin by saying in life there are wants and
72 there's needs. Electricity is a basic need, not a want.
73 Hydro was formed with the mandate to provide that need.
74 Being a provincial corporation its mandate is to provide
75 that service to every community in this province. That is
76 the responsibility of the Company. If, at the moment some
77 of the ways of providing this service are not ... are more
78 expensive in some regions than others, the onus is upon
79 the Company to develop more innovative and cheaper
80 ways of providing this service, especially in more remote,
81 isolated areas. For instance, have wind power or mini
82 hydro projects been studied or discussed to subsidize or
83 replace expensive oil generated power? What is being
84 proposed for coastal Labrador communities? Are any of
85 those things being looked at or in the opinion of the
86 Company it doesn't matter since the consumer will
87 ultimately have to pay the cost no matter how expensive
88 the means of generating that power is? Yet, he, the
89 consumer, has no or very little say in how that power will
90 be generated. That decision will be made in corporate
91 boardrooms.

1 In many instances the more expensive options
2 with a short-term solution rather than long-term planning
3 are selected with no input to customer. Unfortunately, as
4 I said earlier, it don't matter to the supplier since the cost
5 will be handed back to the consumer under what is being
6 labelled as cost recovery. His attitudes from you take what
7 I offer, I know best to what you do, the consumer, need,
8 and how I, Hydro, provide it at the cheapest means over
9 the long term.

10 The Company must work with the consumers to
11 provide the cheapest service possible to all residents
12 throughout the entire province on an equal basis no matter
13 where we live. Let me clarify, had Hydro built a hydro
14 generating station in coastal Labrador years ago when Bay
15 d'Espoir or Cat Arm or Churchill Falls, etcetera, were built,
16 at considerable public expense, that project would now be
17 amortized creating cheap electricity to those residents.
18 Unfortunately, this was not the case. Hydro chose a
19 quicker fix, oil generated systems which have to be
20 continually upgraded and replaced, an ongoing expense
21 that will never end, while fuel costs will always be a reality
22 with the cost rising on an annual basis. I must point out
23 that this was not the choice of the people, but the
24 Company. The money used to build water generated
25 projects elsewhere from the public purse, which is now
26 generating cheaper electricity was theirs, the people's, as
27 well as the people in other regions of the province. Had
28 money been wisely invested in similar projects in Labrador
29 the residents here would enjoy the same benefits. Since
30 this has not happened and the Company wants to move to
31 cost recovery the entire system must be taken into
32 consideration. The entire grid system, as well as oil
33 generated electricity across the province lump together and
34 everyone pay the same. Now, people who were fortunate
35 to have projects undertaken many years ago when things
36 were done much cheaper pay less because of that while a
37 community who has to use a new electronic oil generated
38 system pay more.

39 Ladies and gentlemen, let me state, Hydro has said
40 they have to move toward cost recovery. In actual fact,
41 Hydro made a substantial profit last year and the year
42 before and so on. Can anyone recall a year when Hydro
43 went in the red? My point is strictly this, the rate increase
44 that is being proposed is not to achieve cost recovery, but
45 to increase the return to the shareholder in this
46 organization, which we all know is government. In 1999
47 Hydro paid a dividend of 17 million while in 2000 they paid
48 69.9 million. However, in the same statement the net
49 income was \$16.7 million less. And I quote, "The decrease
50 was mainly due to a decrease in the sale of recall energy to
51 Hydro Quebec and an increase in operation administration
52 expenses." Could somebody explain what portion of that
53 figure is related to the sale of energy to Hydro Quebec and

54 what portion of it is related to the layoff they did last year
55 and the reorganization where now they have their
56 employees on the road a good portion of the time? Even
57 with their \$16.7 million less they recovered costs and paid
58 substantial returns. Let me repeat, the raise is more for
59 corporate and shareholder profits rather than cost recovery.

60 Let me ask the question to clarify a point. In the
61 region from L'Anse-au-Clair to Red Bay we are on a Quebec
62 grid with a set contract for, I assume, 20 to 30 years. This
63 contract is in place whereby Newfoundland and Labrador
64 Hydro will pay Quebec Hydro a set cost for energy
65 supplied. This was done a few years ago. The premise of
66 this hearing is a rate increase being sought due to mainly
67 because of the rising cost of oil. Are we being lead to
68 believe that now, because of the rising cost of oil, that
69 Quebec Hydro is charging more for electricity being
70 generated at the Robinson's Lake? May I ask how the
71 rising cost of oil has any bearing on the cost of electricity
72 negotiated and purchased from Quebec Hydro produced in
73 Robinson's Lake? If oil is the basis on which this raise is
74 being sought then the rates in the Straits would remain
75 constant. My point is simply this, our rate increase has no
76 bearing whatsoever on cost recovery for greater larger ... to
77 create larger dividends.

78 May I add, the cost of oil has continually dropped
79 since Hydro announced its intentions to increase rates
80 making this argument invalid. As we earlier pointed out,
81 the coast of Labrador has the highest Hydro rates
82 anywhere in the province, yet, Labrador also has the
83 largest hydro producing facilities in the province and more
84 is yet to come.

85 (12:00)

86 MR. MOORES: I agree that as a business Hydro has to
87 turn a profit. However, as a public utility I argue that there
88 will always be areas that cannot be profitable. The reason
89 for public utilities is so that profits from the more economic
90 zones be used to subsidize the less profitable areas until
91 such time that they do become fluent.

92 The onus is on Hydro to find ways to produce
93 and supply electricity to those areas, coastal Labrador at
94 the same cost as they are doing it everywhere in the
95 province. The consumer must not be punished by paying
96 higher rates if Hydro fails to do this. The supplier of
97 electricity must be the one held responsible if they cannot
98 live up to that commitment, then they use their profits to
99 subsidize rates to those regions until such time that they
100 find new innovative ways to produce electricity more
101 efficiently.

102 Ladies and gentlemen, let me continue by
103 presenting Hydro and the PUB with a resolution from the
104 Combined Councils of Labrador. This resolution reads, and

I quote, "Whereas Hydro rates are unacceptably high in rural areas of Labrador and whereas Hydro rates are significantly different throughout Labrador, be it resolved that the Combined Councils lobby for uniform Hydro rates at the Labrador City rate." As you can see from this resolution all the people of Labrador agree that there are inequalities in the way electricity is being charged throughout this region and something needs to be done.

What I've pointed out in this short presentation is simply that the most depressed areas are being forced to pay the most. Rather than boosting development, those proposed rate increases will slow or cause a downturn in the already depressed economy of our region and the province as a whole.

May I reiterate the onus is on Newfoundland and Labrador Hydro to find more innovative ways of providing its service to the people of this province, especially in remote areas. Whether that be wind or water generated power or some other means, the responsibility is on their shoulders to do so.

The type of discrepancies that we have seen here today in cost of what is a basic service is no longer acceptable. While government policy is trying to decentralize different departments throughout the province Hydro's policy is to do the reverse. They're forcing people to ... the present way electricity is charged to customers in remote regions will case centralization. Newfoundland and Labrador prides itself in the uniqueness and diversity. Hydro must become part of that and work with the people to develop the utilities that will compliment rather than destroy it. I impress upon the PUB to dismiss the raises being proposed here in this hearing. Thank you.

MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr. Moores for your presentation. We'll go to questions. Hydro, please?

MR. YOUNG: No questions. Thank you, Mr. Moores.

MR. NOSEWORTHY, CHAIRMAN: Newfoundland Power?

MR. HAYES: No questions, Mr. Chair. Thank you, Mayor Moores.

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

MR. BROWNE, Q.C.: Yes. Mayor, in reference to L'Anse-au-Clair, when did you get on the grid, the Quebec grid?

MR. MOORES: I don't know the exact date. Hydro probably could answer that question easier than me. About three, four years ago, four or five years ago.

UNKNOWN SPEAKER: Might have been five, yeah, '96.

MR. MOORES: '96.

MR. BROWNE, Q.C.: And what effect did that have on your standard of living, going on the grid?

MR. MOORES: I can't say that anything has really changed, other than in business, business has seen a substantial decrease in their rates, which in turn, would have seen, I assume, a drop in the grocery bill, to some extent. Other than that, that area has been fairly economic and ...

MR. BROWNE, Q.C.: Have more businesses tried to set up in your area because you're on the grid?

MR. MOORES: Being on the grid gives us the grid rates. But as Hydro could very well point out, there's not a lot of power, I mean, there's no substantial amount of power for any marginal or large commercial development. So, there's no ... we haven't seen any major impact simply because the power is still not there. They have a set amount of power, but not a substantial amount.

MR. BROWNE, Q.C.: Prior to going on the grid what was your form of energy in our house for heating?

MR. MOORES: Everybody would use oil. Now, there is ... there has been some change and I don't know to what extent, but there has been some change to electric heat in the ...

MR. BROWNE, Q.C.: Some people have changed over to electric heat?

MR. MOORES: Some people have changed to electric heat. But again, the amount of power available to do that is limited, so a lot of people haven't taken that chance.

MR. BROWNE, Q.C.: Do you know if Hydro Quebec has a right to recall that power?

MR. MOORES: Yes. And that's why people are not ready to jump into electric heat and major electrical developments.

MR. BROWNE, Q.C.: So people are conscious of that?

MR. MOORES: A substantial amount of people are.

MR. BROWNE, Q.C.: Has there been any conservation program introduced in your community by Hydro to get people to conserve their use of electricity?

MR. MOORES: I'm not sure there's been major consultations, but, yes, I've seen ... I have seen. And I was a former teacher and at that point-in-time we would get literature about different things such as conservation.

MR. BROWNE, Q.C.: You've gotten literature, but have ... do you recall anybody going into the community or having town meetings or ...

MR. MOORES: No, not to my knowledge.

1 MR. BROWNE, Q.C.: Showing you products that can be
2 used to help you conserve?

3 MR. MOORES: Not to my knowledge.

4 MR. BROWNE, Q.C.: Thank you, very much.

5 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
6 Browne. Mr. Peck?

7 MR. PECK: Just a couple of questions. In terms of your
8 presentation, the resolution of the Combined Councils,
9 when was that done?

10 MR. MOORES: In last ...

11 MR. PECK: At the last meeting?

12 MR. MOORES: At the last annual meeting.

13 MR. PECK: And the Combined Councils, that represents
14 all the municipalities within Labrador?

15 MR. MOORES: That's right.

16 MR. PECK: Did any other municipalities or members have
17 a chance to review your presentation before you made it?

18 MR. MOORES: Only just as the executive of the Combined
19 Councils. That's why it's pretty general.

20 MR. PECK: Okay. That's all the questions I have.

21 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr. Peck.
22 Counsel?

23 MR. KENNEDY: No questions, chair.

24 MR. NOSEWORTHY, CHAIRMAN: Commissioner Whalen
25 ... Commissioner Powell?

26 COMMISSIONER POWELL: That's no problem. Thank
27 you, very much, Mr. Moores.

28 COMMISSIONER SAUNDERS: Mr. Moores, are you
29 appearing here in both capacities, and that is as treasurer of
30 the Combined Councils as well as Mayor of L'Anse-au-
31 Clair?

32 MR. MOORES: Basically, yes, and representing, in some
33 capacity, the Labrador Straits. But like I say, there were
34 supposed to be three people here from the Labrador Straits.
35 I found out yesterday when I got on the plane that two of
36 them have backed out. So ...

37 COMMISSIONER SAUNDERS: Thank you.

38 MR. NOSEWORTHY, CHAIRMAN: Thank you,
39 Commissioner Saunders. Commissioner Whalen?

40 COMMISSIONER WHALEN: No, I have no questions.
41 Thank you, Mr. Moores.

42 MR. NOSEWORTHY, CHAIRMAN: I just have a couple,
43 Mr. Moores. You do represent the Combined Councils of

44 Labrador. Do you have any sense, and I think you've been
45 ... indicated you've been a mayor, and I'm sure, participated
46 in the Combined Councils' forum on a number of occasions
47 over the years. What do you, or indeed, has there been
48 any direct conversations or discussions surrounding the
49 reliability of power to the communities represented in your
50 Association?

51 MR. MOORES: That's always been a concern, especially
52 reliability. The diesel power, many complaints you will
53 have from the communities is not enough power, a lot of
54 outages, problems associated with that. And in our region
55 the uncertainty of what's happening with the power in
56 Quebec, and again, having to go back on diesel. So there's
57 always been concern from the entire membership or the
58 membership in the coastal Labrador.

59 MR. NOSEWORTHY, CHAIRMAN: In terms of the quality
60 of service and the response by Hydro to some of this, how
61 does your membership feel about that, generally speaking?

62 MR. MOORES: Again, there's some communities are
63 different from others. There's been some areas, some
64 regions with cutbacks. Our region right now, there's been
65 a major concern with what will happen if there is a major
66 outage. I think they have one, and Hydro can probably
67 correct me on that, I believe they have one linesman there
68 right now from L'Anse-au-Clair to Red Bay and he's
69 travelling in a lot of instances into the Mary's Harbour area.
70 I talked to him only a few days ago and I think he spent
71 most of his summer on the Mary's Harbour region. They
72 have a complicated system and I don't have the expertise to
73 talk on it, but if the hydro goes out from Robinson's Lake
74 I think there's an automated system now or ... on Black
75 Rocks that's supposed to cut it back in, cut the motors in in
76 L'Anse-au-Loup. And if that doesn't happen I believe they
77 may need two linesmen in order to bring the power back on,
78 so which would mean having to bring somebody in from
79 outside. And that may have been corrected recently. Like
80 I said, I don't have the expertise and haven't been following
81 it enough to know exactly what's happening, but there was
82 concerns there.

83 MR. NOSEWORTHY, CHAIRMAN: One of the ... in
84 another area in terms of the impact of costs, I guess, the ...
85 we were confronted yesterday with a number of
86 communities in the northern coast of Labrador talking
87 about cost of electricity as a proportion of their total
88 municipal costs, essentially, particularly where water
89 treatment plants were involved, and these were substantial
90 in certain communities. Would you care to comment on the
91 impacts or the extent electricity plays in Hydro costs and
92 impacting municipalities in ...

93 MR. MOORES: In L'Anse-au-Clair, well, since we went on
94 the grid there's been considerable savings to our

community. However, we operate a small swimming pool, which operates from June, July and August, from the mid June until the end of August. And there is a clause, and I don't have the statistics here, and I really don't know what they call it, but there is a clause in there that they charge us in the winter when our pool is closed, for a ... somebody may be able to tell us what that is. They tell us that they charge us for this energy because it's available if we need it. So we pay almost as much for operating our swimming pool in the winter as we would in the summer. It costs us ... and like I said, I don't have the numbers, but in excess of \$100 for the building that's shut down because it's some agreement that's called Power ...

UNKNOWN SPEAKER: Demand?

MR. MOORES: Demand, Power on Demand or something, so if we want to operate our pool they tell us they got the power there for us. So, that's the concern that we would have.

MR. NOSEWORTHY, CHAIRMAN: Do you have a water treatment plant in L'Anse-au-Clair?

MR. MOORES: We don't have a water treatment plant. We have a ... our chlorinator is controlled by water. The water, it has a turbine control that ... so we don't have any pumping or whatsoever, it's all gravity flow. The only other thing we have is we do have sewer lip stations, but it's just the one, so it's not ...

(12:15)

MR. NOSEWORTHY, CHAIRMAN: That's all the questions I have, Mr. Moores. Thank you, very much for your presentation.

MR. MOORES: Thank you.

MR. NOSEWORTHY, CHAIRMAN: It is quarter after. I'd like to continue on if everybody's in agreement with that. I understand that Ms. Jones and others from the coast have a plane that would leave at 3:30 so certainly ... at three? Three. So we'd like to conclude by that. So if everybody's in agreement I'd like to push on if that's okay. Thank you. Could I ask Ms. Annie Rumbolt from the Town of St. Lewis, please, to come forward. Good morning, Ms. Rumbolt. How are you?

MS. RUMBOLT: Good morning.

MR. NOSEWORTHY, CHAIRMAN: You're with the Town of St. Lewis in what capacity?

MS. RUMBOLT: I'm Deputy Mayor.

MR. NOSEWORTHY, CHAIRMAN: Deputy Mayor. First time? No? You've been there for awhile?

MS. RUMBOLT: Seven years.

MR. NOSEWORTHY, CHAIRMAN: Seven years, very good. Welcome. Could you take the Bible in your right hand, please? Do you swear on this Bible that the evidence to be given by you shall be the truth, the whole truth, and nothing but the truth, so help you God?

MS. RUMBOLT: Yes, I do.

MR. NOSEWORTHY, CHAIRMAN: Thank you, very much. I'll ask you to begin the presentation.

MS. RUMBOLT: Members of the Board. In this presentation I will start with the reason why we feel an increase seems unjust for our community other than the obvious. St. Lewis hydro plant is a 31 year old wooden structure that has deteriorated considerably since the construction. As you can imagine, with no major overhaul it is the oldest plant on the coast and we have to ask why. Why has there been nothing done to upgrade this facility? Are the rumours true, are we going to be receiving the end of a submarine line from Mary's Harbour or a pole feed line, a pole line feed from there? If so, let us know. What are the future plans for St. Lewis? We aren't leaving here. We are 320 residents strong. Do we not deserve a safe building?

We have no complaints with the service that the plant provides because rarely do we have an outage. The most we do experience is during storms when lines blow down and it's often at Frankie's Cove area where the lines cross a body of water. Maintenance is on the scene as soon as humanly possible.

The concerns regarding plant as a fire hazard it creates. It is located in the middle of town with a fuel storage tank surrounding it. The 420,000 litres of fuel belong to Hydro and 500,000 litres belong to is reason enough to fear. The building is not up to fire code. The employees will be in grave danger if a fire should start. The wooden facility would not hold out much hope of surviving and impact of that fuel would be disastrous to the community.

Many presentations here today have just reflected upon the high cost of electricity and being supplied by diesel, we bear the same burden. An increase seems unfair at this time in our development. We are on the brink of our highway connection. We feel that would somehow alternate some of the cost of living fuel ... of the living fuels. We thought trucked in would be cheaper than the current mode of transportation. Therefore, wouldn't these savings be passed on to the consumer?

The rates we presently pay are outrageous considering we are living in a part of the province that can provide hydro electric from any number of water source. An average family, four or five people in a modest home of

1 1000 square feet, may pay approximately \$100 per month
2 over a 12 month period. During the summer bills may
3 decrease to 80 to 90, but this is increased from 100 to 120
4 during the winter. A community survey during this past
5 week reflects these numbers. Opinions to these are high.
6 The Lake Robinson project, of which you are all aware,
7 while surplus power from Quebec Hydro originating in
8 Churchill Falls gave seven communities in the Straits more
9 economical source of power. Why can't more power be
10 added to this grid and be extended onward to Cartwright or
11 to Charlottetown at least? Uniform rates across Labrador
12 would at least be something that would be accepted if we
13 are offering the first 1000 kilowatts on the basic rate. In a
14 draft survey in town the majority of those surveyed use
15 between 850 to 1200 kilowatts would ease some of the
16 burdens of our consumers in the rural communities where
17 they may live on fixed income.

18 In closing, I would like to thank you for the
19 opportunity to be here today and be part of this process.
20 For too long the coastal communities have not had the
21 opportunity to be involved and often they are most
22 affected by the resulting rates increasing, like those you are
23 now seeking. We hope that this time we will be different
24 and the rate increase will not be approved. On behalf of the
25 Town of St. Lewis, thank you.

26 MR. NOSEWORTHY, CHAIRMAN: Thank you, very
27 much, Deputy Mayor Rumbolt. Hydro, do you have any
28 questions?

29 MR. YOUNG: We have no questions. Thank you.

30 MR. NOSEWORTHY, CHAIRMAN: Newfoundland
31 Power?

32 MR. HAYES: No questions, Mr. Chair. Thank you, Deputy
33 Mayor Rumbolt.

34 MR. NOSEWORTHY, CHAIRMAN: Mr. Browne,
35 Consumer Advocate?

36 MR. BROWNE, Q.C.: Deputy Mayor Rumbolt, how many
37 people live in St. Lewis?

38 MS. RUMBOLT: 320.

39 MR. BROWNE, Q.C.: Around how many children are there,
40 school age, any idea?

41 MS. RUMBOLT: Seventy.

42 MR. BROWNE, Q.C.: Seventy. And the community, what
43 is ... what do most people, what is their livelihood?

44 MS. RUMBOLT: Crab.

45 MR. BROWNE, Q.C.: Is there a crab plant there?

46 MS. RUMBOLT: Yes.

47 MR. BROWNE, Q.C.: And does it operate seasonally?

48 MS. RUMBOLT: Yes, seasonally.

49 MR. BROWNE, Q.C.: And what months does it operate?

50 MS. RUMBOLT: From May to September.

51 MR. BROWNE, Q.C.: Has it operated consistently over the
52 last number of years?

53 MS. RUMBOLT: Nine years.

54 MR. BROWNE, Q.C.: How is the crab plant energized, what
55 fuel is used, is it electric?

56 MS. RUMBOLT: Yes.

57 MR. BROWNE, Q.C.: And is it diesel?

58 MS. RUMBOLT: Yes.

59 MR. BROWNE, Q.C.: Who owns the crab plant there?

60 MS. RUMBOLT: P.J.'s, Hant's Harbour.

61 MR. BROWNE, Q.C.: The town itself, the town office, do
62 you run the town office, is it heated by electricity?

63 MS. RUMBOLT: Yes. No, it's not, it's oil.

64 MR. BROWNE, Q.C.: It's oil?

65 MS. RUMBOLT: Yes.

66 MR. BROWNE, Q.C.: How do most people heat their
67 homes in St. Lewis?

68 MS. RUMBOLT: Wood.

69 MR. BROWNE, Q.C.: Wood?

70 MS. RUMBOLT: Yes.

71 MR. BROWNE, Q.C.: Is there a wood supply nearby?

72 MS. RUMBOLT: No, not handy.

73 MR. BROWNE, Q.C.: Where do you ... how far away?

74 MS. RUMBOLT: You got to go about 18, 20 kilometres.

75 MR. BROWNE, Q.C.: Eighteen to 20 kilometres?

76 MS. RUMBOLT: Yes. That's one way.

77 MR. BROWNE, Q.C.: So it's wood and you have your
78 electricity, of course. Does anyone use baseboard
79 radiation in the town for heat?

80 MS. RUMBOLT: Not that I know of.

81 MR. BROWNE, Q.C.: What appliances do you have in
82 your home, do you have a hot water boiler?

83 MS. RUMBOLT: Yes.

84 MR. BROWNE, Q.C.: Do you have an electric range stove?

1 MS. RUMBOLT: Yes.
2 MR. BROWNE, Q.C.: Do you have a freezer?
3 MS. RUMBOLT: Yes.
4 MR. BROWNE, Q.C.: And a fridge?
5 MS. RUMBOLT: Yes.
6 MR. BROWNE, Q.C.: Okay. The freezer, is the freezer
7 necessary living where you do?
8 MS. RUMBOLT: Yes.
9 MR. BROWNE, Q.C.: Why?
10 MS. RUMBOLT: Well, we can store things like fish,
11 salmon, moose, caribou or anything you get in the
12 summertime for the winter. If we didn't have it we wouldn't
13 be able to keep it.
14 MR. BROWNE, Q.C.: Does it help bring down your cost of
15 living?
16 MS. RUMBOLT: Yes.
17 MR. BROWNE, Q.C.: In terms of water, do you require a
18 circulator for each home to circulate the water to prevent it
19 from freezing?
20 MS. RUMBOLT: No.
21 MR. BROWNE, Q.C.: How do people acquire their water in
22 St. Lewis, the town provides water?
23 MS. RUMBOLT: Well, the town provides half the
24 community and the other half got their own water. They
25 stores the water in their basement in wintertime in grey
26 vats, those big grey vats and we got a pump to pump it up.
27 MR. BROWNE, Q.C.: So you store the water in your
28 basement?
29 MS. RUMBOLT: Yes.
30 MR. BROWNE, Q.C.: Each individual has water stored in
31 their basement?
32 MS. RUMBOLT: Half the community.
33 MR. BROWNE, Q.C.: Half the community?
34 MS. RUMBOLT: Yes.
35 MR. BROWNE, Q.C.: And are the basements heated?
36 MS. RUMBOLT: Yes.
37 MR. BROWNE, Q.C.: How are the basements heated?
38 MS. RUMBOLT: We have our wood furnace down the
39 basement.
40 MR. BROWNE, Q.C.: And that's how you get your water
41 supply?

42 MS. RUMBOLT: Yes.
43 MR. BROWNE, Q.C.: You mentioned at the outset of your
44 presentation concerning what you perceive to be a fire
45 hazard. Can you explain that again in your own words what
46 the problem is there?
47 MS. RUMBOLT: That's the Hydro plant, 31 year old
48 wooden structure?
49 MR. BROWNE, Q.C.: Yes.
50 MS. RUMBOLT: Well, is all they have here is that ...
51 MR. BROWNE, Q.C.: Just if you can explain it in your own
52 words what you perceive the problem to be, rather than
53 reading it?
54 MS. RUMBOLT: Well, if a fire happened to take place out
55 to our Hydro plant we got the fuel stored by the plant.
56 MR. BROWNE, Q.C.: Who has the fuel stored?
57 MS. RUMBOLT: Hydro. And just out from that the Coast
58 Guard got three or four big tanks and that's filled with fuel,
59 too.
60 MR. BROWNE, Q.C.: Have you made representation to
61 Hydro concerning that?
62 MS. RUMBOLT: No, not that I know of.
63 MR. BROWNE, Q.C.: You haven't brought it to their
64 attention, the town hasn't?
65 MS. RUMBOLT: No.
66 MR. BROWNE, Q.C.: That you consider that a hazard?
67 MS. RUMBOLT: No.
68 MR. BROWNE, Q.C.: Have you brought it to the attention
69 of the Coast Guard?
70 MS. RUMBOLT: No.
71 MR. BROWNE, Q.C.: Okay. No further questions. Thank
72 you.
73 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
74 Browne. Mr. Peck?
75 MR. PECK: I have no questions. Thank you.
76 MR. NOSEWORTHY, CHAIRMAN: Counsel?
77 MR. KENNEDY: No questions, Chair.
78 MR. NOSEWORTHY, CHAIRMAN: Commissioner Powell?
79 COMMISSIONER POWELL: No, no questions.
80 COMMISSIONER SAUNDERS: No questions.
81 MR. NOSEWORTHY, CHAIRMAN: Commissioner
82 Saunders. Commissioner Whalen?

COMMISSIONER WHALEN: No questions. Thank you, very much.

MR. NOSEWORTHY, CHAIRMAN: I have no questions. Thank you, very much, Deputy Mayor Rumbolt.

(12:25)

MR. NOSEWORTHY, CHAIRMAN: Could I ask Melita Paul, please, to take the stand? Good morning, Ms. Paul. Although, it's getting close to ...

MS. PAUL: Our flight.

MR. NOSEWORTHY, CHAIRMAN: ... good afternoon, I guess. You're with the Town of Charlottetown?

MS. PAUL: Yes.

MR. NOSEWORTHY, CHAIRMAN: In what capacity?

MS. PAUL: Town clerk/manager.

MR. NOSEWORTHY, CHAIRMAN: Could you take the Bible in your right hand, please? Do you swear on this Bible that the evidence to be given by you should be the truth, the whole truth and nothing but the truth, so help you God?

MS. PAUL: Yes.

MR. NOSEWORTHY, CHAIRMAN: Thank you, very much. Would you begin your presentation, please?

MS. PAUL: Thank you, Mr. Chairman. Good morning ... good afternoon, I guess I should say now. The first thing I want to touch a little bit on, our community history. Charlottetown is a community situated on the southeast coast of Labrador. It has a population of 350. However, the community is growing rapidly with the opening of a new shrimp processing facility in May of this year. The community has seen the population double over the past few months with the workers that were employed at the plant. This plant is owned and operated by the Labrador Fisherman's Union Shrimp Company and the Barry Group. The plant employs residents from surrounding communities, as well as many others from the island portion of the province who resided in our community since May. Charlottetown has the fastest growing economy on our coast with zero percent unemployment rate this year.

Our rationale against the increase: Since our area will be the most affected by this rate increase we find it very disappointing that those hearings were not held in our zone as opposed to the hearings being held in communities that will see a decrease or a slight increase in the hydro rates. Charlottetown is a community in the Province of Newfoundland and Labrador. We should not be penalized by high rates because we are not connected to any major source of power, such as Churchill Falls. It is very difficult

for communities such as ours to prosper and go forward when the cost we pay for electricity is the highest in the province. These high rates are already detrimental to any further economic development in our communities and other coastal communities in our area. If rates increase any further it would be truly devastating to our residents, businesses, as well as our main industry in town, the shrimp processing plant.

The service that we have been receiving over the past few months has been utterly ridiculous. Our community cannot understand how an increase can even be considered with this lack of service. The number of power outages on any given week has been extreme. The reason for this is that Newfoundland and Labrador Hydro was not prepared for the shrimp plant coming on stream. While the town was preparing to accommodate the demands for this plant Newfoundland and Labrador Hydro just sat back and until a few months prior to the date when the plant would start production. As you know, a project of this nature, which included installation of new generators, transformers, etcetera, was not going to be carried out in a few months. Things were just put together due to pressure that was put on Hydro by interested groups. Hydro even had to fly a generator into our community last winter, thus creating extra costs to the Company that could have been avoided if they began preparation when everybody else did two years ago. Extra costs such as this to Newfoundland and Labrador Hydro will end up being charged to us customers if you improve (sic.) the increase that they are requesting.

Some of the key concerns voiced from our community: Basic utilities for an average household currently can run in excess of \$200 per month. As a result of most homes heated with wood furnaces this figure can be much higher during winter months. This is especially difficult for single parents with only one income to rely on and senior citizens who are on fixed incomes.

The Hydro residential rate is as follows: 6.758 cents for the first 700 kilowatts, 9.751 cents for the next 300 kilowatts and then every kilowatt after 1000 is charged 12.975 cents per kilowatt. This latter amount is where Hydro is making the money and where the homes are losing. Very few homes burn less than 1000 kilowatts per month.

A survey carried out among local businesses in town showed the average commercial Hydro bill per business is around \$1000 per month, thus making it very difficult for these people to operate, and if an increase were to take place it might even cause some businesses to close doors and shut down. We want to encourage the start-up of businesses, not see those we already have shut down.

The hydro costs for the town to feed this new shrimp plant with a pumping system is averaging \$8000 per month just for the pumping alone. Any increase would effect us immensely due to the fact that we have a tax agreement in place with Labrador Choice Seafoods that is for a three year period and will not be reviewed until 2003. If rates were to be any higher we would not be able to feed water to the plant at the amount agreed to in the tax agreement. This may even pose a threat to the continuation of the plant. Please remember that this plant employs more than 100 people from Charlottetown and other communities.

The rates of kilowatt that the town pays are as follows: 8.84 cents per kilowatt hour for the first 700 and then 19.47 cents for each kilowatt after 700. As a result of the opening of the shrimp processing facility and the fact that Hydro was not prepared for it the community has seen power surges hourly. These power surges have resulted in many household appliances being burnt up, such as television, fridges, furnaces, etcetera. Our town has seen more power outages this past few months than it has seen this past 30 years combined since Hydro started in 1971.

Another issue is in the lack of service is the increase workload on the operators at the plant. Since the activity has grown in our community and the workload demand has increased the staff at the plant has decreased. Where two years ago we had two fulltime operators, one relief operator and a meter reader, we now have two fulltime operators with no relief, only occasionally from other communities and no meter reader. The operators are expected to be at the plant more hours than their regular 40 hours per week. The increase workload with less staff has had a negative effect to our community, as well as the operators at the plant. With cutbacks such as this there should be no need for an increase in rates. Service is worth paying for but when we pay we expect a service. We are not getting it, therefore, we cannot justify an increase in any form.

I will read a list of concerns that Labrador Choice Seafood has forwarded to the attention of our mayor and I have it attached of the copy that I have. It says, "Ida," which is our mayor, "I cannot say anything positive about Newfoundland and Labrador Hydro here this summer. It has been nothing but frustrating for me as the manager for Labrador Choice and very expensive ordeal for our company. July 10th I started a logbook for our production staff whereby they would outline for me, on a daily basis, what difficulties they were encountering on their shifts. Power failures were nothing but a big headache for them. Each time there was a power outage, whether it was for a second or for three hours, it will cost us a lot of production, anywhere from a half hour to one hour of delayed time

whereby for each employee present will get paid. We had to pay our employees because it was no fault of theirs because Hydro wasn't meeting the needs of supplying the power to carry the loads from this plant. I have been talking myself blue in the face to the regional manager, a Mr. Paul O'Leary about this. He was a fine gentleman to talk to, but the problem still remained. His crew had a beaten path made from Port Saunders to Charlottetown. On one occasion, about four weeks ago, we lost the power here three times in one day. I was very upset at the time so I called a Mr. Don Barrett, corporate manager for Newfoundland and Labrador Hydro. I explained what was happening here and the outrageous cost to our operation. He agreed with me and about an hour later called me back and told me he was arranging a nine person team to come in Charlottetown and try and solve the problems that we were encountering. He did that, and I must say, things improved for awhile, but the last couple of Sundays, as you know, we had power outages again. As a result, a power outage on October 7th, we lost three hours of production here at our plant. When the power went our water supply went as a result of the power outage. Ida, I could go on and on with more detail. For instance, we have lost electrical panels here that burnt up. The manufacturer replaced it only because Labrador Choice was a big customer. We have lost computer boards and various pieces of equipment because of power failures. One example of this is our LS9000 which is a piece of equipment that helps to remove defects or shell from the product as it's being processed. This board that we lost on the LS9000 cost \$2000 to replace. I hope this will give you some indication of some of the misery Hydro has caused and cost us. Since we started monitoring the outages, it's roughly around 20 since early July." And that's signed Pius Walsh, the manager.

What we are proposing to each of you, as the Public Utility Board, is to not support this increase. The day of diesel generating electricity is and should be in the past. We seen Newfoundland and Labrador Hydro as having two choices, to have a uniform rate across the province or connect all of Labrador by a grid from Churchill Falls or some other water supply that may be open as a result of the opening of the Trans Labrador Highway. It is possible, since the Labrador Straits is already connected to a major power source. And another one that I didn't have noted, but in other conversations here today is the difference once it goes over 700. Like, if there was a higher number there of 1000 or 1200 kilowatts would bring down the cost there.

A rate increase will cause an uproar in our community, as well as other communities represented here today. Please do not allow Newfoundland and Labrador Hydro to carry out such an injustice to its customers. How

do you think we can survive, particularly those who have low income who are barely managing to meet their needs at present? What will Hydro do when people have to go cold in the winter trying to conserve because they cannot afford to pay any higher electricity bill?

We say to you, please say no to this increase. It is just not acceptable to our residents. What we need to be doing is trying to find ways to decrease the rates and not to increase them. I want each of you to take our town's comments into consideration and imagine if you were living in our community. Please do not let Newfoundland and Labrador Hydro continue to take from our residents, yet again. Thank you for giving me an opportunity to voice the concerns on behalf of our community. We trust that you will see things from our perspective and not allow any further increase to the high rates that we already are now paying. Thank you.

MR. NOSEWORTHY, CHAIRMAN: Thank you, very much, Ms. Paul. I'll ask for questions. Hydro, please?

MR. YOUNG: No questions. Thank you.

MR. NOSEWORTHY, CHAIRMAN: Newfoundland Power?

MR. HAYES: No questions, Mr. Chair. Thank you, Ms. Paul.

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

MR. BROWNE, Q.C.: Thank you, Mr. Chairman. The Community of Charlottetown, did you have any kind of conservation program there put in place by Hydro over the last couple of years?

MS. PAUL: We did. Not in the last couple of years, but a few years ago there were some hot water tank blankets and some florescent lights and I think insulation for pipes. That was a few years ago.

MR. BROWNE, Q.C.: Can you tell us a little about it, the way it was put in place, the conservation program for Charlottetown?

MS. PAUL: I think it was made available to all residents. Somebody went into the homes and installed it. I don't know if it made a lot of difference to the consumption.

MR. BROWNE, Q.C.: But someone actually went into the homes?

MS. PAUL: Yes.

MR. BROWNE, Q.C.: And what did they install? Was your home one of the homes affected?

MS. PAUL: Yeah.

MR. BROWNE, Q.C.: Okay.

MS. PAUL: A hot water blanket that went around the hot water tank.

MR. BROWNE, Q.C.: They put a hot water blanket around the tank?

MS. PAUL: Yeah.

MR. BROWNE, Q.C.: Okay.

MS. PAUL: And like they gave florescent lights for, you know.

MR. BROWNE, Q.C.: Pardon?

MS. PAUL: Florescent lights.

MR. BROWNE, Q.C.: Florescent lights, yes.

MS. PAUL: They were made available, as well as the insulation for, like, your hot water pipes.

MR. BROWNE, Q.C.: And did they actually install these things themselves or did they just leave them with you to install?

MS. PAUL: There was somebody doing it.

MR. BROWNE, Q.C.: There was someone actually doing it?

MS. PAUL: Yes.

MR. BROWNE, Q.C.: So it was a pretty active program?

MS. PAUL: That was quite a number of years ago.

MR. BROWNE, Q.C.: 1992, '93?

MS. PAUL: Probably. I'm not sure.

MR. BROWNE, Q.C.: You don't remember?

MS. PAUL: It's been several years.

MR. BROWNE, Q.C.: Have you still got that hot water boiler blanket over your hot water tank?

MS. PAUL: I don't, unfortunately, because my home burnt a few years ago.

MR. BROWNE, Q.C.: Okay.

MS. PAUL: But some of them probably do.

MR. BROWNE, Q.C.: Do you know if most residents would still have those insulators?

MS. PAUL: I would say like a lot of them do. I mean, some of them are probably kind of got torn and things since, the blanket and that.

MR. BROWNE, Q.C.: The entire community, how do you ... how does the community generally heat their homes?

- 1 MS. PAUL: Wood.
- 2 MR. BROWNE, Q.C.: Wood?
- 3 MS. PAUL: Um hm.
- 4 MR. BROWNE, Q.C.: Is there a wood supply close by?
- 5 MS. PAUL: Yes.
- 6 MR. BROWNE, Q.C.: How far away?
- 7 MS. PAUL: Well, most ... a lot of people burn dry wood
8 which you probably go, you know, 10 to 15 kilometres or
9 more. But, you know, green wood, as we call it, is right by
10 your door, kind of, so there's no distance.
- 11 MR. BROWNE, Q.C.: In terms of the appliances that you
12 have in your home, you have a hot water tank, I gather?
- 13 MS. PAUL: Yes.
- 14 MR. BROWNE, Q.C.: Do you have a range?
- 15 MS. PAUL: Yeah.
- 16 MR. BROWNE, Q.C.: A freezer?
- 17 MS. PAUL: Yeah.
- 18 MR. BROWNE, Q.C.: Television, I gather?
- 19 MS. PAUL: Yes.
- 20 MR. BROWNE, Q.C.: What's your source of water?
- 21 MS. PAUL: Well, my own self, we have an artesian well.
- 22 MR. BROWNE, Q.C.: Do most of the residents have wells?
- 23 MS. PAUL: Well, there's about 40 to 45 percent have town
24 water and sewer and most of the remainder has artesian
25 wells.
- 26 MR. BROWNE, Q.C.: And the artesian well, does that
27 require a pump?
- 28 MS. PAUL: Yes.
- 29 MR. BROWNE, Q.C.: And is that driven by electricity?
- 30 MS. PAUL: Yes.
- 31 MR. BROWNE, Q.C.: And the town, the other residents
32 who do not have the artesian well, how do they acquire
33 their water?
- 34 MS. PAUL: Surface wells, mostly, which is just a dug well
35 near their door that ...
- 36 MR. BROWNE, Q.C.: And what would the depth of these
37 wells be? Do they freeze during the winter?
- 38 MS. PAUL: Most of them, yes.
- 39 MR. BROWNE, Q.C.: Most of them freeze during the
40 winter?
- 41 MS. PAUL: Yeah. Or dry out.
- 42 MR. BROWNE, Q.C.: Or dry out?
- 43 MS. PAUL: Yeah.
- 44 MR. BROWNE, Q.C.: So what do they use, then, for a
45 source of water?
- 46 MS. PAUL: Similar, I guess, as what Annie was saying.
47 They use a container in their basement and fill up and draw
48 water from there, kind of feed it into their water line in their
49 home.
- 50 MR. BROWNE, Q.C.: In terms of the town itself, the town
51 office, how is that heated?
- 52 MS. PAUL: Oil.
- 53 MR. BROWNE, Q.C.: Is oil cheaper than electricity?
- 54 MS. PAUL: Well, I don't know if there's any household
55 home that uses electric heat. I don't think that we could
56 really accommodate the ... if Hydro could accommodate it.
57 But the price of fuel is quite expensive.
- 58 MR. BROWNE, Q.C.: And the oil heated building that you
59 have there, what is housed in your civic building, in your
60 town council office?
- 61 MS. PAUL: About four offices and the fire department.
- 62 MR. BROWNE, Q.C.: So the fire department is there?
- 63 MS. PAUL: Yes.
- 64 MR. BROWNE, Q.C.: In terms of the shrimp plant you've
65 got there, it just opened this year?
- 66 MS. PAUL: In May.
- 67 MR. BROWNE, Q.C.: And how long was that on the go
68 before it opened, how long was the proposal in place to
69 open in Charlottetown?
- 70 MS. PAUL: About two years.
- 71 (12:45)
- 72 MR. BROWNE, Q.C.: And who notified Hydro that the
73 plant was about to be opened there, to your knowledge?
- 74 MS. PAUL: Well, I think information was fed, you know,
75 back a year before anything started. I know our engineer
76 was in consultation with Hydro and, you know, other
77 departments like the Fisherman's Union Shrimp Company
78 and the Barry Group, they were in.
- 79 MR. BROWNE, Q.C.: When you're saying the Fishermen's
80 Union Shrimp Company, are there unionized employees
81 there at the plant?
- 82 MS. PAUL: Yes.
- 83 MR. BROWNE, Q.C.: They're all unionized?

- 1 MS. PAUL: Yes.
- 2 MR. BROWNE, Q.C.: The power surges you mentioned in
3 reference to your home, you stated appliances have been
4 destroyed?
- 5 MS. PAUL: Um hm.
- 6 MR. BROWNE, Q.C.: Can you give some examples,
7 anything you experienced yourself?
- 8 MS. PAUL: I did with an oven, yes, I lost my oven for a
9 month when the power was gone and it blew something in
10 the oven. I had to have it replaced.
- 11 MR. BROWNE, Q.C.: It blew the element?
- 12 MS. PAUL: Well, it was a fuse, some type of fuse in the
13 unit, because I have like an oven itself, you know, like a
14 wall unit oven. So by the time that we got back and forth
15 getting parts coming in trying to see what the problem was
16 so we wouldn't have to send out the whole unit it was, you
17 know, a month before. But mine was under warranty so
18 that was fine. But I think the issue with different things
19 that get damaged, and I know some of the residents have
20 contacted Hydro and you can send in your appliances to
21 get checked and see if actually the power outage caused it,
22 but it's at their cost to ship it in, like, the customer. And if
23 there's nothing wrong with it then it's your cost to get it
24 back, as well, so you know, that is kind of costly for the
25 customer to bring it in, so they just kind of just leave it.
- 26 MR. BROWNE, Q.C.: Did you have any other experiences,
27 yourself, through loss of appliances?
- 28 MS. PAUL: No. Just the oven, that's all I've had
29 personally.
- 30 MR. BROWNE, Q.C.: Are you aware of other residents?
- 31 MS. PAUL: Yes.
- 32 MR. BROWNE, Q.C.: Other residents who've had
33 problems?
- 34 MS. PAUL: Yeah. Microwaves and the furnace motors,
35 televisions that were ...
- 36 MR. BROWNE, Q.C.: And did they make complaints to
37 Hydro or ...
- 38 MS. PAUL: I knew that some of them did call. But like I
39 said, they were told you would have to pay the cost to ship
40 it in to St. John's and they would, you know, put it through
41 their inspection or whatever to make sure of the cause of
42 the damage.
- 43 MR. BROWNE, Q.C.: Did anyone avail of that
44 opportunity?
- 45 MS. PAUL: I don't think.
- 46 MR. BROWNE, Q.C.: What would the cost of shipping be
47 to St. John's from Charlottetown?
- 48 MS. PAUL: Well, it would have to be flown, because we
49 don't have any marine service to St. John's, so it would
50 probably be \$100 or more.
- 51 MR. BROWNE, Q.C.: These are my questions. Thank you.
- 52 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
53 Browne. Mr. Peck?
- 54 MR. PECK: I have no questions. Thank you.
- 55 MR. NOSEWORTHY, CHAIRMAN: Counsel?
- 56 MR. KENNEDY: No questions, Chair.
- 57 MR. NOSEWORTHY, CHAIRMAN: Commissioner Powell?
- 58 COMMISSIONER POWELL: Just one question. Ms. Paul,
59 you were talking about the difficulties you've been having
60 since the Hydro upgraded the system to accommodate the
61 shrimp plant, and you mentioned that the gentleman sent
62 in a team to look at the situation and things improved for a
63 while. Were you given any explanation for what's causing
64 the problem?
- 65 MS. PAUL: Well, that was from the quote from the
66 manager of the plant, whatever they did there.
- 67 COMMISSIONER POWELL: Yes.
- 68 MS. PAUL: I'm not sure what he's been told. But from our
69 perspective is that the power is just not there to
70 accommodate. Once the plant comes on at six or whatever,
71 in the morning, it's a very heavy load. One of the units, I
72 think, is a mobile unit which is stationed outdoors. And it
73 seems that the power source is just not there to ... you
74 know, during times when peak ... when production is peak.
- 75 COMMISSIONER POWELL: Not enough capacity in the
76 system to handle the load. Have anybody discussed with
77 the community and the plant to sort of manage it better,
78 that maybe the community would be ... take some down to
79 make sure there's enough for the plant and vice versa?
- 80 MS. PAUL: I can't speak for the plant itself. I don't think
81 there's been any community consultations done, not to my
82 knowledge. I'm not sure if the management of the plant
83 have discussed it with Hydro.
- 84 COMMISSIONER POWELL: Do you know if Hydro plans
85 to increase the peak capacity of the facility?
- 86 MS. PAUL: I'm not sure. I don't have ...
- 87 COMMISSIONER POWELL: Has the town made any
88 representation to Hydro?
- 89 MS. PAUL: I'm not sure if they made it directly, but they
90 have supported the Labrador Choice Seafoods, which is

1 the company at the plant, supported them in their initiatives
2 to voice their concerns. They are aware of it.

3 COMMISSIONER POWELL: So the plant themselves are
4 making some, but the community council hasn't made any
5 representation to ...

6 MS. PAUL: I'm not sure because I've been out of the office
7 for the past couple of months so I'm not sure what's been
8 done since I've been gone.

9 COMMISSIONER POWELL: Okay. No more questions.

10 MR. NOSEWORTHY, CHAIRMAN: Thank you,
11 Commissioner Powell. Commissioner Saunders?

12 COMMISSIONER SAUNDERS: Just one area. Just to
13 follow-up on something Mr. Browne was asking about, Ms.
14 Paul. I don't know if I got all the information. On these
15 outages that occur from time-to-time that cause damage to
16 your appliances, how frequent has that occurred in the
17 past, say, year or so?

18 MS. PAUL: Well, prior to the plant opening it really wasn't
19 an issue.

20 COMMISSIONER SAUNDERS: It wasn't?

21 MS. PAUL: No.

22 COMMISSIONER SAUNDERS: So it's only since the plant
23 opened?

24 MS. PAUL: Yes.

25 COMMISSIONER SAUNDERS: I understand that part, yes.

26 MS. PAUL: And as the manager had documented the
27 number of outages since July it was 20. So, you know,
28 sometimes you may get two or three in a week and, you
29 know, it might be a week that you not get any, but it's been
30 extreme.

31 COMMISSIONER SAUNDERS: So you know quite a few
32 people who have had damaged appliances as a result?

33 MS. PAUL: I know of a few, yeah.

34 COMMISSIONER SAUNDERS: A few?

35 MS. PAUL: Yes.

36 COMMISSIONER SAUNDERS: Yes.

37 MS. PAUL: Like five, six people have had appliances.

38 COMMISSIONER SAUNDERS: And as far as you know,
39 they've covered the cost of replacement or repair
40 themselves?

41 MS. PAUL: Yes.

42 COMMISSIONER SAUNDERS: Rather than take
43 advantage of the offer to send the article to St. John's?

44 MS. PAUL: Um hm.

45 COMMISSIONER SAUNDERS: Have it checked and
46 repaired and returned at your expense if it wasn't caused by
47 the power outage, at their expense, they being Hydro, if it
48 was caused by the power outage?

49 MS. PAUL: Well, I guess if you look at like a television or
50 a VCR which you could probably buy for 2 or \$300 to pay
51 100 to ship it in St. John's, you know, it's expensive.

52 COMMISSIONER SAUNDERS: The local representative of
53 Hydro in the area, was he of any help in assessing the
54 cause of the damage or was he asked by you or anyone
55 that you know?

56 MS. PAUL: Well, I know that the plant, like, I think the
57 manager in our area is Paul O'Leary in Port Saunders, and
58 he's well aware of the problem. But it just seems like it just
59 stays there, it doesn't move any farther.

60 COMMISSIONER SAUNDERS: Um hm. Okay. Thank
61 you, Mr. Chair.

62 MR. NOSEWORTHY, CHAIRMAN: Thank you,
63 Commission Saunders. Commissioner Whalen?

64 COMMISSIONER WHALEN: No, I have no questions.
65 Thank you, Ms. Paul.

66 MR. NOSEWORTHY, CHAIRMAN: Thank you,
67 Commissioner Whalen. I just have a couple of questions,
68 Ms. Paul. One concerns you referred to the \$8000 per
69 month which is really the cost of operating, is it the water
70 system that supplies the plant, is that correct?

71 MS. PAUL: Yes.

72 MR. NOSEWORTHY, CHAIRMAN: And you mentioned
73 the fact that you had a tax agreement with the crab plant, is
74 that ...

75 MS. PAUL: Labrador Choice Seafoods, yeah.

76 MR. NOSEWORTHY, CHAIRMAN: And does that tax
77 agreement provide for the recovery of the costs associated
78 with the operation of the water system, do you charge them
79 ... how does that work?

80 MS. PAUL: Yes, we have a ... like, under the agreement we
81 have a lump sum of money that's paid quarterly as well as,
82 like, an amount per thousand gallons of water used. So due
83 to it being new we really don't know what it's ... we really
84 haven't got a good idea of what it's costing us compared to
85 what we're collecting.

86 MR. NOSEWORTHY, CHAIRMAN: So is there any
87 provision in the agreement for if, indeed, once you
88 determine the cost after a period of time that the agreement
89 is amended to ensure that the town recovers its costs or ...

1 MS. PAUL: Not really, no. It was the only agreement that
2 I guess all parties would come to an agreement on was the
3 fact that the taxes that were set would be for a three year
4 period and would be reviewed after that.

5 MR. NOSEWORTHY, CHAIRMAN: So the impact of
6 electricity rates, you wouldn't be able to recover those,
7 necessarily, without reopening the agreement, presumably?

8 MS. PAUL: Right. And that, you know, that would have
9 to be an agreement by all parties. The Barry Group and the
10 shrimp company may not be willing to do that.

11 MR. NOSEWORTHY, CHAIRMAN: One of the areas, I
12 guess, I mentioned yesterday and I suppose being in
13 housing for a number of years, the plight of seniors. Is
14 there many senior citizens in your community?

15 MS. PAUL: Not a lot. There's probably around 20 or so.
16 But most of them, like, they all are still maintaining their
17 own home.

18 MR. NOSEWORTHY, CHAIRMAN: Their own homes and
19 that?

20 MS. PAUL: Yeah.

21 MR. NOSEWORTHY, CHAIRMAN: And you indicated
22 that, for the most part, wood is plentiful and it's close by
23 and that's how most people heat their homes. How do the
24 seniors manage in that regard?

25 MS. PAUL: Well, if they got family members to get the
26 wood, if not, oil.

27 MR. NOSEWORTHY, CHAIRMAN: I see, oil.

28 MS. PAUL: Yeah. But for the most part do they rely on
29 wood and do they generally get wood provided by their
30 family or other friends or relatives?

31 MS. PAUL: I think most of them do, yeah.

32 MR. NOSEWORTHY, CHAIRMAN: I see. That's all I
33 have. Thank you, very much, for your presentation.

34 MS. PAUL: Thank you. I'll leave the copy with you.

35 MR. NOSEWORTHY, CHAIRMAN: It's five to one. We
36 have two presentations remaining. I'm at your pleasure,
37 quite frankly, in respect. Would you wish to push on or
38 break for lunch? Push on, okay. Does anybody have any
39 objection to that? Does anybody need a five minute break?
40 Okay, we'll continue on. Could I ask Mr. Ford Rumbolt,
41 please, if he'd come forward? Mr. Rumbolt, it is good
42 afternoon. Welcome, sir.

43 MR. RUMBOLT: Good afternoon.

44 MR. NOSEWORTHY, CHAIRMAN: You're here
45 representing the Town of Mary's Harbour, I understand?

46 MR. RUMBOLT: Yes, sir.

47 MR. NOSEWORTHY, CHAIRMAN: What's your position
48 at the town?

49 MR. RUMBOLT: I'm Deputy Mayor, I'm also, I guess I
50 probably could wear a half a dozen suits if I wanted to.

51 MR. NOSEWORTHY, CHAIRMAN: I see.

52 MR. RUMBOLT: I'm also Vice-President of the Combined
53 Councils for Southeastern Labrador, as well as Executive
54 Director of the Southeastern Aurora Development
55 Corporation.

56 MR. NOSEWORTHY, CHAIRMAN: You should be able to
57 give us a number of perspectives here on this.

58 MR. RUMBOLT: Yes.

59 MR. NOSEWORTHY, CHAIRMAN: Welcome, sir. Could
60 I ask you to take the Bible in your right hand, please? Do
61 you swear on this Bible that the evidence to be given by
62 you shall be the truth, the whole truth and nothing but the
63 truth so help you God?

64 MR. RUMBOLT: Yes.

65 MR. NOSEWORTHY, CHAIRMAN: Thank you, very
66 much, Deputy Mayor Rumbolt. I wonder could you begin
67 your presentation, please?

68 MR. RUMBOLT: Yes. I have a little short note, but I can
69 give some general statements, as well, from the Town of
70 Mary's Harbour. As a Newfoundland and Labrador Hydro
71 consumer that has an isolated diesel system we wish to
72 inform you that we are refusing to accept the submission
73 by Newfoundland and Labrador Hydro for a 3.6 percent
74 rate increase.

75 On the southeast coast of Labrador we are
76 presently paying the highest rate in Newfoundland and
77 Labrador. It is unfair to the consumer to raise the rates at
78 3.6. It may not seem a significant increase to Hydro, but to
79 the people in our communities it is unacceptable. Why is
80 it that they can plan to decrease rates in a town such as
81 Happy Valley-Goose Bay who are already paying a lower
82 cost rate for electricity and an increase to those who are
83 already paying the highest? This does not mean ... I don't
84 think you have to go very far and say that it's the cost of
85 the rate of a fuel subsidy or an increase in rate of fuel that
86 you would look for this.

87 The services that are provided by Newfoundland
88 and Labrador Hydro in any coastal Labrador community is
89 only what is being barely the minimal. They'll give you a
90 service, but only what they have necessity to give. They
91 don't give no luxuries. When you go when you want
92 people to, as a business to go to set up in a community, the
93 first thing they have to do up and they have to go to Hydro

1 to see what power is available. And in 90 cases (sic)
2 percent of the time Hydro is going to come back and say
3 the capacity is not there. If you have a breakdown they
4 can't tell you the reason why. As an example, this summer
5 we had a crab plant in Mary's Harbour. We had to turn
6 away crab and say to all those fishermen 12:00 in the night
7 that you got to go somewhere else. We was not able to
8 process their crab. We had to turn a ship away with four
9 hours work and call the other ship and tell them not to
10 come in. We had 35,000 ton of crab in a holding room that
11 we were unable to process. And turn around and say to
12 two boats that was tied up to the wharf with 50,000 pound
13 of crab that you got to go somewhere else with your crab,
14 we can't take it. Hydro could not guarantee us when they
15 were going to turn that power back on in the community
16 after three or four hours. We had to go ... I, for one, had to
17 stay at the plant all night to supervise once the power come
18 back on for our cleaning up crew that they were not able to
19 turn on a conveyor belt, afraid if they turn on that
20 conveyor belt the power would go. These are incidents
21 that are happening. And then they have the nerve and the
22 gaul to turn around and come to us and say we want an
23 increase. For what? That's the question we're going to
24 have to ask.

25 In the year 2000 the Town of Mary's Harbour paid
26 to Newfoundland and Labrador Hydro \$59,021.18 in the
27 cost of electricity. So far this year we've been billed
28 50,923.44. For a small town such as ours who cannot afford
29 any increase. Where is the money supposed to come from
30 to afford an increase? In a fax sent by Hydro regarding the
31 isolated rates increase it was a chart of tax to show what
32 exact the dollar amount increase there would be. For
33 example, if an existing bill is \$25.39 at 100 kilowatt hours,
34 the increase on that bill would be 96 cents, .96. I bring to
35 your attention a bill of ours existing of \$54,080.15 at a 3.6
36 increase, that would mean \$197.29. We think that this
37 amount is an unrealistic increase. And I have with me a
38 copy of an accounts payable thus far from Newfoundland
39 and Labrador Hydro this year which Mr. Browne has it
40 there now, but copies will be forwarded to you. A copy of
41 the list in the last two months electricity rates for the Town
42 of Mary's Harbour, for your (inaudible). As a town we
43 have a problem with the increase because of what we pay.
44 But what about our residents who are already complaining
45 about the high cost of electricity and the poor service, as
46 I earlier mentioned.

47 We cannot go a month within the last five or six
48 years since we had that new system put in Mary's Harbour.
49 It was supposed to be automatic, everything was supposed
50 to be computerized. They could tell you in St. John's what
51 was wrong when something goes down wrong. They
52 could even turn it on in there. The system never worked
53 since it was put there. They cannot find the problems. It's

54 not a week that we don't have a power outage. And there
55 was a while there back last year it was two and three times
56 a day we were having power outages. We'd call Hydro,
57 they'll come in, they'll send somebody in. They'll fix it for
58 a day or a couple of days, similar to what Melita was
59 saying, and then the whole system will go down again. If
60 you're unable to guarantee better quality of service we
61 don't think it's unreasonable ... we think it's unreasonable
62 to ask for an increase in our rates.

63 This form of electricity is the only option, and
64 Hydro knows that, and that is why they think they can
65 manipulate us and increase our rates because they know we
66 have no choice but to use their electricity and everybody
67 wants electricity. It is an necessity and it's a way of life. I
68 guess we got where we're going in that, and they know
69 there's no one else going to compete with them.
70 Communities that are most effected are along the north and
71 south coast of Labrador and our small primary isolated
72 communities who are already paying a high cost for many
73 other services, fuel and food.

74 And we hope that you'll seriously take the
75 concerns into consideration and decide not to grant
76 Newfoundland and Labrador Hydro a general rate
77 application for a rate increase at this time. Because if you're
78 saying it might be a 20 percent increase over the next three
79 or four years. With that 20 percent increase it's not only
80 Hydro is going to increase their rates, the stores that you
81 buy your groceries from, they're increasing theirs, your
82 cable bill is going to increase and everything else is going
83 to increase. So you're looking at more than a 20 percent
84 increase. It's going to affect everybody, and who is it
85 going to come back to, back to the consumer. You, as
86 Newfoundland and Labrador Hydro is charging me as a
87 consumer. I go to the store to buy my goods, they're going
88 to charge me as a consumer for the rate that you have
89 already charged to them. So it's all going to come back to
90 the consumer, the people that have the less money to
91 spend. So thank you.

92 MR. NOSEWORTHY, CHAIRMAN: Thank you, Deputy
93 Mayor Rumbolt. Does Hydro have any questions?

94 MR. YOUNG: No questions. Thank you, Deputy Mayor.

95 MR. NOSEWORTHY, CHAIRMAN: Newfoundland
96 Power?

97 MR. HAYES: No questions, Mr. Chair. Thank you, Mr.
98 Rumbolt.

99 MR. NOSEWORTHY, CHAIRMAN: Consumer Advocate?

100 MR. BROWNE, Q.C.: Yes. What's the population of
101 Mary's Harbour?

102 MR. RUMBOLT: 475, 480.

1 MR. BROWNE, Q.C.: How many children in Mary's
2 Harbour?

3 MR. RUMBOLT: At the school I think there's about 97, 98
4 children.

5 MR. BROWNE, Q.C.: The crab plant that is in Mary's
6 Harbour, how long has that been there?

7 MR. RUMBOLT: The crab plant was built in 1985.

8 MR. BROWNE, Q.C.: Has it operated every year since
9 1985?

10 MR. RUMBOLT: Yes.

11 MR. BROWNE, Q.C.: The problems you're referring to,
12 have they been constant since 1985?

13 (1:00)

14 MR. RUMBOLT: No, they haven't been constant since
15 1985. The major problems I'd say is when the Hydro plant
16 burned down. I think that was in 1996. Well, since that
17 time that they put in this new system that we started
18 having major problems with it, with the power. It was only
19 the summer before last they had accused the plant of
20 deliberately turning on things and one thing and another
21 and putting power out. And they even accused ... they
22 even come down and tried to monitor the plant to see what
23 we were operating because they figured we had more
24 equipment there than what we told them they had and
25 everything else. So the whole thing goes right back to the
26 whole system that they have there themselves.

27 MR. BROWNE, Q.C.: And since 1996 have these problems
28 been occurring every year?

29 MR. RUMBOLT: Yes.

30 MR. BROWNE, Q.C.: Were they resolved this year?

31 MR. RUMBOLT: It seems like probably it might go for a
32 month, seems like you got the problem solved, and then all
33 of a sudden it'll come up again and it'll happen probably
34 you might have two or three power outages in a day. And
35 it might go on for another week and then probably they'll
36 have somebody in and it'll increase again for another little
37 while. But it's all the time. Before we had that power plant
38 burn, the old one burn we had probably the best power
39 outage ... power service that was available. I can't
40 remember ever we had a power outage. But I guarantee
41 you, we well know since the new system went in.

42 MR. BROWNE, Q.C.: Has product been spoiled at the
43 plant on account of a power outage?

44 MR. RUMBOLT: No, I can't say we have, have never had
45 anything spoiled at the plant.

46 MR. BROWNE, Q.C.: So it's been resolved up to this

47 month, you think?

48 MR. RUMBOLT: Well, like I said, it's a job to know when
49 it's resolved or when it isn't. I know that they had trouble
50 with their motors, I think that's what they're saying, is their
51 motors is their problem. I don't know what the problem is.

52 MR. BROWNE, Q.C.: Have you lost any of your home
53 appliances on account of power outages or power surges?

54 MR. RUMBOLT: Yes, I've lost probably a couple of
55 televisions. I never bothered to send them away, similar to
56 what Melita was saying. I know in the last outage that we
57 had a while ago there was a woman there that works there
58 at the plant with me lost her computer system. Because
59 that night, when the power went that night it was about
60 five minutes it was just as well the power was on but it was
61 just as well it wasn't on, it was just barely a little twinkle
62 and it was coming and going. It lasted for about five
63 minutes before it finally went off altogether.

64 MR. BROWNE, Q.C.: How do the people of Mary's
65 Harbour heat their homes?

66 MR. RUMBOLT: I'd say probably 90 percent of them use
67 wood.

68 MR. BROWNE, Q.C.: Is there a nearby wood supply?

69 MR. RUMBOLT: There is a wood supply, but probably
70 you got to go about 15, 20 kilometres.

71 MR. BROWNE, Q.C.: The other ten percent, what do they
72 use?

73 MR. RUMBOLT: A combination of wood and oil.

74 MR. BROWNE, Q.C.: How does the community provide
75 water to the residents?

76 MR. RUMBOLT: The water used is a pumping system.

77 MR. BROWNE, Q.C.: And the pump is housed in the town
78 hall, is it?

79 MR. RUMBOLT: No. It's at the end of a canal with the
80 water system.

81 MR. BROWNE, Q.C.: And the pump requires electricity?

82 MR. RUMBOLT: That's right.

83 MR. BROWNE, Q.C.: And the individual home to which
84 the water is pumped, do they require any electrical device,
85 any circulator?

86 MR. RUMBOLT: No, no.

87 MR. BROWNE, Q.C.: The appliances in your own home,
88 you have a hot water boiler?

89 MR. RUMBOLT: Yes.

90 MR. BROWNE, Q.C.: Do you have an insulator over that,

1 an insulation blanket?

2 MR. RUMBOLT: No.

3 MR. BROWNE, Q.C.: Has Hydro ever come forward with
4 a conservation program?

5 MR. RUMBOLT: Not that I'm aware of. I haven't seen one.
6 We have our own, because when all the kids was home
7 what I used to say to them when we ... if someone needed
8 to get a shower and the others was going decided to get a
9 bath, we'd put a five gallon bucket in the bathtub, so
10 whatever waste water was then they could get it, you
11 know, you wouldn't have to burn so much hot water out of
12 your tank. So we used to put a bucket in the bathtub, catch
13 some water that way.

14 MR. BROWNE, Q.C.: That was your method of
15 conservation?

16 MR. RUMBOLT: That was my method of conserving,
17 yeah. I didn't want to pay Hydro too much money, you
18 see.

19 MR. BROWNE, Q.C.: How many children do you have?

20 MR. RUMBOLT: I had five boys and a girl. I got to have
21 a talk to my daughter when she goes home. I think she was
22 too nice in her presentation that she wrote for Annie
23 Rumbolt to Hydro.

24 MR. BROWNE, Q.C.: And your five boys and your girl, are
25 they still living at home?

26 MR. RUMBOLT: No. I told them to go away because the
27 cost of electricity was getting so high, so I only have two
28 left there now. I have one in Lab City. He went in there,
29 that's where the cheapest power is. And the other fellow is
30 in the Armed Forces. And I got a fellow in St. John's, so
31 he's pretty well in there, too, in alongside them guys, keep
32 an eye on them.

33 MR. BROWNE, Q.C.: Do you have a freezer in your home?

34 MR. RUMBOLT: Oh, yes. I took him out of my basement.
35 I put a meter on my shed. So that will reduce ... the meter
36 on the shed I'd only have a minimum light bill. So I plugged
37 my freezer in up there. So it took him out of my basement
38 so I would ... that would reduce my Hydro bill, you see. So
39 you got to think of all the ways to conserve.

40 MR. BROWNE, Q.C.: How would that reduce your Hydro
41 bill?

42 MR. RUMBOLT: Well, if I could put him in my store, in my
43 shed, I'm only paying a light bill of probably a minimum of
44 \$20 for a light, that's the minimum monthly fee. But if I had
45 it down in my house with the other equipment all the other
46 appliances was going to drive my light bill up more so I'd
47 be paying more money to them, you see.

48 MR. BROWNE, Q.C.: So you have two meters?

49 MR. RUMBOLT: No. Yeah, I have one on my shed and
50 one on my house.

51 MR. BROWNE, Q.C.: Okay.

52 UNKNOWN SPEAKER: Now we know.

53 MR. RUMBOLT: Nothing you can do about it, sir. There's
54 nothing done above board, that way.

55 MR. BROWNE, Q.C.: Now, you did give me a number of
56 bills from the town.

57 MR. RUMBOLT: Um hum.

58 MR. BROWNE, Q.C.: And I gather you want these entered
59 into evidence as evidence of what the ...

60 MR. RUMBOLT: Yes.

61 MR. BROWNE, Q.C.: Okay. Well, I'll ... probably they
62 could be identified, we don't have any copies of them, and
63 just left with the Board as ...

64 MR. RUMBOLT: Yes.

65 MR. BROWNE, Q.C.: What would we call them?

66 MR. KENNEDY: FR No. 1.

67 **EXHIBIT FR-1 ENTERED**

68 MR. BROWNE, Q.C.: Thank you, very much, Mr. Rumbolt.

69 MR. RUMBOLT: Thank you.

70 MR. NOSEWORTHY, CHAIRMAN: Thank you, very
71 much. Mr. Peck?

72 MR. PECK: I have no questions.

73 UNKNOWN SPEAKER: No questions.

74 COMMISSIONER POWELL: Just a couple. It's nice to
75 know, Mr. Rumbolt, that you have two lifelines, I gather?

76 MR. RUMBOLT: Oh, yes. Well, I got some of my own
77 used up, you see.

78 COMMISSIONER POWELL: Well, you know, what we say
79 to people in rural Newfoundland, to live there you've got to
80 be entrepreneurial and obviously you have that down. The
81 only question I really have is you talked about your
82 problems since the new system. But has the crab plant, in
83 the last number of years, put in any new equipment or any
84 additional equipment?

85 MR. RUMBOLT: Oh, we've added a nice bit of new
86 equipment, yes.

87 COMMISSIONER POWELL: So, was any thought given
88 that it may be a combination of the new plant and the
89 additional capacity that Hydro are maybe not aware of?

1 MR. RUMBOLT: Well, Hydro, I think every year when
2 there's new equipment going in we usually gives Hydro
3 about six to eight months, the company usually gives them
4 about six to eight months advance notice that they're going
5 to add a blast freezer or whatever unit it's going to be, right.

6 COMMISSIONER POWELL: Okay. So there is liaison back
7 and forth?

8 MR. RUMBOLT: Yes.

9 COMMISSIONER POWELL: So they haven't really sat
10 down with you and/or the plant?

11 MR. RUMBOLT: We have had people in from the Port au
12 Choix office that have been into the community and they
13 knew that ... they admit that they have problems, but I don't
14 know if they have been able to pinpoint what problems
15 have been there.

16 COMMISSIONER POWELL: In the new plant did you have
17 ... in Marystown (sic), is that similar to other plants in other
18 coastal ...

19 MR. RUMBOLT: I think that's pretty well similar, yes.

20 COMMISSIONER POWELL: So have you talked to any of
21 the other communities, whether they have similar type of
22 problems?

23 MR. RUMBOLT: Well, I don't think Port Hope have had
24 that problem, other than Charlottetown.

25 COMMISSIONER POWELL: Do you know what the gross
26 load would be in your community versus the other
27 communities?

28 MR. RUMBOLT: No. I know it takes quite a load in the
29 summertime when the plant is on because we have a boiler
30 running there for the crab plant and three blast freezers, a
31 brine freezer and there's quite a bit of power being used
32 there, right. And then you got that plant is going
33 sometimes 24 hours. And then you got 100 workers with 60
34 or 70 of them going home in the night and washing their
35 clothes to come back the next morning. So it is quite a ...
36 you know, no joke, it is quite a capacity there to handle.

37 COMMISSIONER POWELL: So Hydro and yourself
38 haven't sat down and talked about maybe where the peak
39 capacity and there are times that, unintentionally, that you
40 may be, as a community and as a plant, hitting that and
41 maybe you should shower at different times, so to speak,
42 you know?

43 MR. RUMBOLT: Well, it's a job to do it in the summer.
44 Well, we have been told by Hydro to try to reserve. And
45 people have been, I think, cooperating well in that kind of
46 way, right. But if you're going home, say, 5:00 in the
47 evening and you got to get up again the next morning at
48 6:00 to go back to work and the plant is still going, but you

49 have to have your clothes cleaned and washed and
50 everything else to go back to work the next day. So, you
51 know, it's ...

52 COMMISSIONER POWELL: I realize that, yeah. That's my
53 only questions.

54 MR. NOSEWORTHY, CHAIRMAN: Thank you,
55 Commissioner Powell. Commissioner Saunders?

56 COMMISSIONER SAUNDERS: Just one question. Mr.
57 Rumbolt, since 1986 or the mid '80s had Hydro increased
58 the capacity of the plant in any way?

59 MR. RUMBOLT: Yes.

60 COMMISSIONER SAUNDERS: How often have they done
61 that?

62 COMMISSIONER SAUNDERS: Well, I don't know how
63 last ... I guess when they put the last plant in there, the new
64 plant, I think it was four motors installed in there at that
65 time. But I think they've had trouble with one. I think one
66 have been down pretty well ever since last year. They've
67 been operating on three.

68 COMMISSIONER SAUNDERS: Since last year?

69 MR. RUMBOLT: Since last year.

70 COMMISSIONER SAUNDERS: As far as you know,
71 there's only three there now that are working?

72 MR. RUMBOLT: Um hm.

73 COMMISSIONER SAUNDERS: I see. Thank you, Mr.
74 Rumbolt.

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

77 COMMISSIONER WHALEN: No, I have no questions.
78 Thank you, Mr. Rumbolt.

79 MR. NOSEWORTHY, CHAIRMAN: I just have a couple,
80 Deputy Mayor Rumbolt. The same issue came up
81 yesterday and I guess as I've been involved in municipal
82 affairs previously is why it sort of intrigues me. You had
83 mentioned the fact that your community pays, the council,
84 the municipal council pays \$60,000, roughly, a year.

85 MR. RUMBOLT: Um hm.

86 MR. NOSEWORTHY, CHAIRMAN: And you indicated
87 475 population. Would that be like 120 families, perhaps?

88 MR. RUMBOLT: Somewhere in that vicinity, yes.

89 MR. NOSEWORTHY, CHAIRMAN: So 120 families by
90 60,000 gives me \$500 a family?

91 MR. RUMBOLT: Yeah, I guess probably with municipal
92 taxes with our taxes and property tax and one thing and

1 another.

2 MR. NOSEWORTHY, CHAIRMAN: But is it 60,000 for
3 electricity only?

4 MR. RUMBOLT: Yeah.

5 MR. NOSEWORTHY, CHAIRMAN: I see. So, basically ...

6 MR. RUMBOLT: But what we have, the most of our 50,000
7 come in the summer when the plant is on because they use
8 a lot of water.

9 MR. NOSEWORTHY, CHAIRMAN: Oh, okay.

10 MR. RUMBOLT: So we charge them per ... we have a meter
11 on the plant.

12 MR. NOSEWORTHY, CHAIRMAN: Okay.

13 MR. RUMBOLT: And they're charged at so much.

14 MR. NOSEWORTHY, CHAIRMAN: Oh, so a lot of that
15 relates to the plant that you recover?

16 MR. RUMBOLT: Yes.

17 MR. NOSEWORTHY, CHAIRMAN: I see, okay. A
18 question that I asked previously, because I think you're the
19 last representative from a community, in terms of seniors,
20 again, are there many seniors in your town?

21 MR. RUMBOLT: Probably we have about 30 to 40 or more.

22 MR. NOSEWORTHY, CHAIRMAN: I see. So they, what,
23 rely on other people to get wood, generally speaking?

24 MR. RUMBOLT: Yes. Most of ... some of them live by
25 themselves. It's probably one or two people in the house,
26 or if not they live in the house with somebody else, so they
27 have their family to get probably wood and that for them,
28 you know.

29 MR. NOSEWORTHY, CHAIRMAN: But they live generally
30 on their own?

31 MR. RUMBOLT: Yes.

32 MR. NOSEWORTHY, CHAIRMAN: There's no senior
33 citizens complex or anything like that in the community?

34 MR. RUMBOLT: No.

35 MR. NOSEWORTHY, CHAIRMAN: And they can
36 generally get wood?

37 MR. RUMBOLT: Um hm.

38 MR. NOSEWORTHY, CHAIRMAN: I see, okay. That's
39 fine, sir. Thank you, very much for your presentation.

40 MR. RUMBOLT: Thank you.

41 (1:25)

42 MR. NOSEWORTHY, CHAIRMAN: Could we break for

43 perhaps five ... well, maybe five minutes, for two reasons,
44 one here and ...

45 (break)

46 MR. NOSEWORTHY, CHAIRMAN: Thank you, very
47 much. I apologize for that little delay. Perhaps we could
48 get started with the final presenter, Roxanne Notley with
49 the Southeastern Aurora Development Corporation,
50 please? Good afternoon, Ms. Notley, and welcome.

51 MS. NOTLEY: Thank you.

52 MR. NOSEWORTHY, CHAIRMAN: Could you take the
53 Bible in your right hand, Ms. Notley, please? Do you
54 swear on this Bible that the evidence to be given by you
55 shall be the truth, the whole truth and nothing but the
56 truth, so help you God?

57 MS. NOTLEY: Yes, I do.

58 MR. NOSEWORTHY, CHAIRMAN: Thank you. Would
59 you begin your presentation, please?

60 MS. NOTLEY: I was wondering how I could follow-up after
61 Ford. He's usually ... he went pretty easy on you guys,
62 actually. He's usually much more colourful and dramatic.
63 But thankfully, he didn't make my job too easy having ...
64 too hard to follow-up after him. But, thank you for this
65 opportunity.

66 MR. NOSEWORTHY, CHAIRMAN: Can I ask you, Ms.
67 Notley, what capacity you serve with the Corporation?

68 MS. NOTLEY: Okay. I'm Strategic Opportunities Officer.

69 MR. NOSEWORTHY, CHAIRMAN: Okay, thank you.

70 MS. NOTLEY: And I work with all communities and
71 businesses between Cartwright and L'Anse-au-Clair. That's
72 Cartwright and Lodge Bay. Yeah. At an executive meeting
73 ...

74 MR. KENNEDY: Excuse me, Chair, I don't think you swore
75 the witness. Oh, did you? Okay, I'm sorry.

76 MS. NOTLEY: You're going to make sure I tell the truth,
77 aren't you? Okay. At an executive meeting held on
78 September 16th, 2001 Newfoundland and Labrador Hydro's
79 application was discussed. The proposal has many diverse
80 implications to residents and businesses in Zone 4. It was
81 imperative for us to prepare to present our position to you
82 today.

83 The most significant area of concern, obviously,
84 is the impact of higher hydro rates on home owners and
85 businesses in our communities. We are already paying the
86 highest rates in the province, both because we are in rural
87 isolated communities and power is provided through diesel
88 stations. For years we have been lobbying for uniform
89 rates across the province, especially since many

communities benefits from cheaper power that is generated right here in Labrador. It is unacceptable that adjacent communities must pay an extra rate for power when communities much further away from the resource benefits. In fact, we cannot tolerate it. You cannot expect home owners and small businesses to pay any more than they are paying now. Instead we would expect there would be a reduction of fee instead of increases.

Newfoundland and Labrador Hydro must consider the average income of residents in our zone. The average income is well below the national average, which is around 25,000. In our zone it's about 17,000. In addition, a large percentage of people in our communities are on a fixed income, such as old age security, spousal allowance, Canadian pensions, Workers' Compensation disability, social securities, etcetera. Also, an estimated 70 percent of working adults receive employment insurance for at least 32 weeks a year.

As a social response to proposing to increase rates we hope to appeal to common sense. Our residents just can't afford these proposed increases. We, too, are dealing with increased fuel costs. We are disadvantaged on every level in rural communities of Labrador, and to expect us to pay more for Hydro service is just not possible.

Another concern addressed was inconsistent power in Charlottetown and Black Tickle, which has already been talked about, Charlottetown, and possibly other communities if a major development were to occur in the future. Right now power stations are operating at full capacity and power failures are a regular occurrence.

Newfoundland and Labrador Hydro must develop alternative cheaper sources of power for coastal Labrador. The current diesel station infrastructure cannot supply demand and is much too costly. There are excellent examples of cheaper power across Canada, and I was glad to hear some of those being pointed out today, such as power generated by the wind. And I would submit, and I wasn't aware of it until Yvonne's presentation that you also tried Black Tickle as an alternative site for wind power, but I understand there is being a test site already. But I'd love to hear the reports of that and see how that can impact communities in our area.

(1:30)

MS. NOTLEY: The Southeastern Aurora Development Corporation Board is exploring various development initiatives. However, unless adequate power is available, we probably could not attract developers to invest in our communities. And I'd like to just suggest a hypothetical situation. A manufacturing plant is interested in setting up an operation in St. Lewis, Labrador. They require 1200

kilowatts of power. The diesel station is already operating now at a full capacity. Every other condition is met. They have a skilled workforce, they have the ideal location, the resource is there and they have access to transportation. However, there is not enough power. Hydro may install extra units but the developer cannot just wait and hope that that may happen. We must have more than enough power to supply the need to satisfy future expansion.

With the recent highway connection we know that business opportunities will flourish, that's a given. Hydro rates must be affordable and consistent with that of other towns in Labrador. I am presently working with several clients who are contemplating expanding existing business and clients who are proposing to start new businesses. Hydro cost is always an integral cost. It is often the deciding factor whether a business will be feasible or not. Depending on the type of business, Hydro costs could eat up all or most of the profit margin. Hydro rates and an adequate power source should be there to stem economic growth and not to destroy the excellent opportunities we have in this area.

We expect, at the very least, uniform rates for all of the coast of Labrador. Newfoundland and Labrador Hydro could possibly look at hooking into Robinson Lake hydro grid. This is the same system that supplies a cheap source of power in the Labrador Straits. And we already heard about that today. There will be the initial cost of installing the power line, but it certainly will be cheaper in the long run than diesel.

Thank you for the opportunity to share these views and concerns. We trust that Hydro will not increase rates, instead, consider alternative, cheaper methods to subsidize existing power supplies.

To recap, high cost is an unfair disadvantage. New start-up costs and Hydro rates is a deterrent. Cheaper power stems economic growth. Uniform rates is a must to compete in existing competitive markets. Alternative sources of power should be considered instead of increasing the already high rates for power supply.

In closing, on behalf of SADC Board we would like to see Newfoundland and Labrador Hydro take the common sense and humane approach and lower the hydro rates for consumers in Southeastern Labrador. We would like to see them work in partner with us in encouraging economic development in the area. With low, affordable and consistent rates we will see more business opportunities in our area which will, in turn, increase the possibilities for more residents to stay and live in their communities and create more opportunities for people to move to work in this area. This will then increase the consumption of hydro and we all can be winners. But I

1 stress, we must work closely together to make this a reality.
2 I would predict that a reduction of rates to diesel
3 consumers will not drastically affect the Newfoundland and
4 Labrador Hydro's bottom line, however, for small
5 businesses in my area it could mean survival or closing up
6 shop. We must remember that economic development is
7 everyone's business. Thank you.

8 MR. NOSEWORTHY, CHAIRMAN: Thank you, very
9 much, Ms. Notley. Any questions from Hydro?

10 MR. YOUNG: I have no questions. Thank you, Ms.
11 Notley.

12 MR. NOSEWORTHY, CHAIRMAN: Newfoundland
13 Power?

14 MR. HAYES: No questions. Thank you, Ms. Notley.

15 MR. NOSEWORTHY, CHAIRMAN: Consumer Advocate?

16 MR. BROWNE, Q.C.: Ms. Notley, in your presentation you
17 state that the recent highway connection we know that
18 business opportunities will flourish. Can you expand upon
19 that?

20 MS. NOTLEY: Well, I have more than enough work right
21 now. There should be at least five or six of me on the coast
22 working with people that are planning to expand their
23 business, start up new business because of tourism is one
24 big thing. And just having numerous ideas of bringing
25 people into the area. There are so many wonderful ideas
26 out there right now. I just hope that Hydro is not a
27 deterrent for them all. Right now we have local people that
28 are planning. And there has been people that came in,
29 there has been businesses that came in to look at the area
30 and just found that it wasn't feasible. And I'm sure that the
31 hydro rates were one of the reasons for not setting up shop
32 there.

33 MR. BROWNE, Q.C.: So the businesses are tourism
34 based?

35 MS. NOTLEY: The ones that I'm working with are tourism
36 and service sector based, yes.

37 MR. BROWNE, Q.C.: And when was the highway
38 connection complete?

39 MS. NOTLEY: When will it be complete?

40 MR. BROWNE, Q.C.: Yeah.

41 MS. NOTLEY: Well, Cartwright won't be hooked up until
42 next year, but as far as Charlottetown should be by the end
43 of November.

44 MR. BROWNE, Q.C.: And what's the point of departure to
45 the island, the ferry departure?

46 MS. NOTLEY: Blanc Sablon.

47 MR. BROWNE, Q.C.: Okay. And where does the ferry go?

48 MS. NOTLEY: To the island?

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

50 MS. NOTLEY: St. Barbe.

51 MR. BROWNE, Q.C.: St. Barbe, okay. And have you
52 found that a lot of people have used that route since you
53 have a highway?

54 MS. NOTLEY: Oh, most definitely, yes.

55 MR. BROWNE, Q.C.: This past summer you had ...

56 MS. NOTLEY: Yes. We've had people crossing, walking
57 on one side of the bridge and picking up cars on the other
58 just so they could drive instead of fly.

59 MR. BROWNE, Q.C.: And do many people stay overnight
60 in the communities?

61 MS. NOTLEY: Yes.

62 MR. BROWNE, Q.C.: And are there tourism homes?

63 MS. NOTLEY: There's been a great increase in tourism in
64 Mary's Harbour where it's been ... where a lot of people ...
65 where it's been the first connection, the first community
66 that's been connected. And this year there's just been, the
67 demand has been overwhelming. And a lot of my requests
68 is coming from Mary's Harbour for help with regards to just
69 a coffee house for people to come in and sit down and ...
70 bed and breakfasts are going to be ... there's already a
71 demand for that.

72 MR. BROWNE, Q.C.: Have people, in fact, opened bed and
73 breakfasts there to accommodate this new industry?

74 MS. NOTLEY: Yes.

75 MR. BROWNE, Q.C.: These people who have opened bed
76 and breakfasts, is there any advice given to them
77 concerning conservation measures to conserve electricity?

78 MS. NOTLEY: No, no. That's a very ... I mean, it should be
79 an education thing even at the school level. A lot of times
80 if the children are educated themselves they will pass that
81 along to their parents. So it's a good suggestion, actually.

82 MR. BROWNE, Q.C.: Thank you. No further questions.

83 MR. NOSEWORTHY, CHAIRMAN: Thank you, Mr.
84 Browne. Mr. Peck?

85 MR. PECK: I have no questions.

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

87 MR. NOSEWORTHY, CHAIRMAN: Commissioner Powell?

88 COMMISSIONER POWELL: No. Thank you, very much.
89 I enjoyed that.

1 COMMISSIONER SAUNDERS: No, thanks, I don't have
2 any questions.

3 MR. NOSEWORTHY, CHAIRMAN: Commissioner
4 Whalen?

5 COMMISSIONER WHALEN: No, thank you.

6 MR. NOSEWORTHY, CHAIRMAN: I just have a couple of
7 questions. Do you have any idea, do you keep statistics
8 on any particular business start-ups or businesses that
9 have started up over the last little while or couple of years,
10 do the Association, the Corporation do that?

11 MS. NOTLEY: Yes, they have.

12 MR. NOSEWORTHY, CHAIRMAN: Do you have any
13 knowledge of sort of how things are unfolding, I suppose,
14 from an economic standpoint?

15 MS. NOTLEY: I think it's been keeping a level rate. There's
16 been some businesses start and there've been businesses
17 that close, so, it's been equal. But I anticipate that it's
18 going to, because of all the increased activity, traffic in the
19 area, there will be more businesses that will start up,
20 especially initially, and hopefully they will find that they
21 can keep open and they will be able to have a satisfactory
22 profit margin.

23 MR. NOSEWORTHY, CHAIRMAN: Do you have any
24 specific examples of businesses perhaps that haven't
25 opened up because of the cost of hydro electricity as being
26 a major impediment, for example?

27 MS. NOTLEY: Yeah. Most of mine have been working
28 with individuals. And a lot of times we've gone through
29 the business plan and the marketing and things like that
30 and they've found that because of the high cost, not just
31 hydro, I guess, but everything combined it's just not
32 feasible.

33 MR. NOSEWORTHY, CHAIRMAN: Okay.

34 MS. NOTLEY: Things that could possibly happen in one
35 area doesn't ... can't happen there. A garage would be one
36 thing. It's just the high cost of operating a garage, for
37 example, in a community of our size it could easily ...
38 probably in another area you could have two or three
39 garages. But it's just not feasible in our small communities.

40 MR. NOSEWORTHY, CHAIRMAN: How many members
41 do you have in your corporation?

42 MS. NOTLEY: We have, I think there's 800 members.

43 MR. NOSEWORTHY, CHAIRMAN: 800?

44 MS. NOTLEY: Um hm. There's about ... because you could
45 buy ... it's a lifetime membership, so once you're a member
46 you're always a member.

47 MR. NOSEWORTHY, CHAIRMAN: So all these would be
48 businesses, per se?

49 MS. NOTLEY: Individuals.

50 MR. NOSEWORTHY, CHAIRMAN: Individuals?

51 MS. NOTLEY: Um hm.

52 MR. NOSEWORTHY, CHAIRMAN: Who would be
53 operating businesses?

54 MS. NOTLEY: No, because the Corporation deal with all ...
55 the Southeastern Aurora Development deal with social and
56 economic issues and I work in the economic arm.

57 MR. NOSEWORTHY, CHAIRMAN: Oh, I understand.
58 Fine. Thank you, very much, Ms. Notley, we appreciate
59 your presentation. Thank you.

60 MS. NOTLEY: I also have a letter that I would like to
61 submit on behalf of Cartwright Town Council. They
62 couldn't make it today.

63 MR. NOSEWORTHY, CHAIRMAN: Sure.

64 MS. NOTLEY: Thank you.

65 MR. NOSEWORTHY, CHAIRMAN: Thank you, very
66 much. This concludes the presentations for today. I would
67 simply like to thank everybody who's presented. Quite
68 clearly, it's been a high quality, high calibre presentation.
69 It's evident that everybody who's presented has put a lot
70 of working into their presentation, and certainly, you are to
71 be commended for that. And I can assure you that the
72 Panel will take your presentations into account along with
73 all the other evidence that's been placed before us and
74 every consideration will be given to your recommendations
75 and the suggestions that you make.

76 I just want to comment, before I leave, I know
77 there had been a couple of comments, as there was
78 yesterday, about the fact that the Panel and the group here
79 today did not visit, specifically, the coastal communities.
80 And Ms. Jones and I had a short discussion on that this
81 morning, and I think we probably agreed to disagree at this
82 point in time on it. But I wanted to just reflect a little bit on
83 certainly our thinking here. I can assure you it wasn't with
84 a view to not wanting to travel to coastal communities. It
85 was with a view to, at least from our perspective, rightly or
86 wrongly, to try and, indeed, facilitate more input, public
87 input from the communities than less. I think it's fair to say
88 that everybody in this room, all the parties here and at all
89 the pre-hearing conferences and meetings that we had
90 throughout the summer in planning these public
91 participation days recognize their importance, number one,
92 and certainly recognize that we wanted to try and consider
93 the best way to try and facilitate public input and provide
94 access to the communities. We recognize, I think, that in

1 terms of the isolated diesel systems, of which there are
2 some 26, not only in Labrador, but throughout the
3 province, that indeed, it would be impossible for us to visit
4 each and every community serviced by those diesel
5 systems. We could, indeed, have, I believe, looked at
6 informal consultations, perhaps some of us here visiting a
7 number of communities. Again, rightly or wrongly, we did
8 not feel that that would provide the opportunity and
9 provide the sort of the weight of evidence, if you will, that
10 was presented here today. These matters that you have
11 presented have been matters of public record and they will
12 be given the full weight of evidence along with everything
13 else that's been presented to this Board. We did not feel
14 that informal consultations, from our perspective, in any
15 event, in relation to the Panel would be able to accomplish
16 that. I think then it came down to, quite frankly, a matter of
17 there's 14 of us here and whether it would be beneficial to
18 take 14 to a select number of communities or indeed, at the
19 same cost try and encourage a larger, perhaps, variety of
20 communities that would normally have access to come to
21 us rather than bring 14 of us.

22 (1:45)

23 MR. NOSEWORTHY, CHAIRMAN: The math is fairly
24 simple. You can have two representatives from seven
25 communities or you can have one representative from 14
26 communities that would be able to come and present. I
27 think from our perspective, certainly, if you look at the
28 participation from the northern coastal communities
29 yesterday, that has been a success. And indeed, if you
30 look at the participation here today we've, quite frankly,
31 had more participation from the coastal communities in
32 Labrador over the past week than we have from any other
33 area in the province. And I think that speaks of your
34 interest, certainly, in this application. We will be travelling
35 on to other areas next week, so it remains to be seen what
36 participation we see there. But in any event, I thought I
37 should explain that. I think I did to Ms. Jones this morning.
38 And as I said, I think we agreed to disagree on the point.
39 But I wanted, for matters of record, to outline that to you.

40 That's it. We've completed the public hearing here
41 in Happy Valley-Goose Bay. I want to thank everybody for
42 attending. I want to thank the parties, in particular, that are
43 here in an official capacity for the last week or so. We're
44 looking forward to another week next week of public
45 participation days. And I want to thank, in particular, the
46 Consumer Advocate and Hydro for facilitating, if you will,
47 the participation from the coastal communities, in particular,
48 that we've seen over the past two days. Thank you, very
49 much. This concludes our hearing and thank you.

50 (1:50 p.m.)

51 (hearing adjourned)