

MJT # 1

Nov. 24, 2003

**ORAL PRESENTATION
TO
PUBLIC UTILITIES BOARD**

**Holiday Inn
Stephenville**

NOVEMBER 24, 2003

COUNCILLOR MICHAEL J. TOBIN

Good morning, Ladies and Gentlemen.

My name is Michael Tobin; and I guess I speak to you in a dual role today ... that as Town Councillor in Stephenville and Chair of the Economic Development Committee for the Town Council of Stephenville.

It is a pleasure for me to welcome you, the sitting members of the Public Utilities Board, to the Town of Stephenville.

I am pleased that you included Stephenville on your itinerary for the PUB Hearings, as I believe that any decisions and recommendations that you may make will have a tremendous impact on the Town of Stephenville, the Bay St. George/Port au Port Area and indeed, the South-West part of the Island portion of the Province of Newfoundland and Labrador.

Over the last few months, there has been a lot of debate and discussion in this area on the proposed

increase in Hydro rates; and I would suggest fear and trepidation has been expressed.

Of course, what I am referring to is the proposed increase in the cost of electricity on January 1, 2004.

I am of the opinion that you hold in your hands a major change in the way of life -- of course, our Government will have the final say -- of the future growth of Stephenville.

There are two major thrusts to my presentation this morning. I will deal with the lower priority first.

However, if you speak with any of our citizens and commercial business owners, I don't think they would agree that this is a low priority. I make these comments for emphasis.

What I am referring to is the 15% proposed increase rate to commercial business and households. A 15% increase for the average resident with electric heat

means an extra \$240 a year or \$20 per month. For the resident without electric heat, it means \$127 per year or \$10.50 per month. For the hotels, restaurants, bakeries, convenience stores, gas stations, and myriad of other businesses, it will provide great hardship; and at the risk of sounding melodramatic or fear mongering, some of these businesses will not survive.

The Senior Citizens on a fixed income will have a difficult time and will ~~ensure~~ hardships.

Ladies and gentlemen, this is not acceptable. There has to be another way.

Let me now turn ^{to} the issue of top priority – the impact that the proposed increase will have on the main industry in this Town and the Region from Cape St. George and Mainland at the extremities of the Port au Port Peninsula to the Highlands and Lock Leven in

Bay St. George South and the more than 30 communities in between.

We have many great employers in our area: College of the North Atlantic, the Sir Thomas Roddick Hospital, the Cormack Trail School Board, the Stephenville Airport Corporation, the West Coast Correctional Centre, the many Government offices, and of course, the private enterprise and services and many more.

But make no mistake; we are a one-industry town. The Abitibi Consolidated Mill serves as the underpinning; pull that out and we have the "Domino Principle" in reality.

The Mill, and the Woodlands directly associated with the Mill, employs approximately 400 people with high wages. Using the standard employment multiplier of three, that means there are an additional 1,200 jobs in the Bay St. George area due to the presence of the

Mill. This is a total of 1,500 to 1,600 jobs. In addition, the Mill contributes \$5 million dollars to the local economy (in addition to the payroll) and \$49 million dollars throughout the Province.

Ladies and gentlemen, a month ago an election was held in this Province; and I am sure you heard a version of these figures from the various platforms and candidates. I am confident that our two elected members from the Bay St. George/Port au Port Area are aware of the importance of the Mill as well as Premier Williams and his Government.

Newfoundland Hydro has proposed a 37% increase for the rate of power to Abitibi Consolidated Mill here in Stephenville. That will add \$7.5 million dollars to the total cost of operations and \$40 to the cost of producing a ton of newsprint and will make Stephenville one of the highest cost paper mills in Canada.

May I add here that Abitibi Consolidated is not a social agency; and again at the risk of sounding overly dramatic, if the company cannot make a reasonable profit – well, fill in the blank here.

I wish to say that the Company has been a good Corporate Citizen; and as Abitibi goes, so does many communities in Western Newfoundland.

We know that there are three paper mills in the Province. The mills at Grand Falls-Windsor and Corner Brook produce most of the power they need – so it is obvious that an increase in power rates of 37%, or any increase for that matter, puts the Stephenville Mill in peril.

Does anyone remember 1966 (Base closed) or 1972 (Labrador Linerboard closed) (or have reviewed the history)?

I am sure that no one wants to relive the aftermath of a scenario similar to the two fore mentioned situations.

Many people are convinced that if these outrageous and exorbitant increases are permitted, then we are set up for a serious fall – catastrophic for our Town and area.

To compound Abitibi's challenge at this time is the shortage of fiber. Even if the Company can procure offshore wood, it is more expensive, adding to production costs.

I think we will know what the Cod Moratorium did to many communities in Newfoundland and Labrador in the early 1990's. I implore the PUB to take into consideration the negative impact and dire consequences that an increase in Hydro rates would have on Stephenville and the Bay St. George area.

Does Premier Williams and his Government need another version of 1992 on his hands at this time? I would think not.

So I hope there is a will and a commitment to resolve this serious problem and challenge at this time.

Back in April of 2003, the Mill took 23 days of downtime due to a lack of fiber; and I believe everyone would agree, that had a detrimental effect on our economy.

With regard to the proposed increase in rates, let's be careful that the surgery is successful but the patient died.

The Town of Stephenville is a service center for the whole of the Bay St. George area. We are a progressive town; and I don't think that it is any coincidence that the greatest progress has been

made in the last 20 years -- parallel with Abitibi Consolidated opening the Mill here.

The viability of our Mill is threatened with these proposed Hydro increases; and the negative impacts are daunting and frightening to the whole of the Bay St. George/Port au Port area.

In conclusion, we urge you, the Commissioners, to consider very carefully any decision, conclusions, or recommendations you make. One cannot unring a bell.

Again, I thank you for coming to Stephenville to hear our presentations.