

GK #1



**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.