

J.S.#1

Nov. 27, 2003

1 **Combined Councils of Labrador**

2 **Public Utilities Board Presentation**

3 **Re: Newfoundland and Labrador Hydro General Rate Review Application**

4 **Thursday, November 27th, 2003**

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6 On behalf of the Combined Councils of Labrador, I would like to thank the Public Utilities
7 Board for the opportunity to express our opinions on the General Rate Review
8 Application put forward by Newfoundland and Labrador Hydro.

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10 Our position is quite simple. We are fully apposed to any increase in rates in either
11 Labrador jurisdiction. It is unfair, unfortunate and disappointing this application
12 blatantly puts all regions of Labrador at odds with each other. Labradorians already pay
13 among the highest prices in the country for fuel, groceries and other necessities.
14 Furthermore an increase in rates has a potential detrimental impact in many of our
15 smaller and most disadvantaged communities. Hundreds of Labradorians are employed
16 at marginally profitable fish plants and many of these jobs will be put in jeopardy. The
17 same is true in the mines of Labrador West and the troubles of 5 Wing Goose Bay are
18 well documented.

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20 As long as the Churchill Falls power station generates 5400 megawatts of power,
21 Labradorians won't stand for an increase in power rates. There can be no good reason,
22 why this power is not available to us for development or why profits accrue to the
23 province of Quebec. The Royal Commission on Strengthening and Renewing Our Place

24 in Canada missed the boat, when they claimed we should forget about the Upper
25 Churchill Falls Contract.

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27 The Public Utilities Board is in a position to recommend action be taken to redress the
28 Upper Churchill Falls contract once and for all. We strongly recommend section 92A of
29 the Canadian Constitution be heavily reviewed in conjunction with a non-discriminatory
30 per kilowatt hour tax on all electrical energy produced in the province whether exported
31 or not. We are confident a financial analysis around this proposal would more than
32 eliminate the rural deficit.

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34 Only until we are satisfied that all other options have been exhausted can a rate
35 increase be justified. At this time we are far from satisfied that Newfoundland and
36 Labrador Hydro has put an honest, above board effort forward.

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38 We are also suggesting that federal negotiations take place to improve freer trade
39 across Canadian borders. Allow me to quote the Atlantic Institute of Market Studies:

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41 "Ottawa must end the absurd situation where Quebec enjoys a stranglehold over the
42 development of Labrador's hydroelectric resources. Electricity is the only form of energy
43 that cannot be sold across provincial boundaries without the consent of the province
44 across whose territory it must move. Quebec uses that power to force Newfoundland
45 and Labrador to sell any surplus electricity to Hydro-Quebec, which, as the monopoly
46 buyer, sets its own price.

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48 That's absurd. If Alberta puts natural gas in a pipeline bound for Ontario, the gas
49 doesn't have to be sold first to the provinces of Saskatchewan, then to Manitoba, and so
50 on. The owner of the gas puts it in the pipeline in Alberta and sells it to a buyer in
51 Ontario, and pays a reasonable charge to the owner of the pipeline for moving the gas
52 to market. But because Newfoundland and Labrador is pushing electrons down a wire
53 rather than gas molecules down a pipe, the added value that Newfoundland might
54 realize from its hydroelectric resources is siphoned off by Quebec because of an accident
55 of geography. Because this is a matter of inter-provincial trade, Ottawa could assert its
56 jurisdiction if it chose. Yet the province continues to believe that the solution to the
57 problem lies a) in seeking some form of compensation from Ottawa for past injustices in
58 this file, and b) negotiating a better deal with Quebec on new generation projects. This
59 will not produce results, because Ottawa feels no need to compensate the province for a
60 deal freely arrived at, and because Quebec will never voluntarily negotiate away the
61 unfair advantage conferred on it by Ottawa's timidity. St. John's *must* take a more
62 aggressive stance in favour of freer trade at the federal-provincial bargaining table if any
63 progress is to be made."

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65 Newfoundland and Labrador Hydro has a responsibility to explore these options and do
66 its best to provide Labradorians with cheaper electricity rates.

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68 To conclude we are reasoning with this board to not make Labradorians pay the price
69 for consistent and long-standing in-action on behalf of Newfoundland and Labrador
70 Hydro.