



**UNITED STEELWORKERS  
OF  
AMERICA LOCAL 5795**

**SUBMISSION TO THE BOARD OF PUBLIC UTILITIES  
O'BRIEN HALL  
LABRADOR CITY, NL**

**November 26, 2003**

**GEORGE KEAN  
PRESIDENT**

ON BEHALF OF OVER 950 MEMBERS OF THE UNITED STEELWORKERS OF AMERICA, LOCAL 5795 REPRESENTING HOURLY EMPLOYEES AT THE IRON ORE COMPANY OF CANADA AND ORICA CANADA INC. I WANT FIRST, MR. NOSEWORTHY, TO THANK YOU AND THE OTHER MEMBERS OF THE BOARD FOR THE OPPORTUNITY TO MAKE THIS PRESENTATION ON THE PROPOSED REQUEST OF HYDRO FOR RATE CHANGES TO ITS CUSTOMERS.

I AM HERE NOT ONLY REPRESENTING MY MEMBERSHIP, BUT RETIREES AND FAMILIES OF DECEASED MEMBERS WHO ARE THE MAJORITY OF CONSUMERS OF THE ELECTRICAL SYSTEM IN LABRADOR WEST.

I GUESS I COULD BE CALLED A CONSUMER  
ADVOCATE WHO IS AWARE OF THE INDIVIDUALS  
THAT ARE RESIDING IN LABRADOR WEST AND  
THEIR ABILITIES TO SURVIVE UNDER SUCH A  
RATE INCREASE AS PROJECTED TO TAKE PLACE.

MY MEMBERS HAVE COME TO LABRADOR CITY  
OVER THE YEARS BY THE PROMISE OF  
SUBSIDIZED HOUSING, EXCELLENT MEDICAL AND  
RECREATIONAL FACILITIES, VACATION  
PACKAGES, AND JOBS.

THE IRON ORE COMPANY OF CANADA REALIZED  
MANY YEARS AGO THAT IN ORDER TO ATTRACT  
WORKERS TO THE NORTHERN MINING TOWN  
WHICH HAS A VERY HARSH CLIMATE WITH SIX  
TO EIGHT MONTHS OF TEMPERATURES AROUND

**-20 DEGREES, THEY HAD TO OFFER GOOD BENEFITS. EVEN WITH GOOD BENEFITS, THE IRON ORE COMPANY HAVE FOUND MANY EMPLOYEES WOULDN'T STAY - COULDN'T ADAPT TO THE LONG WINTERS AND ISOLATION.**

**CLOSE TO FIFTY THOUSAND EMPLOYEES HAVE GONE THROUGH THE GATES OF THE IRON ORE COMPANY OF CANADA SINCE 1959 WHEN OUR UNION WAS CHARTERED. FOR THOSE OF US THAT DECIDED TO MAKE LABRADOR CITY OUR HOME, WE FIND IT A BEAUTIFUL PLACE TO LIVE AND RAISE A FAMILY.**

**OVER THE YEARS OUR MEMBERSHIP HAS GONE FROM A HIGH OF 2600 MEMBERS IN THE LATE 1970'S TO LESS THEN 1000 MEMBERS TODAY**

**WITH DOWNSIZING, IN ORDER TO COMPETE IN A  
GLOBAL MARKET PLACE.**

**HYDRO WISHES TO INCREASE RATES, TOTALLING  
141% OVER FIVE YEARS AND WE CONSIDER SUCH  
INCREASES AS OPPRESSIVE AND UNJUSTIFIED.  
IF THESE INCREASES ARE ALLOWED TO TAKE  
PLACE, IT WILL HAVE A VERY NEGATIVE IMPACT  
ON THE IRON ORE COMPANY OF CANADA AND  
THE COMMUNITY OF LABRADOR CITY.**

**HYDRO WAS GIVEN THE LABRADOR WEST  
DISTRIBUTION ASSETS FOR THE NOMINAL SUM  
OF ONE DOLLAR (\$1.00), AND THE MINING  
COMPANIES ALSO CONTRIBUTED MILLIONS OF  
DOLLARS TO UPGRADE THE LOCAL SYSTEMS TO  
ENSURE THE LABRADOR WEST RATES WOULD**

**REMAIN REASONABLE AND WOULD REFLECT  
LOCAL COSTS.**

**WITH THE IRON ORE INDUSTRY EXPERIENCING  
DIFFICULT TIMES IN LABRADOR WEST, IT  
CANNOT AFFORD SUCH INCREASES.**

**OVER 300 MEMBERS HAVE RETIRED SINCE 1999,  
AND AN ADDITIONAL 500 ARE ELIGIBLE TO  
RETIRE IN THE NEXT FIVE YEARS.**

**IN THE PAST, BETWEEN 60 TO 70 PERCENT OF  
RETIREES HAVE BEEN STAYING IN LABRADOR  
CITY WHILE OTHERS HAVE DECIDED TO RETIRE  
ON THE ISLAND OR OTHER PARTS OF CANADA.**

**AS THE COST OF ELECTRICITY IS ONE OF THE FACTORS THAT HELPED INFLUENCE THEIR DECISION TO STAY, AN INCREASE IN HYDRO RATES WOULD HAVE SERIOUS REPERCUSSIONS ON THE FUTURE OF LABRADOR CITY.**

**ULTIMATELY, ANY INCREASE TO THE COST OF OPERATIONS OF I.O.C.C. WHEN THEY ARE GOING THROUGH DIFFICULT ECONOMIC TIMES MAY ALSO FORCE THE MINING COMPANIES OUT OF BUSINESS.**

**THE IRON ORE COMPANY OF CANADA BUILT AND OWNED THE HYDRO SYSTEM, OUR MEMBERS MAINTAINED THE SERVICE IN LABRADOR CITY UNTIL IT WAS ACQUIRED BY NEWFOUNDLAND HYDRO IN 1992 FOR ONE DOLLAR.**

**WE FEEL WE ARE PAYING MORE THAN ENOUGH  
UNDER THE PRESENT STRUCTURE FOR HYDRO  
TO PAY FOR UPKEEP AND SERVICE ON THE  
SYSTEM AND ALSO MAKE A SUBSTANTIAL  
PROFIT.**

**THE HYDRO POLICY IN TELLING LABRADOR WEST  
COSTUMERS TO SUBSIDIZE THOSE IN LABRADOR  
EAST AMOUNTS TO RATE DISCRIMINATION  
AGAINST THE RESIDENTS OF LABRADOR WEST.**

**LABRADOR WEST CUSTOMERS WILL BE  
COMPELLED TO PAY UNJUST RATES FAR IN  
EXCESS OF THE COST REQUIRED TO SECURE  
LABRADOR WEST. THESE INCREASES WILL ALSO  
BE FAR IN EXCESS OF THOSE REQUIRED TO**



**PROVIDE HYDRO WITH A REASONABLE RATE OF  
RETURN, AND TO MAKE A PROPORTIONAL  
CONTRIBUTION TOWARDS THE RURAL DEFICIT.**

**IN RETROSPECT, IT WOULD HAVE BEEN BETTER  
FOR THE IRON ORE COMPANY TO HAVE KEPT  
THE HYDRO SYSTEM IN LABRADOR WEST. THEY  
WOULDN'T BE FACING HIGH INCREASES WHICH  
WOULD POSSIBLY LEAD TO DEMISE OF THEIR  
BUSINESS AND WE, AS RESIDENTS, WOULDN'T BE  
LOOKING AT POSSIBILITY OF OUR LIVLIHOOD  
GOING DOWN THE WIRES.**

**THIS PRESENT ISSUE OF HYDRO WANTING LARGE  
UNREALISTIC INCREASES FOR ELECTRICITY IS  
THE REASON OUR UNION FOUGHT THE TAKE**

OVER OF THE POWER UTILITIES FROM THE IRON  
ORE COMPANY OF CANADA IN 1992.

IF HYDRO IS GRANTED SUCH OUTRAGEOUS  
INCREASES, YOU MAY HELP HYDRO PUT MORE  
INCOME INTO ITS BANK ORGINALLY, BUT IN A  
RELATIVELY SHORT WHILE IT WILL HAVE LESS  
REVENUE COMING FROM LABRADOR WEST  
BECAUSE THERE WILL BE FEWER RESIDENTS  
LEFT TO PAY.

YOUR DECISION COULD HELP DESTROY  
LABRADOR CITY AND LABRADOR WEST AS WE  
KNOW IT, SO PLEASE DENY ANY INCREASES.

THANK YOU.