			age AL Hydro S 2005 General Kate Application
	Page 1		Page 2
	(9:38 a.m.)	1	
2	CHAIRMAN:	2	CHAIRMAN:
3	Q. Good morning. Perhaps we could begin. I	3	Q. Sorry for the confusion. I'll try and -
4	think conversation, if you will -	4	AUDIENCE:
5	AUDIENCE:	5	Q. Move closer to the mike.
6	Q. Could you speak up?	6	CHAIRMAN:
7	CHAIRMAN:	7	Q. Pardon?
8	Q. The conversation, if you will, will have to be	8	AUDIENCE:
9	kept to a minimum. We do not have amplifying	9	Q. Closer to the mike.
10	mikes here. I will certainly try and project	10	CHAIRMAN:
11	my voice as best I can. Can you hear me down	11	Q. Closer to the mike. I figured distance would
12	in the back?	12	be better. Okay. Good morning, my apologies.
13	AUDIENCE:	13	There are about ten times as many people here
14	Q. No.	14	this morning and it shows the level of
15	CHAIRMAN:	15	
16	Q. Is there a mike up here?	16	
17	AUDIENCE:	17	
18	Q. Why don't you stand up, b'y?	18	
	MS. NEWMAN:	19	· · · · · · · · · · · · · · · · · · ·
20	Q. Chair, the mike might interfere with the	20	
21	recording equipment. That's the problem.	21	
	CHAIRMAN:	22	
23	Q. Well, if they can't hear, they can't hear.	23	
24	Now can you hear me?	24	
	AUDIENCE:	25	
		20	· · · · · · · · · · · · · · · ·
	Page 3		Page 4
1	here later on, but in any event, we'll address	1	5
2	as we proceed.	2	
3	Good morning. I'd like to take the	3	5,7
4	opportunity to welcome everybody here, both	4	C
5	parties participating certainly on an ongoing	5	
6	basis in this public hearing, and in	6	
7	particular, persons and organizations who have	7	1
8	taken the initiative to attend this portion of	8	1 7 8
9	the hearing here in Labrador West.	9	C
10	My name is Bob Noseworthy and I'm chair		GREENE, Q.C.:
11	and CEO of the Public Utilities Board and I'll	11	
12	explain a little about the role of the Board	12	
13	in just a moment, but for purposes of this	13	5
14	hearing, I'm serving as the Chair of the panel		AUDIENCE:
15	which has been delegated the responsibility to	15	
16	make decisions on this rate application by	16	GREENE, Q.C.:
17	Hydro. My colleagues joining me on the panel	17	
18	are, to my immediate left in front, Ms.	18	
19	Darlene Whalen, who's Vice-Chair of the Public	19	HEARN, Q.C.:
20	Utilities Board, and on my right here is	20	-
21	Commissioner Fred Saunders, who is a retired	21	the Towns of Labrador City and Wabush.
22	businessman and now resides in St. John's. On	22	CHAIRMAN:
23	the table to my far right here, sitting to the	23	Q. If you could, could I ask you just to rise,
1-0			
24	left, is Ms. Cheryl Blundon. You would have heard her previously. She's the Board	24	Ms. Greene, and just for purposes now of the

	Tutu-1 age	NL Hyuro S 2005 General Kate Application
Pa	ge 5	Page 6
1 GREENE, Q.C.:	1	Refining Limited, and Voisey's Bay Nickel
2 Q. My name is Maureen Greene. I am counsel for	r 2	Limited.
3 Newfoundland Hydro, and with me is William	n 3	The purpose of this part of the hearing
4 Wells, the President and Chief Executive	4	is essentially twofold here today in Labrador
5 Officer of Newfoundland Hydro.	5	West. One is to provide an opportunity for
6 HEARN, Q.C.:	6	public input and comment on the General Rate
7 Q. Edward Hearn for the Towns of Labrador City	y 7	Application of Hydro, and the second part of
8 and Wabush. Good morning, everybody.	8	the hearing that will be conducted here today
9 BROWNE, Q.C.:	9	is a portion of the evidentiary proceedings
10 Q. Dennis Browne, the Province's consumer	10	associated with the hearing, to allow evidence
11 advocate.	11	to be specifically presented on the Labrador
12 MR. HAYES:	12	Interconnected System and how it will affect
13 Q. Counsel for Newfoundland Power, and I have	e 13	Labrador West. Part of these evidentiary
14 with me Pat Ryan, who's our Director of	14	proceedings were conducted regarding the cost
15Regulatory Compliance. Good morning.	15	of service last week, when Mr. Hearn had the
16 CHAIRMAN:	16	opportunity to cross-examine Hydro's cost of
17 Q. Thank you. I would like, in addition to the	17	service expert, Mr. Greneman, and present his
18 intervenors here this morning, to indicate	18	own expert, Mr. Drazen, and the remaining
19 that the Industrial Customers are also	19	evidentiary portion of the hearing will be
20 intervening in this application as well. They	20	conducted here this morning with Mr. Sam
21 aren't in attendance this morning. And the	21	Banfield, who's Director of Customer Relations
22 Industrial Customers comprise and represent	22	with Hydro, and he will be presenting evidence
23 Abitibi Consolidated Company of Canada, Gran	nd 23	on behalf of Hydro. I'll ask Ms. Greene
24Falls and Stephenville divisions, Corner Brook	24	momentarily to speak to the Application a
25 Pulp and Paper Company Limited, North Atlan	tic 25	little bit later.
Pa	ge 7	Page 8
1 I would like to provide a little bit of	1	municipal councils, economic development
2 background, at this point in time, about the	2	associations, chambers of commerce, service
3 role of the Board and the Application itself.	3	clubs, to express their views directly to the
4 Pursuant to The Public Utilities Act, Hydro	4	
		Panel. These so-called public participation
5 are seeking approval to increase rates to be	5	days have been scheduled this week for
6 charged for the supply of electricity to its		days have been scheduled this week for Stephenville, Corner Brook, Labrador West and
6 charged for the supply of electricity to its7 customers, including its major retail	5	days have been scheduled this week for Stephenville, Corner Brook, Labrador West and Happy Valley-Goose Bay, and later in St.
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Discoveries Unlimited Inc., Ph: (709)437-5028

November 26, 2003

November	26,	2003

1 CH 2 3 4 5 6 7 8 9 10	AIRMAN: this panel have been charged with hearing the	Multi-r age	NL Hyuro S 2005 General Kate Application
2 3 4 5 6 7 8 9	this panel have been charged with hearing the	Page 9	Page 1
3 4 5 6 7 8 9	· · · ·	1	businesses, industries, institutions or
4 5 6 7 8 9		is 2	governments, whether small or large users of
5 6 7 8 9	particular application by Hydro and in	3	electricity.
6 7 8 9	accordance with our legislative	4	Having described a little about the role
7 8 9	responsibilities, we have a duty to hear the	5	of the Board, I would like to spend another
8 9	evidence presented by the applicant and the	6	brief moment on the public hearing process
9	intervenors and other interested parties, and	7	itself.
	at the end of the process, render a fair and	8	Hydro submitted the application on May
10	equitable decision on electrical rates and	9	the 21st, at which time a notice of public
1	other regulatory matters arising from the	10	hearing was advertised throughout the
11	application.	11	province. Following this, pre-hearing
12	The statutes require the Board to make	12	conferences were conducted by the Board for
13	rate decisions that are fair and not	13	the purpose of establishing the rules and
14	discriminatory and the legislation requires	14	procedures governing the hearing and also to
15	that the utility be allowed to earn a just and	15	decide on various motions filed by the
16	reasonable financial return. The legislation	16	parties. Also in advance of the hearing,
17	also dictates that power be delivered to	17	evidence was filed by Hydro on behalf of its
18	customers at the lowest possible cost, while	18	company and expert witnesses who were slated
19	ensuring safe and reliable service. In	19	to appear during the hearing and requests for
20	fulfilling its responsibilities, the Board	20	information were exchanged and responded to
21	must protect the interests of all parties,	21	between the participating parties. The public
22	including producers, retailers and consumers	s 22	hearing itself began on October the 6th and
23	of electricity. In doing this, it must also	23	has been ongoing since that time, while
24	strive to balance the interests of each class	24	allowed scheduled dates off for the Board and
25	of consumer, whether they be households,	, 25	parties to attend to other business.
	р	age 11	Page 12
1	The public hearing process provides for	1	Newfoundland Power, is only appealable to the
2	Hydro, through its counsel, to present	2	Courts.
3	evidence supporting its application by calling	g 3	The purpose of this process is to ensure
4	various company and expert witnesses. Each	-	that all the necessary evidence required to
5	the parties intervening in the hearing,	5	reach a determination on rates and other
6	through their respective counsel, have the	6	matters contained in the application is
7		o 7	
8			• •
. ~	· · ·	9	•
9	-	ig 10	
1	• •	11	-
9 10	parties and you'll witness some of that here	12	interests of all stakeholders.
9	parties and you'll witness some of that here this morning, in terms of the evidentiary		The public hearing is expected to
9 10 11	this morning, in terms of the evidentiary	13	The public heating is expected to
9 10 11 12	- ·	13 14	· · · ·
9 10 11 12 13	this morning, in terms of the evidentiary portion of the hearing that I referred to		substantially conclude within a couple of weeks, and following final argument by the
9 10 11 12 13 14	this morning, in terms of the evidentiary portion of the hearing that I referred to earlier.	14 15	substantially conclude within a couple of
9 10 11 12 13 14 15	this morning, in terms of the evidentiary portion of the hearing that I referred to earlier. The process itself is somewhat similar to	14 15	substantially conclude within a couple of weeks, and following final argument by the parties and consideration of the complete body
9 10 11 12 13 14 15 16	this morning, in terms of the evidentiary portion of the hearing that I referred to earlier.The process itself is somewhat similar to a Court proceeding and follows the normal	14 15 16 17	substantially conclude within a couple of weeks, and following final argument by the
9 10 11 12 13 14 15 16 17	this morning, in terms of the evidentiary portion of the hearing that I referred to earlier.The process itself is somewhat similar to a Court proceeding and follows the normal rules of natural justice, in terms of	14 15 16 17 18	substantially conclude within a couple of weeks, and following final argument by the parties and consideration of the complete body of evidence by the Panel, a Board Order will
9 10 11 12 13 14 15 16 17 18	 this morning, in terms of the evidentiary portion of the hearing that I referred to earlier. The process itself is somewhat similar to a Court proceeding and follows the normal rules of natural justice, in terms of fairness, openness and transparency. These 	14 15 1 16 17 18 19	substantially conclude within a couple of weeks, and following final argument by the parties and consideration of the complete body of evidence by the Panel, a Board Order will be issued containing a series of findings on
9 10 11 12 13 14 15 16 17 18 19	 this morning, in terms of the evidentiary portion of the hearing that I referred to earlier. The process itself is somewhat similar to a Court proceeding and follows the normal rules of natural justice, in terms of fairness, openness and transparency. These decisions and the orders that arise from them 	14 15 1 16 17 18 19	substantially conclude within a couple of weeks, and following final argument by the parties and consideration of the complete body of evidence by the Panel, a Board Order will be issued containing a series of findings on the proposed rates and other matters submitted
9 10 11 12 13 14 15 16 17 18 19 20	 this morning, in terms of the evidentiary portion of the hearing that I referred to earlier. The process itself is somewhat similar to a Court proceeding and follows the normal rules of natural justice, in terms of fairness, openness and transparency. These decisions and the orders that arise from them are not simply recommendations to government. 	14 15 16 17 18 18 19 ent, 20	substantially conclude within a couple of weeks, and following final argument by the parties and consideration of the complete body of evidence by the Panel, a Board Order will be issued containing a series of findings on the proposed rates and other matters submitted by Newfoundland and Labrador Hydro in their
9 10 11 12 13 14 15 16 17 18 19 20 21	 this morning, in terms of the evidentiary portion of the hearing that I referred to earlier. The process itself is somewhat similar to a Court proceeding and follows the normal rules of natural justice, in terms of fairness, openness and transparency. These decisions and the orders that arise from them are not simply recommendations to government as would have been the situation prior to 	14 15 16 17 18 19 ent, 20 21	substantially conclude within a couple of weeks, and following final argument by the parties and consideration of the complete body of evidence by the Panel, a Board Order will be issued containing a series of findings on the proposed rates and other matters submitted by Newfoundland and Labrador Hydro in their application.
9 10 11 12 13 14 15 16 17 18 19 20 21 22	 this morning, in terms of the evidentiary portion of the hearing that I referred to earlier. The process itself is somewhat similar to a Court proceeding and follows the normal rules of natural justice, in terms of fairness, openness and transparency. These decisions and the orders that arise from them are not simply recommendations to governme as would have been the situation prior to Hydro becoming a fully regulated utility in 	14 15 16 17 18 19 ent, 20 21 22	substantially conclude within a couple of weeks, and following final argument by the parties and consideration of the complete body of evidence by the Panel, a Board Order will be issued containing a series of findings on the proposed rates and other matters submitted by Newfoundland and Labrador Hydro in their application. As I indicated earlier, this part of the
	opportunity to question and examine Hydr witnesses and in turn present other opinions from their own experts, which is also the subject of cross-examination by the remainin	8 9 10 11	

November 26,	2003	
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1	Page 13		Page 14
	IRMAN:	1	hearing process and will be carefully examined
2	provide input, excuse me, and comment on the	2	by the Panel in issuing its final order.
3	proposed rate increases and any other issues	3	Before we begin, there are just a couple
4	arising from the application that may impact	4	of matters concerning today's proceedings,
5	them. This can be done in one of two ways,	5	which I would like to review. The proceedings
6	either by oral presentation, which is being	6	indeed are being recorded under the
7	heard here today, or by letter of comment	7	supervision of the Board Secretary, Ms.
8	which can be filed with the Board at any time	8	Blundon, and will be substantially transcribed
9	prior to the close of the hearing. Letters of	9	for the public record. In addition,
10	comment can be submitted by simply contacting	10	presenters will be sworn in and/or affirmed to
11	the Board Secretary, Ms. Blundon, who will	11	make this an official part of the body of
12	provide all the necessary information	12	evidence before the Board. The Board's main
13	concerning addresses and answer any questions	13	goal is to get the facts on the record in a
14	that you may have.	14	way that is convenient to the presenters and
15	All the oral and written materials	15	while I realize this may appear a little
16	submitted by the individuals and organizations	16	formal, we are here to listen to your views
17	will form a part of the official record for	17	and comments and we want you to express them
18	this hearing. The oral submissions presented	18	in the way you feel most comfortable. We do,
19	today, along with any letters of comment, will	19	I think, have about seven presentations or so
20	combine with the documentation resulting from	20	here today. We will be proceeding with the
21	the formal proceedings and will contribute to	21	first presentation initially from the Iron Ore
22	the total body of evidence which will be	22	Company of Canada, and following that, we will
23	considered by this Panel in rendering its	23	be having the remaining evidentiary part of
24	decisions. So what you say here today	24	the proceeding, and following that, we
25	certainly constitutes an important part of the	25	continue on with our public hearing or with
	Page 15		^
	-	1.0	Page 16
1	our public presentations, I should say.		CHAIRMAN:
2	our public presentations, I should say. All documents filed throughout this	2	CHAIRMAN: Q. Sure.
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			THE Hydro's 2005 General Rate Application
	Page 17		Page 18
1 N	IS. NEWMAN:	1	seeking increases in the rates that it charges
2	receipt of the request, all the parties agreed	2	all of its customers. As I'm sure that the
3	that the proceedings could be postponed to a	3	primary interest here this morning is the
4	later date and that to do that, and to allow	4	Labrador Interconnected System, I will deal
5	the experts to testify, that the experts would	5	only with that System at this time.
6	testify in St. John's and that Sam Banfield	6	I thought first before we actually dealt
7	would testify in Labrador City. So here we	7	with the proposals for the Labrador
8	are today, later scheduled to begin and the	8	Interconnected System, I would give a very
9	experts' testimony was heard on November 20th	9	brief outline of the historical context that
10	in St. John's. That's it.	10	led us here today.
11 0	'HAIRMAN:	11	Hydro currently has responsibility for
12	Q. Thank you. I'll call upon Ms. Greene now, if	12	the Happy Valley-Goose Bay area and the
13	you don't mind, to make ayes, sure, please.	13	Labrador West area. We assumed responsibility
14 (10:03 a.m.)	14	for these areas at different times and I would
15 0	REENE, Q.C.:	15	like to review that with you briefly now,
16	Q. Good morning, Mr. Chair, Commissioners, ladies	16	because I think it helps put the current
17	and gentlemen. I have a brief opening	17	application in context.
18	statement that the Board has traditionally	18	Hydro first became responsible for
19	asked the applicant to make at the beginning	19	distribution in the Labrador East area in
20	of the hearing in St. John's, as well as at	20	December 1976the power distribution district
21	each public session. The comments that I have	21	for which Hydro assumed all responsibilities
22	this morning deal only with the issues for the	22	in 1989 took over the responsibility of
23	Labrador Interconnected System.	23	distribution in the Goose Bay area that has
24	As the Chair has already mentioned, Hydro	24	previously been supplied by the Federal
25	filed its application in May of this year	25	Department of Public Works. The issue of the
	Page 19		Page 20
1	Page 19 rates charged in the Happy Valley-Goose Bay	1	Page 20 discontinuing the distribution of electricity
1 2	-	1 2	-
	rates charged in the Happy Valley-Goose Bay		discontinuing the distribution of electricity
2	rates charged in the Happy Valley-Goose Bay area was one of the items considered by the	2	discontinuing the distribution of electricity in the towns in Labrador West. So in 1979,
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Discoveries Unlimited Inc., Ph: (709)437-5028

November 26, 2003

Multi-PageTMNL Hydro's 2003 General Rate Application

Page 21 Page 22 I GREENE QC: 1 significant contribution in aid of 2 Town of Wabush in 1985. Wabush Mines had been 2 construction of \$3 million. 3 providing service to the residents and 3 So in 1985, the Public Utilities Board 4 businesses: in the Town of Wabush Mines and 5 the Town, and approved Hydro assuming 7 1965. This agreement exempted Wabush Mines and 7 creation within:, The rates charged to 8 a public utility modern the Public Utilities 8 until the end of 1985, and then we had two 9 Act, however a number of sections, including 9 heatings in Wabush with respect to the rates 10 the obligation to provide as afs ervice, did 10 1986 and again, new rates were set in 1987 and 12 ceterion to the Public Utilities Board 12 respects howere set in 1987 and 13 complain to the Public Utilities Board 12 respects howere set in 1987 and 14 1980s which led to an independent study by the 14 808. So new rates were set and they were not 15 bubic theines oward. Discussions 16 Lo		nder 20, 2005 Mun	I-Page	NL Hydro's 2005 General Rate Application
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13methodology which Hydro uses to set rates for all customers was reviewed by the Board13separate cost of service study for the Labrador Interconnected System, including15beginning in 1992. One of the issues considered in the hearing was the appropriate in the hearing was the appropriate in techodology to be used for the Labrador15Labrador West and the Happy Valley-Goose Bay area.17methodology to be used for the Labrador in terconnected System, and that is for the Happy Valley-Goose Bay area and for Labrador17The issue was raised again during our last general rate application, which was commenced in 2001 and in which the Order of the Board was issued in 2002. In its20West.20the Board was issued in 2002. In its learing at which there were experts on the cost of service, issued its report and recommended that there be one cost of service23treated as one system for the purposes of setting rates for the customers that we serve	11	same until 2002.	11	customers and with respect to Labrador, the
14all customers was reviewed by the Board14Labrador Interconnected System, including15beginning in 1992. One of the issues15Labrador West and the Happy Valley-Goose Bay16considered in the hearing was the appropriate16area.17methodology to be used for the Labrador17The issue was raised again during our18Interconnected System, and that is for the18last general rate application, which was19Happy Valley-Goose Bay area and for Labrador19commenced in 2001 and in which the Order of20West.20the Board was issued in 2002. In its21In February 1993, the Board, following a21decision, the Board again found that the22hearing at which there were experts on the23treated as one system for the purposes of23cost of service, issued its report and23treated as one system for the purposes of24recommended that there be one cost of service24setting rates for the customers that we serve	12	The issue of the cost of service	12	Board again recommended that there be a
15beginning in 1992. One of the issues15Labrador West and the Happy Valley-Goose Bay16considered in the hearing was the appropriate16area.17methodology to be used for the Labrador17The issue was raised again during our18Interconnected System, and that is for the18last general rate application, which was19Happy Valley-Goose Bay area and for Labrador19commenced in 2001 and in which the Order of20West.20the Board, following a2121In February 1993, the Board, following a21decision, the Board again found that the22hearing at which there were experts on the22Labrador Interconnected System should be23cost of service, issued its report and23treated as one system for the purposes of24recommended that there be one cost of service24setting rates for the customers that we serve	13	methodology which Hydro uses to set rates for	13	separate cost of service study for the
16considered in the hearing was the appropriate16area.17methodology to be used for the Labrador17The issue was raised again during our18Interconnected System, and that is for the18last general rate application, which was19Happy Valley-Goose Bay area and for Labrador19commenced in 2001 and in which the Order of20West.20the Board was issued in 2002. In its21In February 1993, the Board, following a21decision, the Board again found that the22hearing at which there were experts on the22Labrador Interconnected System should be23cost of service, issued its report and23treated as one system for the purposes of24recommended that there be one cost of service24setting rates for the customers that we serve	14	all customers was reviewed by the Board	14	Labrador Interconnected System, including
17methodology to be used for the Labrador17The issue was raised again during our18Interconnected System, and that is for the18last general rate application, which was19Happy Valley-Goose Bay area and for Labrador19commenced in 2001 and in which the Order of20West.20the Board, following a21In February 1993, the Board, following a21decision, the Board again found that the22hearing at which there were experts on the22Labrador Interconnected System should be23cost of service, issued its report and23treated as one system for the purposes of24recommended that there be one cost of service24setting rates for the customers that we serve	15	beginning in 1992. One of the issues	15	Labrador West and the Happy Valley-Goose Bay
18Interconnected System, and that is for the Happy Valley-Goose Bay area and for Labrador West.18last general rate application, which was commenced in 2001 and in which the Order of the Board was issued in 2002. In its20West.20the Board, following a hearing at which there were experts on the cost of service, issued its report and recommended that there be one cost of service18last general rate application, which was commenced in 2001 and in which the Order of the Board was issued in 2002. In its21In February 1993, the Board, following a hearing at which there were experts on the cost of service, issued its report and recommended that there be one cost of service2223Labrador Interconnected System should be treated as one system for the purposes of setting rates for the customers that we serve	16		16	
19Happy Valley-Goose Bay area and for Labrador19commenced in 2001 and in which the Order of20West.20the Board was issued in 2002. In its21In February 1993, the Board, following a21decision, the Board again found that the22hearing at which there were experts on the22Labrador Interconnected System should be23cost of service, issued its report and23treated as one system for the purposes of24recommended that there be one cost of service24setting rates for the customers that we serve	17	methodology to be used for the Labrador	17	The issue was raised again during our
20West.20the Board was issued in 2002. In its21In February 1993, the Board, following a21decision, the Board again found that the22hearing at which there were experts on the22Labrador Interconnected System should be23cost of service, issued its report and23treated as one system for the purposes of24recommended that there be one cost of service24setting rates for the customers that we serve	18	Interconnected System, and that is for the	18	last general rate application, which was
21In February 1993, the Board, following a21decision, the Board again found that the22hearing at which there were experts on the22Labrador Interconnected System should be23cost of service, issued its report and23treated as one system for the purposes of24recommended that there be one cost of service24setting rates for the customers that we serve	19	Happy Valley-Goose Bay area and for Labrador	19	commenced in 2001 and in which the Order of
 hearing at which there were experts on the cost of service, issued its report and recommended that there be one cost of service setting rates for the customers that we serve 	20	West.	20	the Board was issued in 2002. In its
 hearing at which there were experts on the cost of service, issued its report and recommended that there be one cost of service setting rates for the customers that we serve 	21	In February 1993, the Board, following a	21	decision, the Board again found that the
recommended that there be one cost of service 24 setting rates for the customers that we serve	22	hearing at which there were experts on the	22	Labrador Interconnected System should be
C C	23	cost of service, issued its report and	23	treated as one system for the purposes of
25 study for the Labrador Interconnected System. 25 in these areas, and they directed that Hydro	24	recommended that there be one cost of service	24	setting rates for the customers that we serve
	25	study for the Labrador Interconnected System.	25	in these areas, and they directed that Hydro

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1	was in 2002, the Board directed Hydro to
2	commence the phase in of uniform rates over a
3	five-year period, and Hydro did file that
4	proposal with its May application. Evidence
5	was filed by Hydro and this morning you will
6	hear from Mr. Sam Banfield, as Director of
7	Customer Services, outlining what the specific
8	proposed changes are for each of the rate
9	classes.
10	After we filed our General Rate
11	Application in May, it had also been agreed
12	that we would update the data used in that
13	application. I'm sure you will appreciate
14	that these processes are lengthy. They're
15	also complicated. At the time we filed, we
16	had used data that was from the end of 2002
17	and early 2003, with forecasts for such things
18	as foreign exchange rates, interest rates and
19	No. 6 fuel prices that were current at that
20	time. So as part of the normal process in
21	these rate applications, Hydro filed an update
22	to reflect more current information, including
23	more current forecasts of such things as
24	interest rates and foreign exchange rates.
25	On October 31st of this year, Hydro filed
e 27	Page 28
1	current rates in effect in Happy Valley-Goose
2	Bay area, that there would be no increase in
3	the rates charged to domestic customers there.
4	In the Labrador West area for 2004,
5	approximately 86 percent of the domestic
6	customers in Labrador West would see increases
7	of between 25 and 29 percent, and we will
8	explain the reasons for the proposed rates
9	through Mr. Banfield's evidence.
10	In the general service class, which are
11	the small businesses, general service 2.1, in
1	
12	the Happy Valley-Goose Bay area 27 percent of
12 13	the Happy Valley-Goose Bay area 27 percent of those customers will see increases of between
13	those customers will see increases of between
13 14	those customers will see increases of between 21 and 28 percent, and 30 percent of the
13 14 15	those customers will see increases of between 21 and 28 percent, and 30 percent of the customers will see increases of between 28 and
13 14 15 16	those customers will see increases of between 21 and 28 percent, and 30 percent of the customers will see increases of between 28 and 34 percent. That's in the Happy Valley-Goose
13 14 15 16 17	those customers will see increases of between 21 and 28 percent, and 30 percent of the customers will see increases of between 28 and 34 percent. That's in the Happy Valley-Goose Bay area. In Labrador West, the general
13 14 15 16 17 18	those customers will see increases of between 21 and 28 percent, and 30 percent of the customers will see increases of between 28 and 34 percent. That's in the Happy Valley-Goose Bay area. In Labrador West, the general service customers will have various increases,
13 14 15 16 17 18 19	those customers will see increases of between 21 and 28 percent, and 30 percent of the customers will see increases of between 28 and 34 percent. That's in the Happy Valley-Goose Bay area. In Labrador West, the general service customers will have various increases, depending on the rate class that they are in
13 14 15 16 17 18 19 20	those customers will see increases of between 21 and 28 percent, and 30 percent of the customers will see increases of between 28 and 34 percent. That's in the Happy Valley-Goose Bay area. In Labrador West, the general service customers will have various increases, depending on the rate class that they are in and the actual percentage increases for each
13 14 15 16 17 18 19 20 21	those customers will see increases of between 21 and 28 percent, and 30 percent of the customers will see increases of between 28 and 34 percent. That's in the Happy Valley-Goose Bay area. In Labrador West, the general service customers will have various increases, depending on the rate class that they are in and the actual percentage increases for each of those classes are explained in Mr.
13 14 15 16 17 18 19 20 21 22	those customers will see increases of between 21 and 28 percent, and 30 percent of the customers will see increases of between 28 and 34 percent. That's in the Happy Valley-Goose Bay area. In Labrador West, the general service customers will have various increases, depending on the rate class that they are in and the actual percentage increases for each of those classes are explained in Mr. Banfield's evidence.
	$ \begin{array}{c} 2\\ 3\\ 4\\ 5\\ 6\\ 7\\ 8\\ 9\\ 10\\ 11\\ 12\\ 13\\ 14\\ 15\\ 16\\ 17\\ 18\\ 19\\ 20\\ 21\\ 22\\ 23\\ 24\\ 25\\ e 27\\ 1\\ 2\\ 3\\ 4\\ 5\\ 6\\ 7\\ 8\\ 9\\ 10\\ \end{array} $

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	Page 29		Page 30
1 GF	REENE, Q.C.:	1	the order. And in the course of that process,
2	the credit through the Five-Wing Goose Bay	2	there are revisions, there are changes, and we
3	sales, this was not possible to achieve a	3	did have a revision here in the October 31st
4	five-year phase in for the uniform rate	4	filing. We had one in the August filing. And
5	structure. So that is why some of the	5	undoubtedly the rates that flow from this will
6	customer groups see increases in excess of 20	6	depend on the actual decisions of the Board
7	percent.	7	following the conclusion of the hearing.
8	I would like to point out that the rates	8	So that's a very brief outline of the
9	that I just very briefly outlined and that are	9	issues affecting the Labrador Interconnected
10	in detail in Mr. Banfield's evidence are based	10	System. As I mentioned at the beginning, I
11	on Hydro's October 31st revision, and they are	11	didn't plan to go through the other rate
12	based on the assumptions that were used by	12	classes, such as the Industrial Customers on
13	Hydro in filing that application. Obviously	13	the island or the Island Interconnected
14	they may not be the final rates that are	14	customers or the Isolated Rural Customers at
15	actually implemented because that depends on	15	this time because I don't think that is the
16	the Board Order and the disposition of the	16	interest of the audience that's here today.
17	various issues that arise in this case.	17	Through Mr. Banfield, we will be explaining
18	During any rate case, there are revisions as	18	what the increases are for the various
19	the case proceeds and the final rates aren't	19	customer classes, and at this time, I would
20	known until we receive the actual Board Order.	20	like to thank you for your attention and
20	So again, this is a lengthy process. We	20	hopefully you found some of the information
21	actually started preparing for this	22	useful to you in your review of some of the
22	application well over a year ago, and it will	22	issues. Thank you.
			-
24	be another period of time before we receive		CHAIRMAN:
		25	Q. Thank you, Ms. Greene. I'm now going to call
	Page 31		Page 32
1	upon two presenters from the Iron Ore Company	1	to project -
2	of Canada, if you'd come forward please.		CHAIRMAN:
3	First of all -	3	Q. Okay.
4 MF	R. PORTER:		MR. PORTER:
5	A. Excuse me, Mr. Chairman, representatives from	5	A. I think you'll be able to pick my voice up on
6	the Iron Ore Company of Canada and Wabush	6	the mike. Mr. Chair, Commissioners, first of
7	Mines.	7	all, I'd like, on behalf of the Iron Ore
	IAIRMAN:	8	Company of Canada and Wabush Mines to thank
9	Q. And Wabush Mines, yes, apologize for that.	9	you for the opportunity to present to you this
10	Mr. Dave Porter, who is Vice-President of	10	morning. As was indicated in the
11	Human Resources with the Iron Ore Company of	11	introductions, my name is Dave Porter. I have
12	Canada.	12	responsibility for community matters at the
13 MF	R. DAVID PORTER (SWORN)	13	Iron Ore Company of Canada and my colleague,
14 CH	IAIRMAN:	14	John McGrath has interest in the same sort of
15	Q. Thank you. Next is Mr. John McGrath, who's	15	matters on behalf of Wabush Mines.
16	Director of Human Resources with Wabush Mines.	16	The matter before us today has actually
17 MF	R. JOHN MCGRATH (SWORN)	17	been something that the two iron ore companies
18 CH	IAIRMAN:	18	have been involved in for some time, along
19	Q. Thank you very much. When you're ready,	19	with the other members of the community, and
19 20		19 20	with the other members of the community, and one of the reasons for that is the
	Q. Thank you very much. When you're ready,		
20 21	Q. Thank you very much. When you're ready, gentlemen, and get organized here. We're just	20	one of the reasons for that is the
20 21 22 (10	Q. Thank you very much. When you're ready, gentlemen, and get organized here. We're just going to move over here now.	20 21	one of the reasons for that is the significantness of this issue on our
20 21 22 (10 23 MF	Q. Thank you very much. When you're ready, gentlemen, and get organized here. We're just going to move over here now.0:22 a.m.)	20 21 22	one of the reasons for that is the significantness of this issue on our businesses. If I could, before we start

	Page 33		Page 34
1 MR	R. PORTER:	1	of electrical expertise.
2	ask that you keep these in the back of your	2	The impact of the Labrador Interconnect,
3	mind for your deliberations.	3	as its been referred to in these hearings, on
4	The first take-away would be that the	4	the mine is significant, and as we said would
5	proposal for the residential rate increases in	5	have the net effect of IOC and Wabush paying
6	Labrador West would not a trivial matter to	6	twice for infrastructure. Labrador West
7	either the residents or the iron ore companies	7	infrastructure was paid for by the mines when
8	in Labrador West. These are, in fact, very	8	it was originally put in place, as you heard,
9	significant issues to us.	9	back in the 60s, through an organization
10	The second one would be that it is our	10	called Twinco, which exists to today and is
11	view that the Iron Ore Company of Canada and	11	involved in the transmission of high voltage
12	Wabush Mines have already paid a significant	12	electricity from Churchill Falls into Labrador
13	sum of money for costs that are now being	13	West. Secondly, as you heard a couple of
14	redistributed across Labrador and in fact, the	14	moments ago, both local distribution systems
15	net result of that will be for us to pay for	15	were built and established by the mining
16	those things twice.	16	companies and turned over to Newfoundland
17	The third take-away would be is if there	17	Hydro for nominal fees, with investments being
18	was ever in the history of the iron ore	18	made after that turnover to upgrade those
19	business not a time to pass costs on to IOC	19	distribution systems to Hydro's standards.
20	and Wabush Mines, it would be now, and I'd ask	20	The second point there is that truly the
21	you to keep those three thoughts in the back	21	two iron ore mining companies are the reasons
22	of your mind.	22	for Labrador West and Labrador West are the
23	Bear with us. Our evidence is going to	23	reasons that the two mining companies are able
24	be with respect to our business, with respect	24	to survive. We're inextricably linked and the
25	to where we are innot so much in the light	25	cost of living in Labrador West is an
	Page 35		Page 36
1	important factor in being able to attract and	1	those of you that haven't spent a lot of time
2	to retain qualified, skilled people to make	2	here, Labrador City and Wabush, located in
3	our businesses successful. In fact, from the	3	western Labrador. Iron in other metal mines
4	very beginning, back in the 60s when IOC and	4	in the world are generally not located close
5	Wabush owned these systems themselves,	5	to major centres. It's a reality that we have
6	decisions were made to provide these services	6	to deal with, but it is a significant factor
7	at costs that were obviously highly subsidized	7	in terms of being able to attract and retain
8	for the purposes of being able to attract and	8	qualified people. Folks like to live in areas
9	retain those people. That from the iron ore	9	where they have better services and there
10	business is what it's all about.	10	therefore needs to be offsetting opportunities
11	I'd like to cover four things. First of	11	for people to come and live and continue to
12			Line in Laborate XV at That? a subset the
	all, if you would bear with us, I'd like to	12	live in Labrador West. That's why the
13	all, if you would bear with us, I'd like to overview a little bit about our businesses and	12 13	decisions were made starting way back in the
13 14	•		-
	overview a little bit about our businesses and our linkages with Labrador West and in particular, our contributions. Secondly, I'd	13	decisions were made starting way back in the very beginning of the development of the community and the organization here in
14	overview a little bit about our businesses and our linkages with Labrador West and in particular, our contributions. Secondly, I'd like to talk a little bit about the electrical	13 14	decisions were made starting way back in the very beginning of the development of the community and the organization here in Labrador West and continues through to today.
14 15	overview a little bit about our businesses and our linkages with Labrador West and in particular, our contributions. Secondly, I'd like to talk a little bit about the electrical infrastructure history, which has already been	13 14 15	decisions were made starting way back in the very beginning of the development of the community and the organization here in Labrador West and continues through to today. That linkage of history is very important.
14 15 16	overview a little bit about our businesses and our linkages with Labrador West and in particular, our contributions. Secondly, I'd like to talk a little bit about the electrical infrastructure history, which has already been talked about. Thirdly, I'd like to talk about	13 14 15 16	decisions were made starting way back in the very beginning of the development of the community and the organization here in Labrador West and continues through to today. That linkage of history is very important. It's said that golf is a game that
14 15 16 17	overview a little bit about our businesses and our linkages with Labrador West and in particular, our contributions. Secondly, I'd like to talk a little bit about the electrical infrastructure history, which has already been talked about. Thirdly, I'd like to talk about the impact of the Interconnect rate on the	13 14 15 16 17	decisions were made starting way back in the very beginning of the development of the community and the organization here in Labrador West and continues through to today. That linkage of history is very important. It's said that golf is a game that involves putting a small hole in an even
14 15 16 17 18	overview a little bit about our businesses and our linkages with Labrador West and in particular, our contributions. Secondly, I'd like to talk a little bit about the electrical infrastructure history, which has already been talked about. Thirdly, I'd like to talk about the impact of the Interconnect rate on the mines and in particular, where we are in our	13 14 15 16 17 18	decisions were made starting way back in the very beginning of the development of the community and the organization here in Labrador West and continues through to today. That linkage of history is very important. It's said that golf is a game that involves putting a small hole in an even smaller hole with tools entirely designed
14 15 16 17 18 19	overview a little bit about our businesses and our linkages with Labrador West and in particular, our contributions. Secondly, I'd like to talk a little bit about the electrical infrastructure history, which has already been talked about. Thirdly, I'd like to talk about the impact of the Interconnect rate on the mines and in particular, where we are in our business right now. And lastly, talk a little	13 14 15 16 17 18 19	decisions were made starting way back in the very beginning of the development of the community and the organization here in Labrador West and continues through to today. That linkage of history is very important. It's said that golf is a game that involves putting a small hole in an even smaller hole with tools entirely designed incorrectly for the job. If you were to pick
14 15 16 17 18 19 20	overview a little bit about our businesses and our linkages with Labrador West and in particular, our contributions. Secondly, I'd like to talk a little bit about the electrical infrastructure history, which has already been talked about. Thirdly, I'd like to talk about the impact of the Interconnect rate on the mines and in particular, where we are in our business right now. And lastly, talk a little bit about IOC's energy consumption reduction	13 14 15 16 17 18 19 20	decisions were made starting way back in the very beginning of the development of the community and the organization here in Labrador West and continues through to today. That linkage of history is very important. It's said that golf is a game that involves putting a small hole in an even smaller hole with tools entirely designed incorrectly for the job. If you were to pick a place to mine iron ore, it would not be
14 15 16 17 18 19 20 21	overview a little bit about our businesses and our linkages with Labrador West and in particular, our contributions. Secondly, I'd like to talk a little bit about the electrical infrastructure history, which has already been talked about. Thirdly, I'd like to talk about the impact of the Interconnect rate on the mines and in particular, where we are in our business right now. And lastly, talk a little bit about IOC's energy consumption reduction initiative as part of something that we feel	13 14 15 16 17 18 19 20 21	decisions were made starting way back in the very beginning of the development of the community and the organization here in Labrador West and continues through to today. That linkage of history is very important. It's said that golf is a game that involves putting a small hole in an even smaller hole with tools entirely designed incorrectly for the job. If you were to pick a place to mine iron ore, it would not be Labrador West, because the circumstances and
14 15 16 17 18 19 20 21 22	overview a little bit about our businesses and our linkages with Labrador West and in particular, our contributions. Secondly, I'd like to talk a little bit about the electrical infrastructure history, which has already been talked about. Thirdly, I'd like to talk about the impact of the Interconnect rate on the mines and in particular, where we are in our business right now. And lastly, talk a little bit about IOC's energy consumption reduction	13 14 15 16 17 18 19 20 21 22	decisions were made starting way back in the very beginning of the development of the community and the organization here in Labrador West and continues through to today. That linkage of history is very important. It's said that golf is a game that involves putting a small hole in an even smaller hole with tools entirely designed incorrectly for the job. If you were to pick a place to mine iron ore, it would not be

		-i age	NL Hyuro S 2005 General Nate Application
	Page 37 PORTER:	1	Page 38 formula.
		-	
2	with around the face of the earth, all work in	2	You're sitting here in kind of the middle
3	more advantageous circumstances than do IOC or	3	right-hand side of that picture, Labrador
4	Wabush, and in fact, the use of electricity is	4	City, a mining community incorporated in 1962,
5	a key component to us being able to do that.	5	population of about 9.000 people. As I
6	The iron ore mines in Labrador West are	6	mentioned earlier, harsh climatic environment,
7	involved in three different types of products.	7	something that everybody takes into
8	Essentially we sell only two, and there's a	8	consideration when they consider moving to
9	real good logical market reason for that. We	9	Labrador West to work for the iron ore
10	mine ore. That ore gets upgraded to	10	companies. In terms of hydroelectric
11	concentrate. What that upgrading process does	11	distribution, you might notice a very neat
12	is remove fundamentally impurities and	12	compact footprint, an issue in terms of cost
13	increase the iron content and for both mining	13	distribution.
14	companies, we then turn that concentrate into	14	Wabush, same sort of look, different
15	something called an iron ore pellet. What	15	size, incorporated slightly later in 1967,
16	sits there before you in the picture doesn't	16	population of about 2,300 people, also
17	look very sophisticated, but in fact, those	17	fundamentally residents for the purposes of
18	products are valued around the world by the	18	working at the two iron ore mines.
19	steel industry and what makes both of our	19	A little bit of background on what we do
20	businesses successful is our ability to add	20	as a business and why it's so important that
21	that value and that value comes from the use	21	we do it best. On an annual production basis
22	of power and people's skills. We can do it	22	in mining ore, the left-hand side of that
23	better than anyone else in the world. We	23	picture is IOC's largest (unintelligible) main
24	pride ourselves on that. Our customers credit	24	pit. From that and one other mining area, we
25	us for that, and it's all part of a successful	25	remove between 36 and 43 million tonnes of
	Page 39		Page 40
1	product a year. To put in context, that would	1	Wabush concentrator at six million tonnes of
2	build a small ski mountain every year. It's	2	capacity. Next, I'll show you the IOC
3	important for us to work in that volume to be	3	concentrator, which is in the foreground of
4	competitive in the business we're in. The	4	this picture, with about 17 million tonnes of
5	reserves are huge, about 1.4 billion tonnes.	5	capacity and plans an opportunity to increase
6	If you do the math, we have about 50 years of	6	it between 20 and 21 million tonnes. In the
7	opportunity to continue to produce from	7	background is the IOC pellet plant, which is
8	Labrador West, and the resources are estimated	8	located here in Labrador West and its current
9	to be about four billion tonnes. So we have	9	capacity is 12.5 million tonnes. I guess what
10	quite an opportunity to continue to build on a	10	we wanted to do is give you a sense of the
11	history of success here. Wabush Mines	11	size, a sense of the investment, and a sense
12	production rate is slightly smaller, but many	12	of the magnitude of the initiative we have on
110			
13	of the same fundamentals, at about 17 million	13	the go here in Labrador West.
13 14	of the same fundamentals, at about 17 million tonnes.	13 14	the go here in Labrador West. Once both companies have managed to make
14	tonnes. I mentioned the product types that we have. The first is concentrate. The iron in	14	Once both companies have managed to make either concentrator or pellets at this point in time, we need to get the product to
14 15	tonnes. I mentioned the product types that we have. The first is concentrate. The iron in Labrador West is mined on average at about a	14 15	Once both companies have managed to make either concentrator or pellets at this point in time, we need to get the product to customers. That happens through a railway
14 15 16	tonnes. I mentioned the product types that we have. The first is concentrate. The iron in Labrador West is mined on average at about a 38 percent iron content. The people that we	14 15 16	Once both companies have managed to make either concentrator or pellets at this point in time, we need to get the product to customers. That happens through a railway that's wholly owned by the Iron Ore Company of
14 15 16 17	tonnes. I mentioned the product types that we have. The first is concentrate. The iron in Labrador West is mined on average at about a 38 percent iron content. The people that we compete with in the world actually mine it at	14 15 16 17	Once both companies have managed to make either concentrator or pellets at this point in time, we need to get the product to customers. That happens through a railway that's wholly owned by the Iron Ore Company of Canada called the Quebec North Shore and
14 15 16 17 18	tonnes. I mentioned the product types that we have. The first is concentrate. The iron in Labrador West is mined on average at about a 38 percent iron content. The people that we compete with in the world actually mine it at closer to 60 percent iron content. It's very	14 15 16 17 18	Once both companies have managed to make either concentrator or pellets at this point in time, we need to get the product to customers. That happens through a railway that's wholly owned by the Iron Ore Company of Canada called the Quebec North Shore and Labrador Railway, which operates 588
14 15 16 17 18 19	tonnes. I mentioned the product types that we have. The first is concentrate. The iron in Labrador West is mined on average at about a 38 percent iron content. The people that we compete with in the world actually mine it at closer to 60 percent iron content. It's very important for us to upgrade our product to	14 15 16 17 18 19	Once both companies have managed to make either concentrator or pellets at this point in time, we need to get the product to customers. That happens through a railway that's wholly owned by the Iron Ore Company of Canada called the Quebec North Shore and Labrador Railway, which operates 588 kilometres of railway, including services from
14 15 16 17 18 19 20	tonnes. I mentioned the product types that we have. The first is concentrate. The iron in Labrador West is mined on average at about a 38 percent iron content. The people that we compete with in the world actually mine it at closer to 60 percent iron content. It's very important for us to upgrade our product to that standard. The way that we do that is	14 15 16 17 18 19 20	Once both companies have managed to make either concentrator or pellets at this point in time, we need to get the product to customers. That happens through a railway that's wholly owned by the Iron Ore Company of Canada called the Quebec North Shore and Labrador Railway, which operates 588 kilometres of railway, including services from Sept-Iles to Schefferville and into Labrador
14 15 16 17 18 19 20 21 22 23	tonnes. I mentioned the product types that we have. The first is concentrate. The iron in Labrador West is mined on average at about a 38 percent iron content. The people that we compete with in the world actually mine it at closer to 60 percent iron content. It's very important for us to upgrade our product to that standard. The way that we do that is through something we call a concentrator,	14 15 16 17 18 19 20 21	Once both companies have managed to make either concentrator or pellets at this point in time, we need to get the product to customers. That happens through a railway that's wholly owned by the Iron Ore Company of Canada called the Quebec North Shore and Labrador Railway, which operates 588 kilometres of railway, including services from Sept-Iles to Schefferville and into Labrador West. It's a modest railway by international
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14 15 16 17 18 19 20 21 22 23	tonnes. I mentioned the product types that we have. The first is concentrate. The iron in Labrador West is mined on average at about a 38 percent iron content. The people that we compete with in the world actually mine it at closer to 60 percent iron content. It's very important for us to upgrade our product to that standard. The way that we do that is through something we call a concentrator,	14 15 16 17 18 19 20 21 22 23	Once both companies have managed to make either concentrator or pellets at this point in time, we need to get the product to customers. That happens through a railway that's wholly owned by the Iron Ore Company of Canada called the Quebec North Shore and Labrador Railway, which operates 588 kilometres of railway, including services from Sept-Iles to Schefferville and into Labrador West. It's a modest railway by international

Discoveries Unlimited Inc., Ph: (709)437-5028

November 26, 2003

Multi-PageTMNL Hydro's 2003 General Rate Application

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1 N	AR. PORTER:	1	lighter coloured material is concentrate. The
2	any operating railway in the world.	2	darker coloured material is pellets. This is
3	The end point for our product is Sept-	3	how it gets handled onto oceangoing vessels
4	Iles, Quebec, which takes about ten or twelve	4	and it's the essence of moving these large
5	hours to get to, steaming down that line.	5	volumes that make our cost competitive and
6	Population of Sept-Iles is about 25,500 people	6	allow us to survive in the world marketplace.
7	and our claim to fame in Sept-Iles is it is a	7	Just to put in a little bit of context, I
8	deep water port accessible year round. The	8	mentioned that the iron ore mines depend on
9	iron ore business is an international business	9	the communities and the communities depend on
10	and our ability to ship year round is a key	10	the iron ore mines. The impact to Labrador
11	factor to us. It is also one of the three	11	West of the two iron ore mines directly is to
12	largest Canadian ports for tonnage handled and	12	employ currently 1790 people. We invest 137
13	that is a factor of the two iron ore	13	million dollars locally in Labrador City and
14	companies.	14	Wabush in salaries and wages. We purchase
15	In Wabush's case, the pellet plant is	15	about 157 million dollars a year in the
16	located in Sept-Iles, a model that is actually	16	Province of Newfoundland and Labrador, and we
17	more common in the world iron ore business	17	pay municipally and to the province about 20
18	than IOC's. You can see the capacity in the	18	million dollars in taxes. Over and above
19	match up of the Wabush concentrator of six	19	that, we contribute about two million dollars
	-		
20	million tonnes, same sort of configuration as	20	annually directly into community initiatives
21	IOC, same sort of investment.	21	and community impacts, including education.
22	This is the IOC terminal. The secret to	22	When I mentioned earlier that the issue
23	success is moving large volumes of material.	23	before the Board today is not insignificant to
24	You heard me reference a little earlier ski	24	the iron ore mines, we'd like you to draw the
25	hills. You'll see the piles of stock. The	25	point that we're not insignificant to the
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1	economy of the Province and our wellbeing is	1	mentioned a moment ago is the infrastructure
2	somewhat intertwined and interdependent.	2	that gets used to deliver hydroelectricity in
3	These are direct numbers. If you were an	3	Labrador West today.
4	economist, you'd be looking at those numbers	4	In 1974, the waters diverted away from
5	and using some sort of a theoretical	5	the Twin Falls dam in order to allow the
6	multiplier factor to consider our impact on	6	capacity to be built for Churchill Falls and
7	the Province's economy to be considerably more	7	the source of power from Churchill Falls was
8	than that.	8	put in place.
9	We think that the history of	9	As counsel for Hydro mentioned a minute
10	infrastructure and payment in Labrador and	10	ago, 1985 was the beginning point for the
11	Labrador West in particular actually goes back	11	transition of the local distribution systems
12	much further than the 70s that were mentioned	12	from the mining companies to Hydro. It began
13	earlier this morning, right back to 1963 when,	13	with Wabush Mines. Again, the movement of
14	in fact, in a joint venture between CF(L)Co,	14	ownership of that distribution system was at a
15	the Iron Ore Company of Canada, Wabush Mines,	15	nominal fee of a dollar and Wabush provided
16	the Twin Falls Power Corporation was created.	16	Hydro with three million dollars thereafter to
17	The first generating facility in Labrador was	17	upgrade the system to those standards. You
18	constructed and so too was the infrastructure	18	heard a little bit about the reasons why. IOC
19	to transmit that high voltage power to	19	came a little bit later, again wanting to move
20	Labrador West. Shortly after the distribution	20	back into our core business, and in
21	systems for both communities were created, our	21	particular, wanting not to invest time and
22	point being at that point in time, this was	22	effort and resources in managing local
23	hydro distribution in Labrador and it was	23	distribution. The same process occurred, the
24	principally financed by the two iron ore	24	same outcome occurred. The upgrade that was
25	companies. That infrastructure that I	25	available to the Newfoundland Hydro
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1 M	R. PORTER:	1	realities. There was no expectation that that
2	organization to use on the IOC portion of the	2	cost would be adjusted based on a broader
3	system in Labrador West and Lab City was 2.5	3	declaration of the definition of a cost base.
4	million, and in fact, that wasn't the full	4	The hydro system was not the only thing
5	amount that was allocated at that point in	5	that was constructed by the iron ore mines in
6	time. So the system was brought up to pretty	6	the beginning. It included everything from
7	good status.	7	the houses for our employees to all of the
8	Our information indicates that the	8	community infrastructure. Literally
9	distribution assets were turned over in good	9	everything in both communities was built by
0	condition and since that time, approximately	10	the mining companies and over the last two and
1	ten million dollars has been spent upgrading	11	a half decades, in fact, that's evolved to
2	those assets. So if you think about it, in	12	being a self-managed vibrant community in both
3	between 18 and 11 years, depending on which	13	Lab City and Wabush. We did that for the sole
4	system, about ten million dollars as been	14	purpose of being able to attract and retain
5	spent on maintenance and upgrading on a system	15	good quality people. It's absolutely key to
6	that is over 40 years old. I think that would	16	our survival and our ability to do so in the
7	stand a good indication of its status.	17	future.
8	When both mining companies transferred	18	The availability of hydro at the rates
9	these assets, we did so with the expectation	19	and prices that it is, is one of a number of
20	that rate increases in the future would be	20	elements that we worked very hard at, being
21	based on actual cost of services to the	21	able to provide people who would come and live
22	communities. We understand the business that	22	in Labrador West in the conditions and
23	Hydro is in. We understand the impact of	23	environments we have. As I mentioned, that's
24	costs and we fully expected that over time,	24	why also we paid for the installation of the
25	the costs would be adjusted, based on the	25	infrastructure.
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1	If the Board finds the creation of a	1	there was initially financed and put in place
2	common Labrador rate, it in fact indirectly	2	by the Iron Ore Company of Canada and Wabush
3	spreads what is currently a mining company	3	Mines. Today, the power is wheeled for
4	finance subsidy across all of Labrador, and	4	residential customers over that same high
5	that will be at the detriment of the mining	5	voltage infrastructure, which continues in
6	companies.	6	large measure to be financed by those two
7	We're not professionals in the	7	organizations and distributed through the
8	interconnect system and actually, our art	8	local distribution system.
9	isn't that good either, but we wanted to tell	9	Unlike the interconnected system, our
0	you a little bit about our perspective on	10	view is that we have truly two different
1	this. Our understanding of an interconnect	11	systems here between Labrador West and
2	system is that it has a series of consumers of	12	Labrador East. We understand that there is a
		1.0	

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system is that it has a series of consumers of	12	Labrador East. We understand that there is a
hydroelectricity and generators of	13	backup generator in Happy Valley-Goose Bay.
hydroelectricity in a format where at any	14	Unfortunately, we have no impact or
given time the generators can't tell where	15	involvement in how that was put in place. Our
their power is going necessarily, and the	16	information is that its generating capability
consumers can't tell where their power is	17	is not sufficient to be an alternative to
coming from necessarily. The Labrador model	18	transmit power to Labrador West, and one of
is quite different. It's different on the	19	the proofs of that was when we considered the
right-hand side, and in fact, there is one	20	potential for a millennium disaster in 2000,
fundamental generating point, a second I'll	21	all of the plans around alternative power
come back to in a moment, and the power goes	22	sources in Labrador West were around
off in two separate directions.	23	generating power in Labrador West with diesel
As I pointed out earlier, everything to	24	engines that Wabush Mines and IOC were going
the left of the Churchill Falls light bulb	25	to bring in. That's an indication of how the
	hydroelectricity and generators of hydroelectricity in a format where at any given time the generators can't tell where their power is going necessarily, and the consumers can't tell where their power is coming from necessarily. The Labrador model is quite different. It's different on the right-hand side, and in fact, there is one fundamental generating point, a second I'll come back to in a moment, and the power goes off in two separate directions. As I pointed out earlier, everything to	hydroelectricity and generators of13hydroelectricity in a format where at any14given time the generators can't tell where15their power is going necessarily, and the16consumers can't tell where their power is17coming from necessarily. The Labrador model18is quite different. It's different on the19right-hand side, and in fact, there is one20fundamental generating point, a second I'll21come back to in a moment, and the power goes22off in two separate directions.23As I pointed out earlier, everything to24

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1 MI	R. PORTER:	1	particular, North American steel industry more
2	dependency occurs and how the system is truly	2	so in the last two to five years. You'll see
3	not interconnected.	3	mention there about Stelco, a major partner
4	Make no mistake, the source of all wealth	4	and player in Wabush Mines, talking about
5	in Labrador West is the iron ore that comes	5	bankruptcy protection, talking about
6	out of the ground and the two mining companies	6	insolvency, a cornerstone of Canadian economy
7	that do that. As a result, ultimately and	7	that never would have been considered to have
8	effectively, all costs eventually go back to	8	been in that situation a few years ago. One
9	that point. Any costs that currently come	9	of the original owners of IOC, Bethlehem
10	back into the community get transmitted back	10	Steel, in fact when Chapter 11 last year.
11	onto the iron ore producers as higher costs	11	There were two major US owners, Bethlehem and
12	from local suppliers, employees demands to	12	National Steel. Both of them have gone
13	maintain living standards, and greater	13	Chapter 11. Both of them have been
14	difficulty in being able to attract and retain	14	restructured, and in one case, the Iron Ore
15	top quality people. We simply cannot afford	15	Company of Canada sustained a considerable
16	to bear that cost twice, and our view is that	16	loss as a result of supplying product for
17	that's what this application would have the	17	which we were never paid.
18	effect of doing.	18	The challenge on the industry is huge.
19	A little bit about our business. We	19	The pressure on price amazing, and you'll see
20	plastered up a few headlines there, most of	20	that after its acquisition of IOC through the
20	what anybody in the room would have previously	20	purchase of North in originally 1997, Rio had
	seen. The iron ore business lives to survive		to take a writedown of 235 million dollars in
22		22	
23	and supply the steel industry in the world.	23	IOC's value. That's because the marketplace
24	Steel industry in the world has gone through	24	views the world that we work in as being very
25	huge adjustments in the last decade, and in	25	tough.
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1	A little bit about price in our world,	1	2003, likely the best year in our business in
2	because we don't have the same forum to go to	2	the last two decades.
3	and we don't have the opportunity to justify a	3	This is a busy chart which has a lot of
4	return on our investment. This is the price	4	information on it. I just wanted to give you
5	line for pellets that are made here in	5	an opportunity to get a bit of a perspective
6	Labrador West by both companies to be	6	on the business we're in. Along the bottom of
7	delivered into Rotterdam which is a world	7	the chart are the volume tonnages of the
8	benchmark price. This is a published price	8	various shipping companies that the two iron
9	over the period 1977 to 2003. The average of	9	ore mining companies in Labrador West tend to
10	that period is to see a real terms price	10	compete with. The wider the bar, the broader
11	reduction of two percent. That's the world	11	the volume. The narrower the bar, the smaller
12	and the business we have to survive in. There	12	the volume. You'll see a line going up almost
13	was a lot of conversation earlier this year	13	through the middle of the chart, just slightly
14	about the iron ore business sustaining a 10.3	14	to the right, of a 100 million tonnes. Most
15	percent price increase, something that we	15	of the players on the left-hand side of that
16	applauded and were very pleased to hear. What	16	are what are called Seaborne market players.
17	then happened, and counsel for Hydro made	17	They distribute their product into the
18	mention of this a couple of minutes ago, is	18	Seaborne market, which means that they can
19	the Canadian dollar started to appreciate. In	19	move their product in large vessels, which
20	fact, over the period of the year, swung	20	means that the other players on that side of
21	almost 17 percent. The net effect is that the	21	the chart can be directly competitive because
22	10.3 percent price increase that we were so	22	they too can work in the Seaborne market. The
23	enthusiastic about last February when we first	23	producers to the right-hand side tend to be
24	heard about it has in fact turned to, in real	24	landlocked in North America and use the upper
25	terms, 4.1 percent price decrease again in	25	lakes where in fact the majority of the

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	R. PORTER:	1	maintain a sustainable rate of return.
2	product made by the two iron ore companies is	2	Currently, IOC as a business is operating with
3	not competitive.	3	about a three and a half to four percent rate
4	The thing to recognize about this chart	4	of return, something that's even less than the
5	is the first almost 50 million tonnes in the	5	more secure utility companies are seeking now.
6	left-hand side are the series of companies	6	I'm going to turn the table over now to
7	that are owned by the iron ore producer, CBRD	7	John McGrath on behalf of Wabush Mines and
8	in Brazil. That is the organization that sets	8	just let him give you a little bit of that
9	iron ore prices in the world and you can see	9	colour and picture and then we'll come back to
10	from the indices cost structure that we've	10	that one.
11	indicated here, it comes from a public	11 MR.	MCGRATH:
12	organization. This is not IOC or Wabush's	12 A	. Thank you, Dave. Mr. Chairman, Commissioners,
13	take. This is published data from an	13	ladies and gentlemen, when Dave talked about
14	organization called World Steel Dynamics. You	14	those on the left and the right-hand side of
15	can see the price levelcost level, I'm	15	the line, we're on the right-hand side.
16	sorry, that those organizations are at.	16	Because of the similarity of the problem and
17	They're the people that set the world	17	the resulting impact that a rate increase
18	benchmark prices that we, in fact, have to	18	would have on the respective companies in
19	take because we're not major players.	19	Labrador West, we decided to do a joint
20	IOC announced, about a year ago, an	20	presentation, but I'd like to make a few
21	initiative to reduce our costs by about 120	21	comments that are specific to Wabush.
22	million dollars, and we just indicated in	22	Wabush is a small player in the global
23	terms of our business what the effect would be	23	market, and for that matter, a small player in
24	there. This would allow us to move into a	24	the North American market. We operate at
25	business environment where, in fact, we could	25	about six million tonnes per year. Unlike our
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1	advantage that we had for many years, we used	1	encountering severe economic difficulties at
2	to supply to a captive market, namely our	2	this time, and it is a real concern for
3	owners. That situation does not exist any	3	Wabush, and of course, the mandate that we get
4	more. A few years back, Finsider who was an	4	from them and from our other remaining owners
5	Italian company, decided to pull out of our	5	is that we must reduce our costs, and adding
6	partnership. Three other American companies,	6	to costs certainly won't help our situation.
7	LTV, ACME and Inland Steel went into	7	There's also a very common opinion on the
8	bankruptcy and are no longer one of our	8	market today that steel companies no longer
9	partners. So that left us with a major	9	want to have equity in mines, and we see that
10	challenge and that was to have to divert that	10	very clearly across the world. I think if you
11	equity to the open market. Now being a small	11	were to ask Stelco, Dofasco and other owners
12	player, obviously it becomes much more	12	out there today whether they would prefer to
13	competitive, those of you who know that	13	own a mine or buy it on the open market where
14	working with volume will attest to the fact	14	they can get some pretty competitive prices,
15	that it does a lot for your cost structure at	15	they would agree that they would not want to
16	the end of the day.	16	be a mine.
17	So I guess what I'm basically saying is	17	The plants are 40 years old. They need a
18	that a rate increase, as Dave said, that would	18	lot of capital investment, and of course, when
19	eventually end up in the lap of the companies,	19	you go up to the owners for this capital
20	would have a real serious impact on Wabush.	20	investment, they're faced with should we
21	Dave alluded a little bit to Stelco.	21	continue to put more in there or should we get
22	Stelco is one of our major owners and been a	22	out of the business. As they get out of the
23	big supporter of Wabush for many, many years.	23	business and as I've alluded to, four have
24	In fact, you'll all know it was a blue chip	24	already gone, then we have to go out and
25	company for many, many years. It's	25	compete on the open market. So it becomes a

1 MR. MCGRATH: 1 sustained the communities, and with all of 2 very, very competitive situation and when 2 those best efforts, we're now struggling as an 3 you're a small player, it's not an casy 3 organization. 4 situation. 1 10203, we're unable to hit our 5 ridought 1 would just add those few 5 production targets. We're 12 percent below 6 comments about Wabush. All of which Dave base 6 target on concentrate, six percent in 7 stadie hot comparies and so 7 production targets. We're 12 percent below 8 there was no need for me to repeat them and 9 we'ry to ind ways to operate at lower cost 10 comments. Thank you, hear with me. Just to 14 those opportunity. We need to grab 13 A. Thanks, John. 1 got just a couple of summary 13 costs in order to be able to grab. We'ry of stade our ever future topy and 14 comments. Thank you, hear with me. Just to 14 those opportunity. We need to grab. We'ry at an a bit of ToC coloar on the current status, 15 year a 2 percent higher than we'd -21 16 back in 1999, IOC and most of our major 16 percent higher than we'd acs in parbl		Page 57		Page 58
2 very, very competitive situation and when 2 those best efforts, we're now struggling as an 3 you're a small player, it's not an easy 3 organization. 5 Thought I would just add those few 5 organization. 6 comments about Wabush. All of which Dave has 7 production tragets. We're 12 percent below 7 said is pertinent to both companies and so 7 production. The forecast is we'l finish the 9 there was really, in the interest of time, 9 we try to find ways to operate at lower cost 10 certainly we've all had input into this 10 models in order to be internationally 11 presentation. We have the same message. 12 a tonne of opportunity. We need to get our 13 A. Thank, you, bear with me. Just to 14 those opportunity. We need to get our 13 A. Thank ou, bear with me. Just to 14 those opportunity. We need to get our 14 comments. Thank you, bear with me. Just to 14 those opportunity. We need to get our 15 put a bit fot to: colour on the current status, 15 year are 20 percent higher than we'd-21 16 make anged with our unions to refuce our	1 1	-	1	
3 you're a small player, it's not an easy 3 organization. 4 situation. In 2003, we're unable to hit our 5 I thought I would just add those few 5 6 comments about Wabush. All of which Dave has 6 7 staid is pertinent to both companies and so 7 8 there was neally, in the interest of time, 8 9 there was no need for me to repeat them and 9 10 comments. Thank you, bear with me. Just to 11 11 presentation. We have the same message. 11 comments. Thank you, bear with me. Just to 14 comments. Thank you, bear with me. Just to 14 those opportunities. Our cost per tonne this 15 put a bit of IOC colour on the current staus, 15 yar are 20 percent higher than we'd -21 16 back in 1999, IOC and most of our major 16 made ourselves a world class organization, the 18 make ourselves a world class organization, the 18 so have failed to meet our 2003 safety 20 workfore by 25 percent. We have purthered 20 hit the other business driver.s. 21 worked with our comminitius who went through 23				
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1	MR. PORTER:	1	year and committed thousands of hours of staff
2	Just a little bit about an energy	2	time. We held workshops with 48 senior
3	conservation effort that we've got going at	3	representatives from across the organization
4	IOC. The gentleman operating the Powerpoint	4	in the plant areas and generated 137 ideas
5	presentation at the table over there is	5	from four sessions, which were all engineered
6	imminently qualified to do that, as he's our	6	to the plus or minus 30 percent capability.
7	new manager of energy appointed earlier this	7	The energy conservation ideas are originally
8	year. He reports directly to our vice	8	estimated to be able to save us about 19
9	president of engineering and product delivery	9	megawatts, and we are scheduling to implement
10	and has led a major initiative at our	10	those ideas over about a five-year plan. We
11	organization to minimize the impact of energy	11	also have additional conservation ideas that
12	on our value. We've gone through an exercise	12	we're generating and working on every day.
13	of identifying high value opportunities for	13	In summary, I guess I'd like to say that
14	energy conservation. We've set and	14	we believe that the iron ore mines in Labrador
15	prioritized those action and we've now	15	West have already paid for infrastructure and
16	developed a business case for achieving those	16	distribution and should not be asked to do so
17	targets and we're working through operations	17	again. We believe that the creation of a
18	and engineering process.	18	common rate for Labrador spreads what is an
19	We have specific areas for electricity	19	indirect subsidy designed by the Iron Ore
20	reduction and consumption, for reducing peak	20	Company and Wabush Mines for the purposes of
21	power loads and for smoothing our annual	21	attracting and retaining quality people all
22	demand profile. This didn't come without a	22	across Labrador. Ultimately, any increase in
23	cost, which is somewhat of the nature of the	23	residential costs that come back to Labrador
24	business we're in. We did an extensive audit	24	West will be borne on the back of the iron ore
25	at the cost of about \$150,000 earlier this	25	mines in Labrador West and that is an
	Page 63	3	Page 64
1	environment where we are most vulnerable.	1	do afford the opportunity for the parties to
2	Mr. Chair, in kind of concluding remarks,	2	ask questions and if you'd indulge us, we'll
3	you mentioned at the onset that natural	3	proceed. I'm going to have to ask you to
4	justice was something that was considered in	4	stand up, Ms. Greene.
5	the mandate of this Board. We'd suggest to	5 GRE	EENE, Q.C.:
6	you that our position is that because of the	6 Q	2. Very hard to cross-examine standing -
7	situations which we pointed out, to draw the	7 CHA	AIRMAN:
8	conclusion that Labrador is one interconnected	8 Q	o. Or indeed you can come up here.
9	system and to set rates across that entire	9 GRE	EENE, Q.C.:
10	system defies natural justice. Because of our	10 Q	o. Or I can go back there. It might be easier.
11	history and because of what's gone into the	11 CHA	AIRMAN:
12	logic that our predecessors have found to be	12 Q	2. I think we have a system which we'll take a
13	fundamentally sound for the last 50 years, to	13	break shortly and we'll set that up for the
14	do also defies natural logic.	14	evidentiary portion. Apologize, but that's as
15	We certainly would be happy to answer	15	best we can do.
16	questions for the Board. Again, we're very	16 GRE	EENE, Q.C.:
17	pleased to be able to make this presentation	17 Q	2. Thank you very much, Mr. Porter and Mr.
18	today and we'd ask you to consider our	18	McGrath, for your presentation. I just have a
19	comments very seriously. Thank you for	19	few questions to ensure the record is
20	indulging us with the presentation.	20	complete. You mentioned about the investments
21	CHAIRMAN:	21	the mining companies have made in the
22	Q. Thank you very much, Mr. Porter and Mr.	22	distribution system. Are you aware that those
23	McGrath. Thank you for a very comprehensive	23	contributions have been fully reflected in
24	presentation. Obviously, as you can see,	24	what we call the cost of service study and
25	supported by the group here this morning. We	25	that there was no extra cost or payment twice
			Daga (1 Daga (4

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1 GREENE, Q.C.:	1 supplies to Wabush Mines. Is that correct?
2 for those contributions, included in the rates	2 MR. MCGRATH:
3 proposed?	3 A. That's correct.
4 MR. PORTER:	4 Q. And Wabush Mines did not buy or does not buy
5 A. Yes, I am aware of that.	5 any power directly from Hydro? Is that
6 Q. So there isn't a double charging of that	6 correct?
7 amount again. It has been reflected really	7 MR. MCGRATH:
8 and the full value has been given to the	8 A. That's correct, by virtue of its investment in
9 proposed rates. The next is with respect to a	9 the initial Twinco power station.
10 few questions about the situation before Hydro	10 Q. And in fact, that's reflected in the price of
11 assumed responsibility.	11 power that Wabush Mines pays? Is that
12 AUDIENCE:	12 correct, that it's a much lower rate than, for
13 Q. Speak up.	13 example, what Hydro Quebec pays to CF(L)Co for
14 GREENE, Q.C.:	14 its power from Churchill Falls?
15 Q. Okay. I want to explore with you what the	15 MR. MCGRATH:
16 situation was before Hydro assumed	16 A. Yes, it's a fact.
17 responsibility for the takeover of the	17 Q. And what happened to the power that Wabush
18 distribution systems in each of the Towns.	18 Mines was using to distribute in the town when
19 First, Mr. McGrath, where did Wabush Mines get	19 Hydro took over the system?
20 the power that it used to distribute in the	20 MR. MCGRATH:
20 are power that it used to distribute in the 21 Town?	21 A. What do you mean by that question? What
22 MR. MCGRATH:	happened to it?
A. Obviously it came from Churchill Falls, from	23 Q. Yes. Is it correct that Wabush Mines was
24 Twinco.	 24 taking a portion of the power it was buying
24 Twinco.25 Q. So the power, that is power that Twinco Falls	 24 taking a portion of the power it was buying 25 from Twinco to distribute in the town and that
Page 67	
1 after the takeover, Wabush Mines had access to	1 indicated in our presentation, that's a
2 that cheap power for use in its mining	2 strategic advantage to our organization.
3 operations?	3 Q. And one of the benefits that flowed to the
4 MR. MCGRATH:	4 Iron Ore Company of Canada on the takeover was
5 A. Yes. Wabush Mines initially, at the beginning	5 access to this block of low-priced power for
6 of time, by virtue again, as I said, of their	6 use in its mining operations?
7 arrangement with Twinco had the block of	7 MR. PORTER:
8 power. Of course, when they built the town,	8 A. Yes. Particularly to be able to use that
9 somebody had to supply power and they took a	9 power to increase output at that time.
10 portion of it and applied it to the town, no	10 Q. You mentioned that there was some intention
11 question.	11 that increases in the future would be based on
12 Q. And that one of the benefits flowing to the	12 the actual services in each area. Have I got
13 mining companies was access to this block of	13 your comments correctly there?
14 low power for its mining operations on the	
115 tolrooxon9 Io that as marke	14 MR. PORTER:
15 takeover? Is that correct?	15 A. I think intention would likely be better
16 MR. MCGRATH:	A. I think intention would likely be betterreplaced with the word "expectation."
16 MR. MCGRATH:17 A. Well, they got the power back that they	 A. I think intention would likely be better replaced with the word "expectation." Q. And is there any reference to anything like
 16 MR. MCGRATH: 17 A. Well, they got the power back that they 18 initially assigned to the town, right. 	 A. I think intention would likely be better replaced with the word "expectation." Q. And is there any reference to anything like that in the agreement between Hydro and IOC or
 16 MR. MCGRATH: A. Well, they got the power back that they initially assigned to the town, right. Q. And Mr. Porter, for you, I guess the situation 	 A. I think intention would likely be better replaced with the word "expectation." Q. And is there any reference to anything like that in the agreement between Hydro and IOC or the agreement between Hydro and Wabush Mines
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 16 MR. MCGRATH: A. Well, they got the power back that they initially assigned to the town, right. Q. And Mr. Porter, for you, I guess the situation was the same, that the Iron Ore Company of Canada was taking power that it was acquiring 	 A. I think intention would likely be better replaced with the word "expectation." Q. And is there any reference to anything like that in the agreement between Hydro and IOC or the agreement between Hydro and Wabush Mines
 16 MR. MCGRATH: A. Well, they got the power back that they initially assigned to the town, right. Q. And Mr. Porter, for you, I guess the situation was the same, that the Iron Ore Company of Canada was taking power that it was acquiring from Twin Falls to distribute in the Town of 	 A. I think intention would likely be better replaced with the word "expectation." Q. And is there any reference to anything like that in the agreement between Hydro and IOC or the agreement between Hydro and Wabush Mines with respect to any discussion of electricity
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 16 MR. MCGRATH: A. Well, they got the power back that they initially assigned to the town, right. Q. And Mr. Porter, for you, I guess the situation was the same, that the Iron Ore Company of Canada was taking power that it was acquiring from Twin Falls to distribute in the Town of 	 A. I think intention would likely be better replaced with the word "expectation." Q. And is there any reference to anything like that in the agreement between Hydro and IOC or the agreement between Hydro and Wabush Mines with respect to any discussion of electricity rates in the future in the towns? MR. PORTER:

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Page 69 Page 70 1 GREFER, C.C.: 1 MR. FORTER: 1 MR. FORTER: 3 anticipated changes in the rates in the area? 4 A. Not to my knowledge. 3 Q. Thank you. That concludes all the questions 5 A. Not to my knowledge. 3 Q. Thank you. That concludes all the questions? 4 that have. 8 A. The busis - 9 Q. It's not in the agreement. It's not in the 9 Q. Yes, I have some questions. Mr. Porter, when 10 correspondence. I was actually at the 10 to concreted into an agreement when subsequently 11 negotiating table and I was part of the 10 to C netred into an agreement where they subsequently 12 negotiations. 10 to the wastern part of that system 13 that relationship and the fact that the system 10 to the western part of that system. 10 Q. So if that was an understanding or an 11 was not communicated to 21 or agreements? Is that correct? Does your 22 MR. PORTER: 21 Q. And when was the most recent agreement agreement with respect to subsidized 2 manually and there's actually discussion going 3 on agreements? 1 was not communicated to 2 merefrences subsidized in the IOC 2 on agreements? 1 was not communicated to 2 merefrences residential? 2 on agreements? 1 was not	November 26, 2003 Mult	n-Page NL Hydro's 2003 General Rate Application
2 time of the takeover relating to any future 2 A. Not to my knowledge. 3 anticipated changes in the area? 3 Q. Thank you. That concludes all the questions 4 MR. PORTER: 3 Q. Thank you. Ms. Greene. Mr. Browne, do you 7 MR. PORTER: 6 Q. Thank you. Ms. Greene. Mr. Browne, do you 9 Q. It's not in the agreement let was attaully at the 6 Q. Thank you. Ms. Greene. Mr. Browne, do you 10 correspondence. I was actually at the 6 Q. Thank you. Ms. Greene. Mr. Browne, do you 12 negotiating table and I was part of the 19 192, has that agreement with Hydro in 12 negotiating table and I was part of the 19 192, has that agreement with Hydro in 13 MR. PORTER: 14 A. The basis of the statement was the expectation 14 14 a. The basis of the statement was the expectation of the residential? 17 19 15 that calaronship and the fact that the system 17 18 3. There are ofter agreement between 10C and 16 that as no correspondence 18 30. A Tes, and those agreements between 10C and 17 that arelationship and the fact that the system	Page 69	Page 70
3 anticipated charges in the rates in the area? 3 Q. Thank you. That concludes all the questions 4 MR.PORTER: 3 Q. Thank you. That concludes all the questions 4 MR.PORTER: 5 A. Not to my knowledge. 5 CHARMAN: 6 Q. So what is the basis for your statement? 7 Q. Thank you. That concludes all the questions? 8 A. The basis - 9 Q. I's not in the agreement. It's not in the 9 Q. Yes, I have some questions. Mr. Porter, when 10 correspondence. I was actually at the 10 10 Centered into an agreement with Hydro in 11 negotiations. 11 1992, has that agreement been subsequently 12 renegotiated with Hydro since 1992? 13 MR.PORTER: 13 MR.PORTER: 13 MR.PORTER: 14 A. The basis of the statement was the expectation of the mining 13 MR.PORTER: 13 MR.PORTER: 15 or agreements? Is that correct? Does your - 13 MR.PORTER: 13 MR.PORTER: 16 transition of the plant? 192 with loci. it was not communicated to recerse residential? 12 Q. Add when was the most recent agreemem	1 GREENE, Q.C.:	1 MR. PORTER:
4 MR_PORTER: 4 that I have. 5 A. Not to my knowledge. 6 Q. So what is the basis for your statement? 7 MR_PORTER: 8 A. The basis - 9 Q. It's not in the agreement. It's not in the 9 Q. It's not in the agreement. It's not in the 10 correspondence. I was actually at the 10 to correspondence. I was actually at the 9 Q. Yes, I have some questions. 11 negotiating table and I was part of the 9 Q. Yes, I have some questions. 9 Q. Yes, I have some questions. 12 negotiations. 13 MR_PORTER: 14 A. The basis of the statement was the expectation 15 and IOC. You're referring specifically to the 14 intention or an expectation of the system in interconnected 17 Q. Yes. 18 MR_PORTER: 19 to the western part of that system. 19 A. To my knowledge, no. 20 Q. Sui that was an understanding or an 20 Q. So if that was an understanding or an intention or an expectation of the inspice or any form of typed correspondence 19 A. To my knowledge, no. 21 1992 with IOC, it was not communicated to 23 A. Yes, and those agreements relate to the power 24 M. PORTER: 3 A. My understanding is it's discussed, I guess 6 Q. Oka, since ther any possibility that IOC can seek 30 en now. 9 Q. And is there any possibility that IOC can seek 9 with iOC: in the aproprinate word,		2 A. Not to my knowledge.
5 A. Not to my knowledge. 5 CHAIRMAN: 6 Q. So what is the basis for your statement? 6 Q. Thank you, Ms. Greene. Mr. Browne, do you 7 MR. PORTER: 7 Not to my knowledge. 6 Q. Thank you, Ms. Greene. Mr. Browne, do you 8 A. The basis - 9 Q. I's not in the agreement. It's not in the 9 Q. Yes, I have some questions? 9 Q. I's not in the agreement. It's not in the 10 10 Centered into an agreement with Hydro in 11 negotiations. 11 1992, has that agreement beams ubsequently 12 negotiations in the statement was the expectation 11 1992, has that agreement between Hydro 13 MR. PORTER: 14 A. There's more than one agreement between Hydro 14 A. The was not communicated to 14 MR. PORTER: 15 A. Great methor agreement set agreement 19 Q. Now ith was not communicated to 24 Hydro or in any form of typed correspondence: 1 MR. PORTER: 1 negotiation would be the appropriate word, 3 A. Yes, and those agreement set leat to the power 24 M. Hydro in in thar agreement hat 11 </td <td>3 anticipated changes in the rates in the area?</td> <td>3 Q. Thank you. That concludes all the questions</td>	3 anticipated changes in the rates in the area?	3 Q. Thank you. That concludes all the questions
6 0. So what is the basis for your statement? 6 0. Thank you, Ms. Greene. Mr. Browne, do you have any questions? 7 MR.PORTER: 9 0. Ut's not in the agreement. It's not in the correspondence. It was actually at the integoliating table and I was part of the negoliations. 9 0. Yes, I have some questions. Mr. Porter, when it upoet, but may discussed with Hydro in integoliations. 13 MR.PORTER: 1 0. Yes, I have some questions. Mr. Porter, when it upoet, but may discussed it in the some than one agreement when subsequently in the tast at the the system is in fact, in our view, not an interconnected is in fact, in our view, not an interconnected is in that case and there's a logic cost model applied to the western part of that system. 13 MR.PORTER: 19 0. So if that was an understanding or an interion or an expectation of the mining 13 MR.PORTER: 21 0. So if that was not communicated to any form of typed correspondence or agreements? I sthat correct? Does your - 13 MR.PORTER: 23 0. Aves, and those agreements relate to the power tast's consumed by ICC for its industrial megoliation would be the appropriate word, annually and there's actually discussion going on now. Page 72 14 Q. And is there any possibility that IOC can seek in ergoliation would be the appropriate word, in reference to electricity rates for the is also a clause in the IOC any candou the scool part of it into? Hawe shady work? 15 A. I'm sorty, I don't	4 MR. PORTER:	4 that I have.
7 MR. PORTER: 7 have any questions? 8 A. The basis - 9 Q. It's not in the agreement. It's not in the 10 correspondence. I was actually at the 10 0 Q. Set, Ihave some questions? 13 MR.PORTER: 10 10 1992, has that agreement with Hydro in 14 A. The basis of the statement was the expectation 11 1992, has that agreement between Hydro 15 that relationship and the fact that the system 16 that relationship and the fact that the system 16 that relationship and the fact that the system 17 Q. Yes. 19 to the western part of that system. 17 Q. Yes. 19 that was an understanding or an 19 A. The basis fill that correct? Does your - 2 or agreements? Is that correct? Does your - 20 Q. Ob if that was an to communicated to 24 Hydro or in any form of typed correspondence 14 A. The agreement which generates a cost of living 2 agreement which generates a cost of living 2 agreement which generates a cost of living 2 annually and there's actually discussion going 3 14 agreement was puri nal bace back w	5 A. Not to my knowledge.	5 CHAIRMAN:
8 A. The basis - 9 Q. I's not in the agreement. It's not in the correspondence. I was actually at the negotiating table and I was part of the negotiations. 9 Q. Yes, I have some questions. Mr. Porter, when 10 11 negotiating table and I was part of the negotiations. 11 1992, has that agreement been subsequently 12 12 negotiations. 13 MR.PORTER: 14 A. The basis of the statement was the expectation that calationship and the fact that the system in interconnected is system and there's a logic cost model applied to the western part of that system. 13 MR.PORTER: 12 companies, cither in 1985 with Wabush Mines or 13992 with 10C, tit was not communicated to 4 Hydro or in any from of typed correspondence. 15 18 MR.PORTER: 14 O. And when was the most recent agreement exprespondence. 10 20 0. But there are other agreements relate to the power 10C and 14/dro in reference to to the plant? 14 MR.PORTER: 14 A. Twe specifically that 10C can seek 20 0. Q. And when was the most recent agreement that segreement with respect to subidizing Hydro 17/e in reference to electricity trates for the growing with Hydro. 14 agreement which generates a cost of living 2 page 71 14 MR.PORTER: 14 agreement which generates a cost of living 1 page 72 14		6 Q. Thank you, Ms. Greene. Mr. Browne, do you
9 Q. It's not in the agreement. It's not in the correspondence. I was actually at the negotiating table and I was part of the mediating table and I was part of the mediationship and the fact that the system is in fact, in our view, not an interconnected system and there's a logic cost model applied to the western part of that system. 13 MR.PORTER: 10 Q. So if that was an understanding or an minimize cost in 1985 with Wabush Mines or agreements? Is that correct? Does your - a greements? Is that correct? Does your - a greements? Is that correct? Does your - a greement which generates a cost of living a now. 10 N. New Stem agreement which generates a cost of living agreement which generates a logic cost of the plant? 1 A. The guasi agreement was put in place back when to cowned the distribution system and in fact agreement was nagreement that green on the diver agreement swith your unions, ther's a cost of living clause in the agreement that directly affects a A. Thi ma contal thydro sing two th		
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24A. I think you might be confusing two things.24Hydro bills with an explanation of the rate	-	
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		25 increase and we subsequently reimbursed our

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1 MR. PORTER:	1 A. I think, and I could be wrong here, but I'm
2 employees that sum of money as per our	2 pretty certain that it's around a thousand
3 collective agreement commitment.	3 bucks a year per employee, \$60 a month. I'm
4 Q. Can you put a global dollar figure on the	4 sorry, \$60 a month, \$720 a year.
5 amount that's been paid in reference to that	5 Q. And how many employees do you have? Can you
6 particular clause to your employees generally?	6 give us acan you ballpark it?
7 MR. PORTER:	7 MR. MCGRATH:
8 A. I'm sorry, I can't specifically. I'd be happy	8 A. 450.
9 to provide that information later.	9 Q. My math is not very good this morning, but how
10 Q. Can you ballpark it?	10 much would that be?
11 MR. PORTER:	11 MR. MCGRATH:
12 A. The claim process actually started in the	12 A. I don't have a calculator but probably \$30,000
13 spring and I'm not sure what it was. No, I	13 a year. I don't know.
14 couldn't.	14 Q. It costs you about \$30,000 a year?
15 Q. Now does Wabush Mines, Mr. McGrath, have a	15 MR. MCGRATH:
16 similar clause in their collective agreement?	16 A. Well, multiply 450 by 720 bucks and you got
17 MR. MCGRATH:	17 it. 30-35,000.
18 A. Yes, Wabush Mines does have a similar	18 Q. Now, where are your collective agreements? At
19 agreement. It was put in in the first	19 what stage are your collective agreements in
20 agreement following the takeover by Hydro of	20 now? Mr. Porter first, are you midway in your
21 the system in Wabush. I think it was done in	21 collective agreement or at the end of your
22 '86.	22 collective agreement?
23 Q. And do you have any idea of how much that has	23 MR. PORTER:
24 cost the company since its implementation?	24 A. Current collective agreements expire on
25 MR. MCGRATH:	25 February 29th, 2004.
Page 7.	5 Page 76
1 Q. And Mr. McGrath?	1 time?
2 MR. MCGRATH:	2 MR. SIMPSON:
3 A. It's the same expiry date.	3 A. The only subsidy that we receive is a little
4 Q. February 29th, 2004.	4 bit for the energy audit. Otherwise, we don't
5 MR. MCGRATH:	5 receive any funding from government.
6 A. Correct.	6 Q. Okay. So you had an energy audit. You had an
7 Q. And I guess when you get into collective	7 assessor go in to assess where you could bring
8 bargaining, everything is on the table, isn't	8 down your usage?
9 it?	9 MR. SIMPSON:
10 MR. PORTER:	10 A. That's correct.
11 A. Always has been.	11 Q. Okay. So then if the assessor comes back at
12 Q. In reference to your conservation plan to	12 the end of it and you've brought it down by 19
bring down your usage by 19 megawatts, that's	13 megawatts, the Government of Canada will pay
14 the company's plan, is it, Mr. Porter, for IOC	14 the -
15 itself?	15 MR. SIMPSON:
16 MR. PORTER:	16 A. No, the subsidy was only to pay for that
17 A. Correct.	17 person to come in.
18 Q. Are you aware of the climate control plan for	18 CHAIRMAN:
19 Canada under the so-called Kyoto agreements?	19 Q. Excuse me.
20 MR. PORTER:	20 MS. NEWMAN:
21 A. Yes, we are.	21 Q. Excuse me, you haven't been sworn and you're
22 Q. Are you getting any funding to reduce your	22 not identified for purposes of the record.
energy usage through those agreements?	23 MR. SIMPSON:
24 MR. PORTER:	A. I'm sorry.

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1 MS. NEWMAN:	1 BROWNE, Q.C.:
2 Q. So if you're going to provide -	2 Q. Okay. Now, Mr. Porter, you wish to defer to
3 MR. PORTER:	3 your source, that will be good. In reference
4 A. I'm sorry. Matt has more -	4 to the Kyoto plan for Canada and the financing
5 BROWNE, Q.C.:	5 that the Government of Canada provides for
6 Q. There's information coming from all sides	6 bringing down energy usage, IOC is taking
7 here. Okay.	7 advantage of that program? Is that it?
8 MS. NEWMAN:	8 MR. SIMPSON:
9 Q. And sure, that's fine, if we swear him and	9 A. That is correct.
10 then we can identify him for the record, if we	10 Q. Okay. And how much money are you getting from
11 want to do that.	11 the Government of Canada in reference to that
12 CHAIRMAN:	12 program?
13 Q. Would you care to have him sworn in, Mr.	13 MR. SIMPSON:
14 Browne?	14 A. To date, the Government of Canada has
15 BROWNE, Q.C.:	15 subsidized half of our energy audit costs. So
16 Q. Sure, if he has information, let's get it.	16 as you saw that energy audit was around
17 CHAIRMAN:	17 150,000, 50,000 of which was IOC internal
18 Q. Could you identify yourself please and your	18 costs, and the portion the government
19 capacity?	19 subsidized was only our external consultant,
20 MR. SIMPSON:	20 which was roughly 100,000 of that. So we
21 A. My name is Matt Simpson. I work with the Iron	21 received roughly \$50,000 from the Government
22 Ore Company of Canada.	22 of Canada to help reduce our energy costs.
23 CHAIRMAN:	23 Q. And does the assessor come back at the end of
24 Q. Thank you, Matt.	the process to see if you've carried out work
25 MR. MATT SIMPSON (SWORN)	that was planned?
Page	79 Page 80
1 MR. SIMPSON:	1 A. No, I'm not aware of it.
2 A. No, the whole purpose of the assessment was	2 Q. Fine, thank you very much. These are my
3 really to benchmark our energy consumption,	3 questions. Thank you.
4 flag areas of opportunity, and then to also	4 CHAIRMAN:
5 help facilitate workshops with our employees	5 Q. Thank you, Mr. Browne. Questions?
6 to try and identify cost reduction	6 MR. HAYES:
7 opportunities. After that, it's really up to	7 Q. No questions, Mr. Chair.
8 IOC to implement all these ideas, and we have	8 CHAIRMAN:
9 a very large structure in place already,	9 Q. Mr. Hearn?
10 through a separate initiative, cost reduction	10 (11:15 a.m.)
11 initiative that the company is undergoing, to	11 HEARN, Q.C.:
12 ensure that these ideas have single-person	12 Q. Mr. Porter, when Ms. Greene from Hydro was
13 accountability and that the savings per idea	13 asking you about whether IOC's capital
14 are actually tracked on an ongoing basis.	14 subsidies and maintenance contributions were
15 Q. Now, are you awareI'll go back to Mr. Porter	15 reflected in the cost of the system and that
and Mr. McGrath. Are you aware that each of	16 therefore were you getting the full benefit of
17 your employees can take advantage of that same	
18 program that has been put in place by the	18 to revisit that for a moment and ask if you'd
19 Government of Canada by getting an assessment	
20 done in their homes to bring down their energy	20 if the Labrador West distribution system is
21 usage? Are you aware that's available to	21 merged with that of Happy Valley-Goose Bay and
22 them?	22 those costs are averaged throughout that
23 MR. PORTER:	23 system?
A. I was not specifically aware of that.MR. MCGRATH:	24 MR. PORTER:25 A. Absolutely not. That was the essence of our

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Page 81		Page 82
1 MR. PORTER:		MR. MCGRATH:
2 presentation.	2	5 6
3 HEARN, Q.C.:	3	Ç
4 Q. I just didn't want that point to be left with	4	,
5 the impression that you would still retain the	5	5 11 5
6 full benefit of those subsidies. I realize,	6	1 / 1
7 Mr. McGrath, that it's always a troubling		MR. MCGRATH:
8 moment when someone asks you to do math	8	1 1
9 without a calculator or a pen nearby, and you	9	5 1
10 estimated that some costs for your employees,	10	6 6
11 and I believe you used a figure of	11	it's a struggle, it's a major struggle to
approximately \$35,000, and may I suggest that	12	
13 you may have mis-spoken and perhaps you need	13	
14 to revisit that figure?	14	5 1
15 MR. MCGRATH:	15	
A. Well, what I do know is \$60 a month, \$720 a	16	1 5
17 year.	17	
18 Q. And over 450 employees, my rough arithmetic	18	have any idea of that quantification?
19 would suggest that that, at present rates,		MR. PORTER:
20 would amount to approximately \$324,000 not	20	0 11
21 35,000. Would that be correct?	21	the numbers that Mr. McGrath has just given
22 MR. MCGRATH:	22	you by a little over three times, because
A. If you've done the math, I agree with you.	23	that's the size of the workforce differential.
Q. Is a figure of \$324,000 a significant figure	24	Q. So yours would be more in the realm of
25 for Wabush Mines, in terms of costs?	25	approximately a million dollars annually?
Page 83		Page 84
1 MR. PORTER:	1	ways to reduce those costs or pass them on to
2 A. That would be a reasonable estimate.	1 2	our employees.
		our employees. Q. Mr. Browne indicated that in negotiations
2 A. That would be a reasonable estimate.	2	our employees. Q. Mr. Browne indicated that in negotiations everything is on the table. Would that mean
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1 CHAIRMAN:	1 Q. Thank you, M	s. Greene. Good morning, Mr.
2 take about five minutes to set up. So we'll	2 Banfield.	
3 need to do that and then we'll proceed. Thank	3 MR. SAMUEL BANFIE	LD (SWORN)
4 you for your patience and tolerance this	4 CHAIRMAN:	
5 morning.	5 Q. Thank you, sin	, you may be seated. When
6 (11:21 a.m BREAK)	6 you're ready, N	As. Greene, you can begin your
7 (11:30 p.m RESUME)	7 cross-examinat	ion-in-chief, please, or
8 CHAIRMAN:	8 examination-in	-chief, thank you.
9 Q. Thank you, and if we could begin, I'll call	9 GREENE, Q.C.:	
10 upon Ms. Greene, counsel for Hydrojust hav		. Chair. Mr. Banfield, could you
11 your attention, please. I'll call upon Ms.		the record what is your
12 Greene, counsel for Hydro, to present Hydro'	-	lewfoundland Hydro and how long
witness. Ms. Greene, please.	-	n employed with Newfoundland
14 GREENE, Q.C.:	14 Hydro?	
15 Q. Thank you, Mr. Chair. Is Mr. Banfield sworn		sition with Newfoundland and
16 CHAIRMAN:		ro is Director of Customer
17 Q. No, he's not. If you'd just indicate his	•	I have been employed with
17 G. Ro, he s not. If you d just indicate his 18 title, I guess, more than anything.		Hydro for approximately 28 years.
19 GREENE, Q.C.:		
		ence was filed in your name 31st, 2003, relating to the
	-	roposals for the Labrador
22 Director of Customer Services for Newfound		System. Do you adopt this pre-
23 Hydro and has responsibility for the rate		as your own for the purpose of
24 proposals with respect to this application.	24 your evidence	here today?
25 CHAIRMAN:	25 A. Yes, I do.	
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1 Q. Thank you, Mr. Chair. That concludes our	1 There being	so many customers of different
2 direct examination.	2 usage pattern	is, it's very difficult to
3 CHAIRMAN:	3 categorize th	at in an individual way, but
4 Q. Thank you very much, Ms. Greene. Goo	4 presented in	the evidence filed, there are
5 morning, Mr. Browne.	5 what we refer	to as customer impact tables,
6 BROWNE, Q.C.:	6 and one of the	ose such tables for the domestic
7 Q. Good morning. Mr. Banfield, can you detail	7 customers in	Labrador West shows that the
8 the increase that Hydro is proposing for the	8 change for ab	out 86 or 87 percent of all the
9 consumers of Labrador West?		omestic customers in Labrador
10 A. Yes. The current application that we have in	10 West, the cha	ange in dollars, on an annual
11 front of the Board is seeking average rates on		from anywhere from \$12.00
12 the Labrador Interconnected System of	-	377.00 annually. The majority of
approximately 11 percent, but for the Labrado		ers, and by majority I mean
14 West customers, in order to achieve the		e 70 percent of those customers,
15 uniform rate proposal as proposed, we are		ncreases from \$12.00 annually to
16 proposing a 28 percent increase on average in	16 \$231.00 annu	
17 Labrador West.		take it year over year, you're
18 Q. Just can you give us that in a dollar amount?		eneral figures. Right now,
19 Can you show us what the proposal is from a		//Wabush, it's my understanding,
dollar perspective? You have a four or five-	-	ustomer charge of \$3.75 and an
21 year phase in period there. Can you explain	1	e of 1.35 cents per kilowatt hour.
22 exactly what the phase in is and how much it		g it to us year over year how that
23 will cost people year over year under the	-	nder the proposal?
24 proposal?25 A. Yes, I'll attempt to do that, Mr. Browne.		those numbers, Mr. Browne, in
1/3 A LES LE ALPHIDE LO CO (DAL MIT BROWNE	25 terms of actua	al dollars for customers on a

	00 A		
	Page 89		Page 90
	IR. BANFIELD:	1	these residents here live in a northern
2	monthly bill, but in my evidence, there is a	2	climate and therefore that, in itself, would
3	table which represents the percentage increase	3	suggest some special consideration in
4	for the domestic customers, and I'm speaking	4	reference to any proposal Hydro is making to
5	more of domestic customers here. We have the	5	increase rates here?
6	numbers for the general service customers as	6	A. That in and of itself is not a consideration,
7	well. And on page five of my pre-filed	7	from the perspective of where people, I guess,
8	evidence, the table 4 and over on page six,	8	physically live. The rates are set on the
9	tables 5 and 6, and maybe refer to table 5 in	9	cost of providing that service to customers,
10	particular for Labrador West. The total rate	10	whether it's a domestic customer or a general
11	increase from existing rates today to proposed	11	service customer, or for that fact an
12	rates once the uniform rates are put in place,	12	industrial customer. The rates proposed for
13	the total impact for domestic customers will	13	the Interconnected System in Labrador are
14	be 141 percent change in their rates.	14	based on the 2004 revenue requirements. The
15 B	BROWNE, Q.C.:	15	fact that people use more or less is reflected
16	Q. So is it true that a basic customer charge of	16	in the rate structure itself.
17	\$3.75 and a kilowatt charge of 1.35 cents will	17	Q. When Mr. Porter and Mr. McGrath were giving
18	increase by 2008, in five years time, on a	18	evidence, I asked them concerning their
19	graduated basis, so that the basic customer	19	collective agreements and the fact that they
20	charge at that time will be \$8.00 and a	20	would be obligated, at least under the current
21	kilowatt charge of 3.25 cents?	21	collective agreements, to pick up these costs.
22	A. 3.27 cents, yes, \$8.00 basic charge and 3.27	22	Was Hydro aware when they put these proposals
23	cents.	23	forward that these collective agreements were
24	Q. Okay. In putting these proposals out, have	24	in place?
25	you given any consideration to the fact that	25	A. Yes, we were aware of this fact, but that had
	Page 91		Page 92
1	no bearing on the current rate proposals.	1	Labrador Interconnected System.
2	Whether those collective agreements were in		Q. Has Hydro put in any plan for conservation in
	whether those concentre agreements were m		U HAS HVORO DUI IN ANY DIAN IOF CONSERVATION IN
1 1	place or not would have had no impact on the	2	• • • • •
3	place or not would have had no impact on the proposals that you see in front of you	3	this particular area to coincide with the
4	proposals that you see in front of you.	3 4	this particular area to coincide with the money available to householders to take
4 5	proposals that you see in front of you. Q. You heard the evidence of Mr. Porter and Mr.	3 4 5	this particular area to coincide with the money available to householders to take advantage of the conservation plan for Canada
4 5 6	proposals that you see in front of you. Q. You heard the evidence of Mr. Porter and Mr. McGrath in reference to the bottom line and	3 4 5 6	this particular area to coincide with the money available to householders to take advantage of the conservation plan for Canada under the Kyoto protocol?
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Multi-Page[™]NL Hydro's 2003 General Rate Application

Page 93 Page 94 1 MR. BANFELD: 1 Idon't have it here in this binder. If you'd 2 basis for the next number of months until the need me to get that, I can. I think it's in 3 request for proposals is issued by the Federal need me to get that, I can. I think it's in 4 Government and a new company is chosen. whole system. 5 BROWNE, Q.C. 6 6 Q. In reference to commers' meters, there are 7 7 problems we hear about from time to time on 7 8 the island concerning meters getting reference to 10 10 heard of any problems here in Labrador 10 12 that particular subject? 10 13 A. Certainly no more than what we would get from 13 14 an average sampling, nothing out of the 15 15 Q. Have consumers here been allowed the 15 16 Q. Have wous advertised the equal payment plan 17 Q. Have thark thas the result been in Labrador WS: 18 a verside it adequalety, in your opinion? 19 A. Yes, they have. 10 Q. Have ous advertised the equal payment plan 17 Q. Have you advertised the equ		ember 20, 2003 Mun	1-1 a	age INL Hyuro \$ 2005 General Kate Application
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3 request for probably is is issued by the Federal Government and a new company is chosen. 3 the order of probably three percent over the whole system. 4 BRUWN:, Q.C.: 0. In reference to consumers' meters, there are 6 0. Three percent? 6 0. In reference to consumers' meters, there are 6 A. Yes. 7 0. And when did you first introduce this plan? 8 the island concerning meters getting read and 8 A. I need to get some information, if you want me 9 the accuracy of the meter reading. Have you 9 to answer that. 10 Q. Okay, sure. 11 City/Wabush, Labrador West, in reference to 11 A. Okay. I'm sorry, Mr. Browne, that information 13 a. A certainly no more than what we would get from 13 Q. Have you - 13 Q. Have you. 14 on average sampling, nothing out of the 13 Q. Have you. 16 Q. Have dvantage of the equal 15 Q. Have hy have. 11 A. Okay. I'm sorry, Mr. Browne, that information 12 14 on porsumers take advantage of the equal 13 Q. Have you. 14 14 16 Q. Have hy have. 12 Q. Have you. 16<	1 1	MR. BANFIELD:	1	-
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5 BROWNE, Q.C.: 5 0. Three percent? 6 Q. In reference to consumers' meters, there are 7 Q. And when did you first introduce this plan? 8 the island concerning meters getting read and 8 A. I need to gat some information, if you want me 9 the accuracy of the meter reading. Have you 10 A. Certainly no more than what we would get from 11 City/Wabush, Labrador West, in reference to 11 A. Okay. I'm sorry, Mr. Browne, that information 13 A. Certainly no more than what we would get from 13 0. Have you - 14 an average sampling, nothing out of the 10 0. Have you - 14 onspression with what has the result been in Labrador 11 C. Have you advertised the equal payment plan 18 payment plan? 20 0. And what has the result been in Labrador West? 11 A. Head that we vere take advantage of the equal 12 Do many consumers take advantage of the equal 12 A. Head that we well at RFI into evidence on the 12 but we have put an RFI into evidence on the 21 A. The actual number for you. 13 our customer survey, which is taking advantage of it. 11 14 advantage in the readsi	4	Government and a new company is chosen.	4	
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20 Q. And what has the result been in Labrador West? 20 advertised it adequately, in your opinion? 21 Do many consumers take advantage of the equal payment plan? A. I don't have the breakdown of those numbers, 24 21 A. I don't have the breakdown of those numbers, 25 21 A. I don't have the breakdown of those numbers, 26 21 A. I don't have the breakdown of those numbers, 27 24 but we have put an RFI into evidence on the 25 21 and we did do a fair bit of work in promoting 25 25 take-up rate. I can get that number for you. 25 that plan. We have a program now where we are 26 Page 95 1 reviewing that at present internally and will 1 have been looked at in the past, not 20 2 ucrustomer survey, which is taking place 1 have been able to introduce such rates. We 40 3 our customer survey, which is taking place 1 not been able to introduce such rates. We 5 4 this fall. We'll be able to get some better 4 not been able to introduce such rates. We 5 5 have not had clear information that the cost 4 advantage is there to shift load on the system 6 6 more people are not taking advantage of it. 6 advantage is there to shift load on the system 10				
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	25	time-of-use rates they're sometimes called	25	don't have that at present, no.

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1 B	BROWNE, Q.C.:	1	according to some experts?
2	Q. There has been evidence from some experts from	2	A. I'm not aware of that number. I am aware and
3	time to time during these proceedings that	3	we have tried in the past some promotions
4	baseboard electric radiation is probably one	4	dealing with electronic thermostats for people
5	of the worse forms of space heating in that 30	5	with electric heat or the convect air system,
6	to 40 percent of it can be lost through	6	which is what I refer to as a plemun heater.
7	exterior walls. What have you done to advise	7	What those things do is provide a better
8	your customers of this and to advise them as	8	comfort level for people and customers who
9	to alternative forms of electric heat that	9	have a better comfort level have a tendency to
10	they can put into their houses to same on	10	keep their heat at a lower temperature because
11	energy usage?	11	it's better regulated and thus, maybe I
12	A. I'm not quite sure of your statement, Mr.	12	shouldn't say inadvertently, but through that
13	Browne, but electric baseboard heating is no	13	process save energy.
14	more or no less efficient in its own right	14	Q. In reference to the proposal Hydro has put
15	than a plenum type heater, which is an	15	forward for an integrated system in Labrador,
16	electric heater with a fan on it or any other	16	why is it not possible, given the evidence
17	such heater. The fact of the loss of heat is	17	you've seen here today, for Labrador West to
18	totally due to lack of insulation or	18	have it's own particular system? Why does
19	inadequate windows, barriers, et cetera. It's	19	Labrador West have to be tied to Happy Valley-
20	nothing to do with the baseboard fact of the	20	Goose Bay?
21	heat itself.	21	A. There's practically or physically no problem
22	Q. Are you aware that if people looked at	22	from a costing perspective or a rate setting
23	convection, which is a form of electric heat,	23	perspective to have two different systems.
24	that they can reduce their energy consumption	24	That I don't believe is the issue. The issue
25	and ultimately their bills by 30 percent,	25	that's been in front of this Board -
	Page 99		Page 100
1.0	CHAIRMAN:	1	appropriate". Is Hydro acknowledging that it
2	Q. Excuse me, but we'd be fair to the witness in	2	is also appropriate to have Labrador West have
3	the proceeding here, in terms of allowing him	3	its own particular system?
4	to answer the questions, please. I would ask	4	A. Should never use adjectives, I know. No, in
5	for your indulgence in that regard. This is a	5	our application that we've put forward, it is
6	formal proceeding and a formal hearing. Thank	6	proper and appropriate to have a uniform
7	you very much.	7	system of rates in Labrador.
8	A. The issue in front of this Board, that's been	8	Q. If the Board so ordered though, Hydro could
9	in front of this Board for some time and has	9	put forward its own particular rate structure
10	been heard by the expert witnesses that took	10	for Labrador West, in particular, that would
11	place prior to this proceeding here in	11	not be tied to Happy Valley-Goose Bay? Is
12	Labrador is the question of whether or not a	12	that not correct?
13	uniform or average rates is more appropriate	13	A. If the Board so ordered, we would proceed with
14	in jurisdiction than breaking out the cost for	14	that, yes.
15	subsystems. The evidence that has been put	15	Q. Thank you, Mr. Banfield, for your responses.
16	forward to date and again at this hearing is		CHAIRMAN:
17	that a postage stamp type system, as some	17	Q. Thank you, Mr. Browne and Mr. Banfield. Does
18	people refer to it, or a uniform or an average	18	Newfoundland Power have any cross-examination
19	unit costs is more appropriate than keeping	19	here?
20	systems separate. That's the issue, and Hydro		MR. HAYES:
21	has put forward its proposal based on an	21	Q. No questions, Mr. Chair.
22	averaging of rates, as opposed to keeping the		CHAIRMAN:
23	systems separate.	23	Q. Thank you. Mr. Hearn, when you're ready you
	BROWNE, Q.C.:	24	may proceed please.
25	Q. Is Hydroyou used the word "more		
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Discoveries Unlimited Inc., Ph: (709)437-5028

November 26, 2003

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			e 112 Hyuro 5 2000 General Rate Application
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1 H	EARN, Q.C.:	1	Table 5 to say that Hydro would, on an annual
2	Q. Thank you, Mr. Banfield. I take it you have	2	basis with these uniform rates, be collecting
3	your re-filed evidence dated October 31st,	3	an additional 4.135 million dollars annually
4	2003 before you?	4	from Labrador West, more than you're now
5	A. Yes, I do.	5	collecting?
6	Q. Okay. I'll be referring to some of the tables	6	A. Yes, more than we are now collecting. That's
7	and I didn't want to be referring to	7	correct.
8	particular figures if they were not readily	8	Q. So the phase in of the additional increase
9	accessible to you. You've already explained,	9	means, on an aggregate basis, that there'll be
10	in response to some of the earlier questions,	10	over 4 million dollars additionally taken out
11	that the domestic rates are projected to	11	of this area in electricity costs?
12	increase over a five-year period with Hydro's	12	A. That's correct, in order to be able to bring
13	rate proposal for Labrador West by a change of	13	in the uniform rate system over the five-year
14	141 percent approximately. Is that correct?	14	period, that has to be done.
15	A. That's correct, over that period, yes.		Q. In assigning costs to the Labrador
16	Q. And also if there wereif Hydro's proposed	16	Interconnected System, as you call it, are you
17	rates were to be implemented, if you look at	17	also assigning costs related to facilities
18	Table 5, page six of your evidence, we see	18	located on the Island portion of the province?
19	that there would be a revenue change on an		A. Yes, but only where those facilities provide
20	annual basis with those rates implemented of	20	services to the Labrador Interconnected
21	4.13 million dollars, on an annual basis? Is	21	System.
22	that correct?		Q. What are the facilities to which you refer and
23	A. Over where rates are today.	23	can you give us the magnitude of those costs?
24	Q. Yes. If your proposal for uniform rates were	24	Because I don't see that you've outlined the
25	implemented, are we correct in looking at	25	quantitative effect in your evidence. You
	D 102		
	Page 103		Page 104
1	Page 103 refer to them at the first page of your	1	Page 104 administrative costs as well?
1 2	refer to them at the first page of your		-
	refer to them at the first page of your evidence, your direct evidence, but I don't	2	administrative costs as well?
2	refer to them at the first page of your	2	administrative costs as well? A. That's correct.
2 3	refer to them at the first page of your evidence, your direct evidence, but I don't have any quantification of those costs.	2 3	administrative costs as well? A. That's correct. Q. Just to put in perspective so we understand
2 3 4	refer to them at the first page of your evidence, your direct evidence, but I don't have any quantification of those costs. A. The common costs are better, I think,	2 3 4	administrative costs as well? A. That's correct. Q. Just to put in perspective so we understand the markups that eventually hit the ultimate
2 3 4 5	refer to them at the first page of your evidence, your direct evidence, but I don't have any quantification of those costs.A. The common costs are better, I think, articulated if you look at the request for	2 3 4 5	administrative costs as well?A. That's correct.Q. Just to put in perspective so we understand the markups that eventually hit the ultimate consumer, what is Hydro's cost of energy on a
2 3 4 5 6	refer to them at the first page of your evidence, your direct evidence, but I don't have any quantification of those costs.A. The common costs are better, I think, articulated if you look at the request for information LC-35, where the question was	2 3 4 5 6	administrative costs as well?A. That's correct.Q. Just to put in perspective so we understand the markups that eventually hit the ultimate consumer, what is Hydro's cost of energy on a per kilowatt hour basis to supply a consumer
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	Page 105		Page 106
1 N	MR. BANFIELD:	1	A. Not for 2004 because the 2004 cost of service
2	purchase power from CF(L)Co.	2	is only based on 2004.
3 H	IEARN, Q.C.:	3	Q. I'm not suggesting it necessarily changes in
4	Q. And you charge that, without markup, to the	4	2004. What I am suggesting that over time,
5	consumer?	5	prior to the expiration of the original
6	A. That's correct.	6	contract between CF(L)Co and Hydro Quebec that
7	Q. Is the price to Hydro for power at Churchill	7	the price does decline.
8	Falls projected to increase or increase over	8	A. Sir, I stand to be corrected, but if that
9	the next five, ten, fifteen year period?	9	price does decline that would be reflected in
10	A. Not that I'm aware of. It will only be in the	10	any future rate setting that we would do in
11	same context as whatever is charged to Hydro	11	terms of power purchase costs.
12	Quebec. If that price in the power contract	12	Q. So you would agree that your cost of power at
13	goes down thenbut my understanding is that	13	the present time, from Churchill Falls, is
14	price is the same now, but changes, I think,	14	approximately a quarter of a cent Canadian or
15	somewhere after the original 40-year contract	15	2.56 mils?
16	is up.	16	A. As we have already agreed, yes, sir, I would
17	Q. You're suggesting that it doesn't change until	17	agree.
18	2016?	18	Q. And with uniform rates implemented in 2008, as
19	A. That's my understanding. Now I could be	19	Hydro is proposing, how much do you intend to
20	wrong. There may be minor revisions that take	20	charge the GS customer in the zero to ten
21	place from time to time, but my understanding	21	kilowatt category? You'll find that at Table
22	is that that is the fixed price.	22	6 of page six of your evidence. Am I correct
23	Q. I would suggest to you that the price actually	22	in understanding that the power that youI'm
24	declines further prior to 2016, and that's not	23	sorry, I saidthat's a chart for Happy
25	projected in your cost of service?	25	Valley-Goose Bay. There's a similar chart for
1	Page 107	1	Page 108 schedule.
$\begin{vmatrix} 1\\2 \end{vmatrix}$	A. You want Schedule 2, I believe, don't you?	2	A. Sure.
$\begin{vmatrix} 2\\ 3 \end{vmatrix}$	Q. My point is the power that you're receiving	3	Q. Yes, I have it. You're saying that the rate
4	for quarter of a cent, at the end of the five-	4	would be how much?
	year period, if your rate proposal were	5	A. For rate class 2.2, at the bottom of that
5	accepted, I'd like to know how much you intend	6	table, for Labrador West, in 2005 is when the
7	to charge the domestic consumer on a per	7	rate for Labrador West is based on the uniform
8	kilowatt hour basis and how much you intend to	8	rate, would be 2.398 cents per kilowatt hour.
9	charge the general service consumer? They've	9	Q. So you would be charging for category 2.2,
10	already been alluded to by the consumer	10	what costs you a quarter of a cent, 2.4 cents
	advocate when you were discussing the proposed		approximately to that particular category?
11 12	rates.	11 12	A. Well, that is the power purchase cost but to
12	A. The general service customer, you take Class	12	that has to be added all of the other -
13	2.2 for instance, and I'm looking at Schedule	15	Q. Yes, I realize that you'll be adding your
14	3 now, Mr. Hearn, page one of two. 2.2	14	other costs, but I'm just makingjust so we
15	general service customer once uniform rates	15	understand the number that it costs you to buy
17	are in place would pay 2.39 cents per kilowatt	10	the power and then the ultimate selling price.
17	hour as an energy rate.	17	A. Yes, comparing those two particular items.
10	Q. Just looking for that table. What page is	10	Q. We'll come back to the other costs that are
20	that?	20	associated as well. For rate class 2.1, in
20	A. Schedule 3, page one of two. It outlines the	20	2008 with uniform rates implemented as you
21	current rates in 2003, the rates in our	21	propose, what do you project charging the
22	original submission, and also the projected	22	customer in Labrador West for the power that
23	rates for 2004 to 2008.	23 24	costs you a quarter of a cent?
• / +		²⁴	
25	Q. Just a moment. I just have to locate that	25	A. When uniform rates are firmly established,

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1 1	MR. BANFIFELD:	1	A. By climate you mean the average use in
2	5.086 cents per kilowatt hour.	2	kilowatt hours per customer, yes, they are
3 H	IEARN, Q.C.:	3	different.
4	Q. So you'll be charging 5.1 cents to the	4	Q. Do you have any difficulty accepting that it's
5	domestic customer, the small businessman in	5	colder here on an average than it is in Happy
6	Labrador West, for power that costs you a	6	Valley-Goose Bay?
7	quarter of a cent?	7	A. That's correct.
8	A. For power that costs us a quarter of a cent	8	Q. There was some mention of benefit to the
9	purchase power costs only, not including the	9	mining companies by virtue of the fact that
10	cost of common assets which are allocated to	10	they could reclaim all their Twin Falls power
11	that rate class, distribution upgrading costs,	11	and use it in their industrial operations, as
12	O&M costs, engineering costs. Once you add	12	compared to having to use some of that power
13	all those in, that's where you get the five	13	for servicing the customers and the consumers
14	cents.	14	within the municipalities here, Wabush and
15	Q. So applying those additional costs and	15	Labrador City. Is there some benefit to Hydro
16	overheads, you get a quarter of a cent power	16	for use of the water or by being able to use
17	up to 5.1 cent in 2008?	17	the water that would have flown through the
18	A. With the additional costs, yes, which are	18	Twin Falls plant in the Churchill Falls plant?
19	partly overheads, partly direct costs of	19	Is that advantageous to Hydro?
20	engineering, transmission line costs, et	20	A. I'm sorry, I don't know how you mean
21	cetera.	21	advantageous to Hydro, Mr. Hearn.
22	Q. Now you've mentioned that climate is not a	22	Q. Well, I'm suggesting to you that because of
23	consideration for you. Would you accept that	23	the greater height that's used and the other
24	the climate here is different from the climate	24	efficiencies in the Churchill Falls plant that
25	in Happy Valley-Goose Bay?	25	you're able to use this water over something
	Page 111		Page 112
1	like three times the height and thereby get	1	you can explain each of those rate classes,
2	nine times the energy out of Churchill Falls	2	and you do have schedules that may assist you.
3	that you would have gotten by using that same	3	I'd like to know what the class means, the
4	water at Twin Falls?	4	number of customers and any other information
5	A. Yes, your information is correct. That's part	5	you can give us about the profiles of those
6	of the planning, developing the Churchill	6	classes.
7	Falls plant was Twin Falls plant was to	7	A. Rate classes are, in general, characterized by
8	shutdown and the water diverted to be uses at	8	the type of customer and in more so, the usage
9	Churchill Falls for the advantage of Churchill	9	of power for customers. The domestic class
10	Falls Labrador Corporation and also for the	10	are sometimes called the residential
11	mining companies.	11	customers. That same word can be used. It's
12	Q. And as part of that arrangement, would you be	12	your average individual household, whether
13	familiar withand if I'm outside your ambit	13	it's all electric or just what we would
14	then by all means correct me, but I presume	14	classify as a regular domestic customer, ie.
15	there's an arrangement whereby the Twin Falls	15	not electric heat. General service categories
16	Power Corporation would get replacement power	16	are broken down into four different rate
17	from the Churchill Falls facility for power	17	classes. The general service 2.1 class
18	that it would otherwise have generated at	18	comprises customers whose peak demands are in
19	Churchill Falls?	19	the order of zero to ten kilowatts.
20	A. That's my understanding and they pay a fee for	20	Q. So would those customers be in Labrador West?
21	that.	21	A. In Labrador West, some of those customers
22	Q. You've divided this area into some five rate	22	would -
23	classes, and you can see it in many of your	23	Q. I think if you look at page three of six,
24	tables. You have domestic and then you have	24	Schedule 1, you refer to the number of
25	four levels of general service. I wonder if	25	customers in that class in 2001.

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I	Page 113	Page 114
1 MR. BANFIELD:	1	matter, but probably just somewhat different
2 A. Schedule 1, yes, there are 132 customers	in 2	than that. They could be a bigger department
3 that class. Some of those would be facilitie	es 3	store or that type of thing. I'm hesitating
4 owned by the Town of Wabush or the To	wn of 4	giving you names because I'm not sure that I
5 Labrador City, companies such as the Bro		should be giving you -
6 Basket or Cabot Realty, people like that.		. Yes, and I appreciate that. I'm not looking
7 HEARN, Q.C.:	7	for the exact identity, but I just want to
8 Q. So would it be some municipal facilities at	nd 8	make certain that -
9 mostly small business people?		. Sure.
10 A. That's a fair characterization, yes.		that we can define exactly the class that
11 Q. General service 2.2?	11	we're talking about. And how about general
12 A. General service 2.2 are those customers th		service 2.3, your next table, page five of
13 use demand of 10 to 100 kilowatts. They w		six?
14 be the larger customers.		. 2.3 general service, there are 68 customers in
15 Q. What would be the number of customers in		Lab West 2.3, and again, they would be like
16 class?	16	the Labrador City Shopping Centre, for
17 A. In 2.2 Lab West, the number of customers		instance, a bigger facility such as that.
17 A. III 2.2 Lab West, the number of customers 18 235 customers.		And how about general service 2.4?
19 Q. Can you tell us would they be small busine		. General service 2.4, there are really only two
	20	customers in that category and the hospital is
		one of those customers.
21 A. Well, they could verge on the area of sma		
22 business, but they're probably a little more than your comercian or confectionary store		2. And can you explain the category, in terms of
23 than your corner store or confectionary stor		usage?
24 They're probably into some smallinclud	ũ.	. I'm sorry, the category 2.4, sure, it's over
25 the small manufacturing, I suppose, for that		1,000 kva.
	Page 115	Page 116
1 Q. So in each of these categories, the general		this is thethese are the categories and
2 service categories, you're going from 2.1 t	to 2	service classes that are generally accepted
3 2.4, they're all escalating use categories?	3	here in this jurisdiction in Newfoundland and
4 A. That's correct, based on demand. Deman		Labrador.
5 the characterizing factor in those classes.		. Would you accept that while they may be used
6 Q. Now who determined those divisions of ge		quite often that they're somewhat arbitrary in
7 service? Is there a particular rule of thumb	? 7	terms of the distinctions between the
8 How was that decision made?	8	categories?
9 A. These are what I would characterize, I gues	ss, 9 A	. I'm not sure I could accept that they're
10 as fairly universal or fairly standard	10	somewhat arbitrary because they do
11 categories of service that you would pretty	y 11	characterize the usage of customers and over
12 well find in any utility. They may vary	12	time, I would be inclined to believe that
13 slightly, in terms of the range, but for	13	there's been some coming together, I guess, of
14 general purposes, I would characterize ther	n as 14	the experts. We've had experts look at these
15 being pretty standard.	15	and give comments on them and they believe
16 Q. Do all utilities use these dividing points of	16	that these rate points are reasonable and
17 10 kilowatts, 100 kilowatts and 1,000	17	pretty well standard.
18 kilowatts for subdividing general service	e 18 Q	You've already indicated to the Consumer
19 customers?	19	Advocate that there isn't a practical problem
20 A. I can't say categorically that they would be	e 20	for setting rates for two different areas in
the absolute numbers that they would use, l		Labrador, Labrador East and Labrador West.
I would suggest that they would be somew		That's not a terribly difficult exercise to
in that range, yes. And I'm sure you looke		do, is it?
hard enough or far enough, you'd find		. It can be done.
124 nara choagh or rai choagh, you a rina	l 24 A	a it can be done.
25 differences and distinctions within them, by		There was some mention, some of the witnesses

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Page 117Page 1181 HFARN_CC:1this revised application.2that were called last week in St. John's2Q. And I think in response to LCNo. 52, you3before the Board, in particular the Board3broke down in detail the additional superstaints?5the decision to average rates is in fact an5A. That's correct.6arbitrup policy decision, Would you agree6O. These would include synchronist condensers, 467with that?7K. You head replacements, control replacements9of You have refiled your evidence to reflect some10A. Yes, that's correct.10Q. You have refiled your evidence to reflect some10A. Yes, that's correct.11charge from the first-from your earlier10A. Yes, that's correct.12filing in relation to this proceeding, and at12Would be in fore cast 2004 costs. Do you have13hat merry?13A. I don't have the actual depreciation numbers,14charge from 160:253 as contained in Hydro's16over 30 years, but I can't speak for the15wid stat bigher number now reflected in Hydro's17depreciation policies of Twin Falls. I really16A. Yes, I do.10over 30 years, but I can't speak for the17original filing, to 438.020. Is that correct?21excess of one year, do they no?18A. A. far in that you on the Hydro's forecrest?21excess of one year, that was an infel to tharge?19year.1that correct. The 800		rember 20, 2003 Multi	1-1 ag	ge INL Hydro's 2005 General Rate Application
2 Q. And I think in response to LCNO.52, you 3 before the Board, in particular the Board 3 5 the decision to average rates is in fact an 5 6 arbitrary policy decision. Would you agree 6 7 with that? 7 8 A. I'm not sure I'd classify it as arbitrary, but 8 6 9 Q. You have relided your evidence to relifeet some 0 10 Q. You have relided your evidence to relifeet some 10 Q. You have relided your evidence to relifeet some 10 A. Yes, that's correct. 10 12 filing in relation to this proceeding, and at 12 would be the file of these assets? 13 page two of your evidence you indicate a 13 A. I don't have the actual depreciation numbers, but ruspect that the yould he, in normal 15 that nearby? 15 circumstances, would have been depreciated 16 A. Yes, I do. 18 don't know. 17 Q. You've indicated in your answer to the first 17 depreciation policies of Twin Falls. I really 18 question that Hydro's forecast 2004 costs 18 don't know. 18 don't know.		-		C
5 before the Board, in particular the Board 3 broke down in detail the additional expenses 4 experts from EES Consultants, suggesting that 5 A. That's correct. 6 arbitrary policy decision. Would you agree 6 Q. These would include synchronist condensers, 46 7 with that? 7 6 V. These would include synchronist condensers, 46 8 A. I'm not sure 1 classify it as arbitrary, but 8 6 or thing. Would that be correct? 9 Q. You have refiled your evidence to reflect some 10 A. Yes, that's correct. 11 changes from the first-from your earlier 10 These items, synchronist condensers, what 12 fulling in relation to this proceeding, and at 13 A. I don't have the actual depreciation numbers, what 13 change in forecast 2004 costs. Do you have 13 A. I don't have the actual depreciation numbers, what 14 change in forecast 2004 costs. 16 over 30 years, but I can't speak for the 14 original filing, to 438,020.18 that correct? 17 A. Tha's correct. 10 15 change in forecast 2004 costs 0 These p	1 F		1	
4 experts from EES Consultants, suggesting that 4 in relation to the Wabush terminal substation? 5 the decision to average rates is in fact an 5 A. That's correct. Q. These would include synchronist condensers, 46 7 with that? 7 KV pot head replacements, control replacements 9 it's certainly a policy decision, yes. 9 of thing. Would that be correct? 10 Q. You have refiled your evidence to reflect some 10 A. Fan ot soure? 1 classify it as arbitrary, but 12 filing in relation to this proceeding, and at 12 a. I don't have the actual depreciation numbers, what 13 page two of your evidence you indicate a 14 but I suspect that they would have been depreciated 14 change in forecast 2004 costs. Do you have 14 but I suspect that they would have been depreciated 15 that nearby? 15 carins pack for the oyers, but I can't speak for the 16 o.Yes, I do. 17 depreciation policies of Twin Falls. I really 18 question that Hydro's forecast 2004 costs 19 Q. These particular items, and certainly the synchronist condensers. have a life ar in <	2		2	
5 the decision to average rates is in fact in 5 A That's correct. 6 arbitrary policy decision. Would you agree 6 Q. These would include synchronist condensers, 46 8 A. I'm not sure of classify it as arbitrary, but 8 for the synchronist condensers, and that sort 9 it's certainly a policy decision, yes. 9 of thing. Would that be correct? 10 O You have refiled your evidence to reflect some 10 A. Yes, that's correct. 11 changes from the first-from your earlier 11 Q. These items, synchronist condensers, what 12 rigging in forecast 2004 costs. Do you have 14 but I suspect that they would be, in normal 14 change from 106,235 as contained in Hydro's 16 over 30 years, but I can't speak for the 15 A. Yes, I do. 16 over 30 years, but I can't speak for the 16 A. Yes, I do. 10 change from 106,235 as contained in Hydro's 17 original filing, to 438,020. Is that correct? 11 a. This's correct. 17 A That's correct. 21 A. That's correct. 18 Q. And is that higher numb	3	before the Board, in particular the Board	3	-
6 0. These would include synchronist condensers, 46 7 with that? 7 8. A. Fm not sure 1 d classify it as arbitrary, but 7 9 i's certainly a policy decision, yes. 9 10 0. You have refield your evidence to reflect some 10 11 changes from the firstfrom your earlier 11 0. These items, synchronist condensers, what 12 filing in relation to this proceeding, and at 12 A. It dan't have the sendation numbers, 13 page two of your evidence yot indicate a A. It don't have the sendation depreciation numbers, 14 change in forecast 2004 costs. Do you have 14 but I suspect that they would be in normal 15 A. Yes, Ido. 17 depreciation policies of Twin Falls. I really 16 A. Yes, I do. 10 Change from 106,235 as contained in Hydro's 10 original filing, to 438,020. Is that correct? 21 change from 106,235 as contained in Hydro's 20 A. Havi scorrect. 22 A. Tha's scorrect. 24 21 year. 24 That's been forecasted to occur. 24 22 Q. And is that higher number now reflected in the 25 </td <td>4</td> <td>experts from EES Consultants, suggesting that</td> <td>4</td> <td>in relation to the Wabush terminal substation?</td>	4	experts from EES Consultants, suggesting that	4	in relation to the Wabush terminal substation?
7 with that? 7 kV pot head replacements, control replacements 8 A. I'm not sure I'd classify it as arbitrary, but 8 for the synchronist condensers, and that sort 9 Vou have refiled your evidence to reflect some 10 A. Yes, that's correct. 11 changes from the first-from your earlier 11 A. Yes, that's correct. 13 page two of your evidence you indicate a 13 A. I don't have the actual depreciation numbers, but an earby? 16 A. Yes, I do. 16 charged in forecast 2004 costs. Do you have the first 17 19 related to the Wabush terminal station have 18 circumstances, would have been depreciated over 30 years, but I can't speak for the 21 original filing, to 438.020. Is that correct? 21 A. Thi's correct. 22 23 A. Tai's to orrect. 23 A. Thi's is correct. 24 24 A. Thi's correct. 23 C. And is that higher number now reflected in the 23 Yes, that's oend eplacements or the 24 year. 1 that's been forecasted to occur. 2 A. Thi's is correct. 23 Q. And is that higher number now reflected in 20 So yench th	5	the decision to average rates is in fact an	5	A. That's correct.
8 A. I'm not sure I'd classify it as arbitrary, but 8 for the synchronist condensers, and that sort 9 0. You have refiled your evidence to reflect some 0. These refiled your evidence you indicate a 11 change in forecast 2004 costs. Do you have 11 0. These items, synchronist condensers, what 12 related to the your answer to the first 13 A. I don't have the actual depreciation numbers, 14 change in forecast 2004 costs. Do you have 14 to original filing, to 438, 200. Is that correct? 15 that nearby? 16 over 30 years, but I can't speak for the 17 O. You've indicated in your answer to the first 17 depreciation policies of Twin Falls. I really 16 original filing, to 438, 200. Is that correct? 21 excess of one year, do they not? 22 A. Tha's correct. 22 A. Tha's correct. 22 23 Q. And is that higher number now reflected in the 23 excess of one year, do they not? 24 rates that you intend to charge? 24 This is correct. 28 24 vear. 21 excess of one year, do they not? 29 25 Vear. 21 excess	6	arbitrary policy decision. Would you agree	6	Q. These would include synchronist condensers, 46
9 of thing. Would that be correct? 10 Q. You have refiled your evidence to reflect some 10 11 changes from the first-from your earlier 11 Q. These items, synchronist condensers, what 12 rigits relation to this proceeding, and at 12 Vould be the life of these assets? 13 page two of your evidence you indicate a 13 A. I don't have the actual depreciation numbers, 14 change in forecast 2004 costs. Do you have 14 but I suspect that they would be, in normal 15 that nearby? 15 corrunstances, would have been depreciated 16 A Yes, I do. 16 over 30 years, but I can't speak for the 17 Q. You've indicated in your answer to the first 17 depreciation policies of Twin Falls. I really 18 question that Hydro's forecast 2004 costs 18 don't know. 9 These particular items, and certainly the 10 original filing, to 438,020. Is that correct? 21 A. This is correct. The 89,000 tha's referred 10 to there is only for an inspection of those 23 Q. And is that higher number now reflected in the 23 be considered to be can expense item for one 24 year.<	7	with that?	7	kV pot head replacements, control replacements
10 Q. You have refiled your evidence to reflect some 10 A. Yes, that's correct. 11 filling in relation to this proceeding, and at 13 A. I don't have the actual depreciation numbers, 13 page two of your evidence you indicate a 13 A. I don't have the actual depreciation numbers, 14 change in forecast 2004 costs. Do you have 14 but I suspect that they would be, in normal 16 A. Yes, I do. 16 over 30 years, but I can't speak for the 17 Q. You've indicated in your answer to the first 16 over 30 years, but I can't speak for the 17 Q. You'se indicated in your answer to the first 16 over 30 years, but I can't speak for the 18 question that Hydro's forecast 2004 costs 18 don't know. 19 related to the Wabush terminal station have 10 O. These particular items, and certainly the 20 original filing, to 438,020. Is that correct? 21 excess of one year, do they not? 21 original filing, to 438,020. Is that correct? 21 a. This's correct. 22 20 Q. Would you be inspecting these on an annual 35 year. 1 that's been forecasted to occur. <	8	A. I'm not sure I'd classify it as arbitrary, but	8	for the synchronist condensers, and that sort
11 changes from the first-from your earlier 11 Q. These items, synchronist condensers, what 12 filing in relation to this proceeding, and at 12 would be the life of these assets? 13 page two of your evidence you indicate a 13 A. I don't have the actual depreciation numbers, but I suspect that they would be, in normal 14 change in forecast 2004 costs. Do you have 14 but I suspect that they would be, in normal 15 that nearby? 15 orv 'so years, but I can't speak for the 17 Q. You've indicated in your answer to the first 17 depreciation policies of Twin Falls. I really 18 question that Hydro's forecast 2004 costs 18 don't know. 19 20 changed from 106,235 as contained in Hydro's 20 synchronist condensers, have a life far in 21 21 original filing, to 438,020. Is that correct? 21 A. Tha's correct. 22 A. Tha's correct. 22 A. Tha's correct. 23 Yes, that number has been fully reflected in 23 to there is only for an inspection or those 24 synchronist condensers. That would certainly basis? 2 Q. Would you be inspecting these on an annual 3 tha's been forecaste	9	it's certainly a policy decision, yes.	9	of thing. Would that be correct?
12 filing in relation to this proceeding, and at 12 would be the life of these assets? 13 page two of your evidence you indicate a 13 A. I don't have the actual depreciation numbers, 14 change in forecast 2004 costs. Do you have 15 circumstances, would have been depreciated 15 that nearby? 16 A. Yes, I do. 16 16 A. Yes, I do. 16 over 30 years, but I carry: speak for the 17 Q. You' ve indicated in your answer to the first 17 depreciation policies of Twin Falls. I really 18 question that Hydro's forecast 2004 costs 18 don't know. 19 related to the Wabush terminal station have 20 O. These particular items, and certainly the 21 original filing, to 438,020. Is that correct? 21 excess of one year, do they not? 22 A. That's correct. 23 to there is only for an inspection of those 23 Q. And is that higher number now reflected in the 23 to there is only for an inspection of those 24 rates that you intend to charge? 24 synchronist condensers. That would certainly 25 beoand that's been foreccasted to occur.	10	Q. You have refiled your evidence to reflect some	10	A. Yes, that's correct.
13 page two of your evidence you indicate a 13 A. I don't have the actual depreciation numbers, 14 change in forecast 2004 costs. Do you have 14 but I suspect that they would be, in normal 16 A. Yes, I do. 16 over 30 years, but I can't speak for the 17 Q. You've indicated in your answer to the first 17 depreciation policies of Twin Falls. I really 18 excess for one year, do they not? 20 20 original filing, to 438,020. Is that correct? 21 excess of one year, do they not? 21 A. Tat's correct. 22 A. That's correct. 22 23 Q. And is that higher number now reflected in the 23 year. 23 1 year. 1 that's been forecasted to occur. 20 1 year. 1 that's been forecasted to occur. 20 2 Q. Would you be inspecting these on an annual 2 3 20. So given that i's a one-time requirement with 3 basis? 1 that's been forecasted to occur. 20. So given that i's a one-time requirement with 4 A. I'm mot sure of the inspection cycle, but I 4 that's been forecasted	11	changes from the firstfrom your earlier	11	Q. These items, synchronist condensers, what
14 change in forecast 2004 costs. Do you have that nearby? 14 but I suspect that they would be, in normal circumstances, would have been depreciated orver 30 years, but I can't speak for the depreciation policies of Twin Falls. I really don't know. 17 Q. You've indicated in your answer to the first question that Hydro's forecast 2004 costs 15 over 30 years, but I can't speak for the depreciation policies of Twin Falls. I really don't know. 19 related to the Wabush terminal station have original filing, to 438,020. Is that correct? 21 O. These particular items, and certainly the synchronist condensers, have a life far in excess of one year, do they not? 20 A. That's correct. 21 This is correct. The 89,000 that's referred to the value internov reflected in the synchronist condensers. That would certainly the synchronist condensers. That would certainly be considered to be an expense item for one 21 year. 1 that's been forecasted to occur. 2 Q. Would you be inspecting these on an annual basis? 2 Q. So given that it's a one-time requirement with things such as the replacements for the synchronist condensers having a longer life, certainly a much longer life than a year, I'm 3 major overhauls, minor overhauls, major 7 7 4 N'rm not sure of the inspection or that \$89,000 in particular 9 9 5 would assume that there would be some minorfor morbay back to	12	filing in relation to this proceeding, and at	12	would be the life of these assets?
15 that nearby? 15 circumstances, would have been depreciated 16 A. Yes, I do. 16 over 30 years, but I can't speak for the 17 Q. You've indicated in your answer to the first 17 depreciation policies of Twin Falls. I really 18 question that Hydro's forecast 2004 costs 18 don't know. 19 related to the Wabush terminal station have 19 Q. These particular items, and certainly the 20 changed from 106,235 as contained in Hydro's 20 synchronist condensers, have a life far in 21 original filing, to 438,020. Is that correct? 21 A. This's correct. 22 21 A. Tha's correct. 22 A. This's correct. 23 synchronist condensers. That would certainly 25 A. Yes, that number has been fully reflected in 23 to there is only for an inspection of those 26 Q. Would you be inspecting these on an annual 2 Q. So given that it's a one-time requirement with 3 basis? 1 that's been forecasted to occur. 2 2 Q. Would you be inspection cycle, but I 4 synchronist condensers having a longer life, 5 certainly a much lo	13	page two of your evidence you indicate a	13	A. I don't have the actual depreciation numbers,
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13Q. I would expect that if this were an annual normal expenditure that it would have been reflected in your earlier figures. Would that be fair to say?13synchronist condensers. From that perspective, they would normally be expensed in one year.16be fair to say?16Q. But given that they're one-shot payments, that they're not likely to have to be replaced for 1817A. If that was an annual expenditure, it would be in our normal expenditures for the Wabush 1917Herminal station cost which Hydro bears. The terminal station cost which Hydro bears. The 2018a further period of time, would it not be 1920very fact that it's showing up here, I would 21offer and I'm led to understand that this is 2211Understand that this is 2323for the pot head replacements and the control 24that's necessary for those synchronist24A. No, I couldn't agree with that, not for these 23	12		12	•
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15reflected in your earlier figures. Would that15in one year.16be fair to say?16Q. But given that they're one-shot payments, that17A. If that was an annual expenditure, it would be16Q. But given that they're one-shot payments, that18in our normal expenditures for the Wabush18a further period of time, would it not be19terminal station cost which Hydro bears. The19reasonable to take these numbers and average20very fact that it's showing up here, I would20them out over the life of the asset, rather21offer and I'm led to understand that this is21than expensing them in a given year?22an exceptional item, along with the \$30,00022A. No, I couldn't agree with that, not for these23for the pot head replacements and the control23dollar values. These are clearly, from my24that's necessary for those synchronist24perspective, expense items to be incurred in	14	-	14	•
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24 that's necessary for those synchronist 24 perspective, expense items to be incurred in	23	· ·	23	-
	24	that's necessary for those synchronist	24	perspective, expense items to be incurred in
	25	condensers. It's a one-time requirement	25	one year.

Multi-PageTMNL Hydro's 2003 General Rate Application

	rember 20, 2005 Multi	-1 a	ige INL Hydro's 2005 General Rate Application
	Page 121		Page 122
1 H	HEARN, Q.C.:	1	to be phased out of rates applied to the
2	Q. So you don't think that these could be treated	2	Labrador Interconnected customers, is it not?
3	as capital items and amortized?	3	A. Yes, according to the Board Order P.U. 7, we
4	A. That's not what's being proposed, no.	4	have to factor that phase out of the secondary
5	Q. I realize it's not what's being proposed, but	5	credit from subsidizing or from being applied
6	I'm suggesting that an alternate treatment	6	to rates in Labrador to the rural deficit over
7	where they're amortized would not necessarily	7	a five-year period.
8	be inappropriate either.	8	Q. And you show that at pages seven and page
9	A. Should somebody choose to do that, that's	9	eight of your evidence?
10	obviously somebody else looking at this might	10	A. That's correct. And you'll see in 2004, we've
11	propose that, Mr. Hearn, but for this	11	used the entire credit and applied it to
12	particular application, we propose that it	12	keeping rates as low as we possibly could with
13	would be treated as a single expense item.	13	the dollars that we had to deal with in 2004.
14	Q. And if you spread that over a period of time,	14	Q. But by 2008, how much of that secondary credit
15	it would reduce the revenue that Hydro would	15	would be applied to rates within this proposed
16	require in 2004?	16	Labrador Interconnected System?
17	A. Yes, as would any other cost that we would	17	A. As shown in the table, there would be zero
18	spread over time.	18	applied. It would all be going to the rural
19	Q. Certainly. So if you'd capitalize and average	19	deficit.
20	it, then you wouldn't need all of that money	20	Q. Are there costs for standby generation
21	to be recovered in 2004 in your rate base?	21	capacity in Happy Valley-Goose Bay?
22	A. Yes, that's correct.	22	A. Yes.
23	Q. The revenue credit that comes from sales to	23	Q. The gas turbine and associated diesel
24	Five-Wing Goose Bay is scheduled to be phased	24	facilities?
25	outthe contribution from that is scheduled	25	A. There are facilities in Goose Bay, a gas
	Page 123		Page 124
1	turbine and diesels, yes.	1	Q. Yes. So they continue to receive the benefit
2	Q. Is the cost of maintaining those facilities	2	from having these backup facilities there?
3	included in the cost base for the Labrador	3	(12:20 p.m.)
4	Interconnected customers?	4	A. Yes, and I'm sorry, I'm not trying to be
5	A. As a defined common cost, yes, they are.	5	argumentative, but -
6	Q. And those facilities, do they have a purpose	6	Q. No.
7	in guaranteeing backup supply to CFB Goose	7	A I want to be very clear that those
8	Bay?	8	facilities are there to back up firm load.
9	A. No, their prime purpose is to provide backup	9	CFB Goose Bay are a general service customer
10	supply to the load in Happy Valleythe firm	10	of Hydro's, as is anythe same as probably a
11	load in Happy Valley-Goose Bay, and as well,	11	lot of other general service customers. So we
12	the gas turbine can operate as a synchronist	12	would use that generation to back up that part
13	condenser which will allow an increased power	13	of their load, but it has nothing to do with
14	flow over the 138 kV system to Happy Valley.	14	anything to do with the secondary credit.
15	Q. Are you suggesting that this standby	15	Q. I understand your qualification and I don't
16	generation provides no backup security for the	16	take you, Mr. Banfield, as being argumentative
17	needs for CFB Goose Bay?	17	at all and I thank you for any clarifications.
18	A. Only their firm requirements. They're also a	18	My point is that certainly with respect to their firm load, there's a honefit in having
19	general service customer of ours, as well as	19	their firm load, there's a benefit in having
20	providing the secondary energy. So the gas	20	the standby capacity, but for the Labrador
21	turbine and diesel can only be used to firm up	21	Interconnected System, so called, will no longer receive any revenue from the secondary
1	or backup their firm load as a concret		
22	or backup their firm load, as a general	22	
22 23	service customer, and not their secondary.	23	revenue credit from CFB Goose Bay as of 2008
22			

	Page 125		Page 126
111	/R. BANFIELD:	1	area lighting?
2	A. Those facts as you state them are correct, but	2	A. On an individual basis, the street and area
3	I don't see any linkage between the secondary	3	lighting rate change is 48.9 percent.
4	credit and the firm requirements of CFB Goose	4	Q. And that's not an increase, is it?
5	Bay.	5	A. No, but the reason for that is the revenue at
	IEARN, Q.C.:	6	existing rates which accounts for that large
7	Q. Presently in 2003, what is happening to that	7	percentage. In Hydro's last application, we
8	secondary revenue credit?	8	had proposed a rate category for the street
9	A. It was applied to the rates which are	9	lights in Labrador City in particular, and
10	established for the Labrador Interconnected	10	through an error on our own part, we had
11	System that we're paying today.	11	proposed an availability clause within that
12	Q. And is that applied to both rates in Labrador	12	rate which did not apply to Labrador City. We
12	West and Labrador East?	12	subsequently changed and refunded monies back
13	A. That's correct.	13	to Labrador City, charged them a lower rate
14	Q. I wonder if we could go to Table 2, page four,	14	than they would have otherwise received and
15	and just look at, for a moment, the proposed	15	thus, in this particular application, we are
17	rates for 2004. What is the projected	10	now proposing to go to the proper rate, and
17	percentage increase that Hydro is proposing		that's why you are seeing such a big increase
10	for rates for Labrador West for the calendar	18	in that particular rate class.
	year of 2004?	19 20	Q. Moving to Table 3 of page five of your
20 21	A. As a first step in bringing in the uniform	20	evidence, you show the proposed rates for
21	rate structure, we're proposing that the rates	21	Happy Valley-Goose Bay based on the calendar
22	in Labrador West be increased by 28 percent.	22	year 2004, and during that period of time,
23	Q. And for the calendar year 2004, what is the	23 24	when you project that rates in Labrador West
24	proposed change in rates affecting street and	24	for Labrador West consumers would increase by
23		23	· · · ·
	Page 127		Page 128
1	28 percent, what is the proposed change for	1	Q. Overall, that -
2			
1	domestic consumers in Happy Valley-Goose Bay	2	CHAIRMAN:
3	for the calendar year 2004?	2 3	CHAIRMAN: Q. Excuse me, Mr. Hearn. I would, as I tried to
3 4	for the calendar year 2004? A. To bring in the uniform rates in Labrador, the	2 3 4	CHAIRMAN: Q. Excuse me, Mr. Hearn. I would, as I tried to indicate earlier this morning, these are
3 4 5	for the calendar year 2004?A. To bring in the uniform rates in Labrador, the domestic rate change for Happy Valley-Goose	2 3 4 5	CHAIRMAN: Q. Excuse me, Mr. Hearn. I would, as I tried to indicate earlier this morning, these are formal proceedings, and I want to try to be
3 4 5 6	for the calendar year 2004?A. To bring in the uniform rates in Labrador, the domestic rate change for Happy Valley-Goose Bay would be zero percent.	2 3 4 5 6	CHAIRMAN: Q. Excuse me, Mr. Hearn. I would, as I tried to indicate earlier this morning, these are formal proceedings, and I want to try to be fair to the witness here, and I understand the
3 4 5 6 7	for the calendar year 2004?A. To bring in the uniform rates in Labrador, the domestic rate change for Happy Valley-Goose Bay would be zero percent.Q. If you look at Table 4 of your evidence, and a	2 3 4 5 6 7	CHAIRMAN: Q. Excuse me, Mr. Hearn. I would, as I tried to indicate earlier this morning, these are formal proceedings, and I want to try to be fair to the witness here, and I understand the concerns and emotions in this room with the
3 4 5 6 7 8	for the calendar year 2004?A. To bring in the uniform rates in Labrador, the domestic rate change for Happy Valley-Goose Bay would be zero percent.Q. If you look at Table 4 of your evidence, and a comparison of revenue of existing and proposed	2 3 4 5 6 7 8	CHAIRMAN: Q. Excuse me, Mr. Hearn. I would, as I tried to indicate earlier this morning, these are formal proceedings, and I want to try to be fair to the witness here, and I understand the concerns and emotions in this room with the rate increases. We are indeed here to hear
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Discoveries Unlimited Inc., Ph: (709)437-5028

November 26, 2003

			c 112 Hydro 5 2005 General Rate Application
	Page 129		Page 130
1 I	IEARN, Q.C.:	1	8.4 percent? Would that be correct?
2	getting his evidence in a very professional	2	A. Those are the facts. In order to be able to
3	manner.	3	have a uniform rate structure in Labrador,
4	If we compare existing and proposed rates	4	then these are the numbers which have to be
5	when we're having a substantial increase in	5	put into effect in order to achieve that
6	Labrador West, what is the projected	6	uniformity.
7	cumulative affect on rates in Labrador East?	7	Q. I wonder if you could go through some of the
8	I believe it's the last number on Table 6.	8	schedules that you have in your evidence. I
9	Over that full five-year period, what's the	9	was asking you about the classes and you were
10	cumulative impact of the proposed changes on	10	referring to them earlier. I wonder if you
11	rates in Labrador East.	11	might just explain the Schedule 1, page 2 of
12	A. The cumulative effect on rates in Labrador	12	6, the impact of proposed rates on annual
13	East in order to have a uniform rate structure	13	electricity costs for 2004 for Labrador West
14	at the end of the period 2008, there has to be	14	on the domestic class, and I wonder if you
15	a decrease of 8.4 percent in Labrador East	15	might take us through that table and explain
16	rates in order to achieve that.	16	it to us, please?
17	Q. And over that same period, over that same	17	A. Sure, I can do that. As would be consistent
18	five-year period, if you look at Table 5,	18	with all of these tables, whether it's showing
10	what's the cumulative Labrador West total?	10	an increase in the Happy Valley-Goose Bay
1	A. The cumulative Labrador West total is 92.2		general service 2.1 rate or, as you've pointed
20		20	.
21	percent.	21	me to, page 2 of 6, Schedule 1 for the
22	Q. So rates are projected, on a cumulative basis,	22	Labrador West domestic rate increase, in order
23	to go up 92.2 percent here and more for some	23	to try and give a picture, I guess, of the
24	particular classes and on a cumulative basis	24	impact on customers, we put the information
25	to decline in Labrador East by a measure of	25	into this particular type of table, and I must
	Page 131		Page 132
1	admit, can be confusing and it's not meant to	1	the bottom, you will see 86.55 percent of the
1 2	admit, can be confusing and it's not meant to be that way, although it's probably perceived	1 2	the bottom, you will see 86.55 percent of the customers will have their rates increase
	admit, can be confusing and it's not meant to be that way, although it's probably perceived to be such. Across the top of the table,		the bottom, you will see 86.55 percent of the customers will have their rates increase between 25 to 29 percent, which is consistent
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	admit, can be confusing and it's not meant to be that way, although it's probably perceived to be such. Across the top of the table, you'll see percentages in various blocks, 21 to 25 percent, 25 to 29 and so on, and down the left-hand column, you'll see changes in annual costs and broken out of the categories of between 12 and 85 dollars per year, 85 to 158, up to and then 304 to 377. So in the left-hand side, we have a range of dollars which would affect customers and across the top are percentage increases. The numbers which are then found in the body of the table refer to the percentage of customers that meet that matrix. So for instance, if you look at the 25 to 29 percent change in annual costs and were to look down that column, you would see that 8.54 percent of the customers, domestic customers in Labrador West, will have their rates in an annual basis change from \$12.00 to \$85.00 annually. That's the increase that they will	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 the bottom, you will see 86.55 percent of the customers will have their rates increase between 25 to 29 percent, which is consistent with the average class increases which we talked about earlier of 28 percent for the domestic customers. And right at the very bottom, you'll see some footnotes where we talk about the average number of customers as being 4,245 domestic customers in the Labrador West area. Q. That table, as I understand it, shows the projected changes imposing the proposed rates for the electricity costs for Labrador West for 2004 only? A. Yes, it does. Q. You, in response to a question by my learned friend, the Consumer Advocate, referred to some of these numbers in terms of the difference in costs. Do I understand that there'll be annual increases each year from 2004 to 2008? A. That's correct.

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Page 134
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Page 136
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	Chiber 20, 2005	<u>- «s</u>	
	Page 137		Page 138
	IEARN, Q.C.:	1	first one, I think, if you're referring only
2	Q. That's additional costs over and above the	2	to the Labrador West domestics?
3	present base rate?	3	Q. Yes.
4	A. That's correct.	4	A. Page 5 of 20 for 2005.
5	Q. I wonder if you might move to page 6 of 6 in	5	Q. Yes.
6	that same schedule, general service 2.4 where	6	A. Approximately 22 percent of the customer base
7	you indicate there are two customers.	7	will receive increases of \$7.00 to \$69.00
8	A. There are two customers in that class and they	8	annually. Approximately 22.8 percent will
9	will see dollar changes of approximately	9	receive increases from \$69 to \$131 annually,
10	\$14,600 to \$21,000 annually in their bill.	10	and the single biggest percentage increase in
11	Q. And there was some mention that one of those	11	that table, 44.6 percent roughly of the
12	customers was the hospital?	12	customer base will receive increases from \$131
13	A. Yes, that's correct.	13	to \$193 annually. 10 percent will receive
14	Q. Is there any reason that we can ask who the	14	increases from \$193 to \$255 annually and less
15	customer is or is it something that shouldn't	15	than a half a percent, which I presume comes
16	be -	16	out to probably one or two customers, receive
17	A. It's QNS&L	17	increases between \$255 to \$316 annually.
18	Q. If you move to Schedule 2, showing the impact	18	Q. I wonder if you move to 2006, Schedule 2, page
19	of proposed rates on annual electricity costs	19	14 of 20, what's projected for domestic
20	for 2005, I wonder if you might show the	20	customers in Labrador West, a change in annual
21	projected change for Labrador West consumers,	21	dollar costs for the year 2006, if you could
22	domestic consumers, the projected change to	22	take us through that table please?
23	the proposed rates for 2005, and take us	23	A. For 2006, excuse me, the percentages are
24	through that table please?	24	literally almost identical in terms of the
25	A. There are some 20 pages to this Schedule. The	25	number of customers that each of the changes
	Page 139		Page 140
1	in annual dollars and the annual dollars	1	was filed on August the 12th, and the revised
2	categories themselves are almost the same as	2	application for 2004 to 2008. Those are the
3	previously in the years. But there are	3	rates for both Labrador East and Labrador
4	roughly about 22 percent in the first category	4	West.
5	will receive changes of \$8.00 to \$73. 00	5	Q. Now I know you've explained to us that
6	annually. 22 percent will receive changes of	6	there'll be a cumulative change in rates if
7	\$73 to \$138 annually. 44 percent will receive	7	the proposed rates are implemented between
8	changes of \$138 to \$203 annually, and 10	8	2004 and 2008. Is Hydro proposing a rate
9	percent will receive changes of \$203 to \$268	9	increase in each year for the next five years?
10	annually, and again the less than one half	10	A. We are proposing an automatic rate adjustment
11	percent of that customer class will receive	11	each year to change the rates to reflect
12	increases of \$268 to \$332 annually.	12	what's in this particular exhibit right here,
13	Q. If you move to, I think it's the second last	13	yes.
14	page of your evidence, Schedule 3, we see the	14	Q. Not quibbling or being argumentative, Mr.
15	schedule showing the projected rates,	15	Banfield, but by adjustments you mean increase
			tor Labrador Wast for each year?
16	including the basic charge and the kilowatt	16	for Labrador West for each year?
17	hour charge for each of the rates in Happy	17	A. Yes, it is an increase for each year, yes.
17 18	hour charge for each of the rates in Happy Valley-Goose Bay and also Labrador West,	17 18	A. Yes, it is an increase for each year, yes.Q. And is there an increase in the basic kilowatt
17 18 19	hour charge for each of the rates in Happy Valley-Goose Bay and also Labrador West, projected over the next five years. Would	17 18 19	A. Yes, it is an increase for each year, yes.Q. And is there an increase in the basic kilowatt hour charge for the energy and also the basic
17 18 19 20	hour charge for each of the rates in Happy Valley-Goose Bay and also Labrador West, projected over the next five years. Would that be accurate?	17 18 19 20	A. Yes, it is an increase for each year, yes.Q. And is there an increase in the basic kilowatt hour charge for the energy and also the basic charge per month?
17 18 19 20 21	hour charge for each of the rates in Happy Valley-Goose Bay and also Labrador West, projected over the next five years. Would that be accurate?A. Referring to Schedule 3, page 1 of 2?	17 18 19 20 21	A. Yes, it is an increase for each year, yes.Q. And is there an increase in the basic kilowatt hour charge for the energy and also the basic charge per month?A. Yes, there is a change to the basic charge, as
17 18 19 20 21 22	hour charge for each of the rates in Happy Valley-Goose Bay and also Labrador West, projected over the next five years. Would that be accurate?A. Referring to Schedule 3, page 1 of 2?Q. Yes.	17 18 19 20 21 22	A. Yes, it is an increase for each year, yes.Q. And is there an increase in the basic kilowatt hour charge for the energy and also the basic charge per month?A. Yes, there is a change to the basic charge, as well as the energy charge and you can see by
17 18 19 20 21 22 23	hour charge for each of the rates in Happy Valley-Goose Bay and also Labrador West, projected over the next five years. Would that be accurate?A. Referring to Schedule 3, page 1 of 2?Q. Yes.A. Yes, that's correct. That lays out the	 17 18 19 20 21 22 23 	A. Yes, it is an increase for each year, yes.Q. And is there an increase in the basic kilowatt hour charge for the energy and also the basic charge per month?A. Yes, there is a change to the basic charge, as well as the energy charge and you can see by the numbers for 2004, it goes from \$4.85 basic
17 18 19 20 21 22	hour charge for each of the rates in Happy Valley-Goose Bay and also Labrador West, projected over the next five years. Would that be accurate?A. Referring to Schedule 3, page 1 of 2?Q. Yes.	17 18 19 20 21 22	A. Yes, it is an increase for each year, yes.Q. And is there an increase in the basic kilowatt hour charge for the energy and also the basic charge per month?A. Yes, there is a change to the basic charge, as well as the energy charge and you can see by

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	Page 141			Page 142
1 MR. BAN	NFIELD:	1	Q.	The basic charge per month for that category
2 Ha	appy Valley.	2		of customers is presently shown as 9.10. How
3 HEARN,	,Q.C.:	3		is that projected to change between now and
4 Q. A1	nd a kilowatt hour charge for that same class	4		2008?
	customers, what's the change from present	5	A.	There'll be an increase of \$1.00 to \$10.10 in
	tes to the 2008 rates projected for Labrador	6		2008.
7 W	est?	7	Q.	And during the years in the interim, how will
8 A. Cu	urrent rates for energy are 1.35 cents per	8		that basic charge be changed?
	lowatt hour going to 3.274 cents in 2008.	9	A.	As you can see, for the years to 2006, the
	nd for the next rate class, the general	10		basic charge does not change and then
	rvice, would that be fair to characterize it	11		increases to \$9.55 in 2007 to the \$10.10 in
12 as	small business class?	12		2008.
13 A. Ye	es, 2.1 is generally referred to as small	13	Q.	During the period of time when the projected
	isiness class, yes.	14		and proposed rates for Labrador West for
15 Q. A1	nd what are their present energy rates for	15		domestic customers are proposed to be
	brador West on a kilowatt hour basis?	16		increased by 141 percent, what do you project
17 A. Cu	urrent 2003 rates are 2.2 cents a kilowatt	17		the rate of inflation to be?
18 ho	pur.	18 (12:4	45 p.m.)
19 Q. Aı	nd what is projected to be the rate for that	19	A.	I'm sorry, I don't have that number in front
20 cla	ass of customer in 2008?	20		of me, Mr. Hearn.
21 A. 5.0	086 cents per kilowatt hour.	21	Q.	Would it be fair to say that the inflation
22 Q. A1	nd is that customer also projected to face an	22		numbers at the present time are not projected
23 inc	creased energy charge in each of the	23		to be terribly high during that same period of
24 ca	lendar years from 2004 to 2008?	24		time or is that an unfair question to you?
25 A. Th	nat is the proposal, yes.	25	A.	Well, I think that if I was to say that I
	Page 143			Page 144
1 did	dn't have any thoughts on that, that would	1	Q.	Do you have any idea of the magnitude of the
2 be	inappropriate as well. I'm sure that the	2		number?
3 rat	es are not insignificant, but they	3	A.	Suggest probably it might be in the order of
4 cei	rtainly would not be as high as the rate	4		two and a half percent, two percent, three
5 cha	anges that we're requesting under this	5		percent, somewhere in there.
6 app	plication and nor should they be compared to	6	Q.	So when inflation is projected at two and a
7 tha	at, from the perspective, at least from my	7		half to three percent or so, and I realize
8 per	rspective, Mr. Hearn, that the reason for	8		this is somewhat guestimate, but that's the
9 the	e big increases in the rate proposal for	9		guestimate at the present time, and our rates
	brador West is the requirement, based on	10		here are projected to be increased by 28
	nat's been given to me to come forward with a	11		percent?
12 un	iform rate structure in the five-year	12	A.	Yes, those are the numbers, but again, I think
13 per	riod.	13		that, from my perspective, that's an unfair
14 Q. Th	ne proposed rates for Labrador West for 2004	14		comparison. The rate increases required in
1	flect a suggested increase of approximately	15		Labrador City require that we propose to put
15 ref		15		
	percent. Is that correct?	16		forward to meet the uniform rate structure are
16 28 17 A. I'n	n sorry, can you repeat that again?			not of an inflationary nature. They're
16 28 17 A. I'n 18 Q. Fo	n sorry, can you repeat that again? or 2004, the proposed rate increase for	16		not of an inflationary nature. They're necessary in order to be able to achieve a
16 28 17 A. I'n 18 Q. Fo 19 La	n sorry, can you repeat that again? or 2004, the proposed rate increase for brador West consumers would be approximately	16 17		not of an inflationary nature. They're necessary in order to be able to achieve a particular policy within a five-year period.
16 28 17 A. I'n 18 Q. Fo 19 La 20 28	n sorry, can you repeat that again? or 2004, the proposed rate increase for brador West consumers would be approximately percent?	16 17 18 19 20	Q.	not of an inflationary nature. They're necessary in order to be able to achieve a particular policy within a five-year period. Over the next five-year period, are you
16 28 17 A. I'm 18 Q. Fo 19 La 20 28 21 A. Or	n sorry, can you repeat that again? or 2004, the proposed rate increase for brador West consumers would be approximately percent? n average, yes, that's correct.	16 17 18 19	Q.	not of an inflationary nature. They're necessary in order to be able to achieve a particular policy within a five-year period. Over the next five-year period, are you projecting building any new generation
16 28 17 A. I'n 18 Q. Fo 19 La 20 28 21 A. Or 22 Q. WI	n sorry, can you repeat that again? or 2004, the proposed rate increase for brador West consumers would be approximately percent? n average, yes, that's correct. hat's the projected rate of inflation for	16 17 18 19 20 21 22		not of an inflationary nature. They're necessary in order to be able to achieve a particular policy within a five-year period. Over the next five-year period, are you projecting building any new generation capacity in Labrador West?
16 28 17 A. I'n 18 Q. Fo 19 La 20 28 21 A. Or 22 Q. WI 23 20	n sorry, can you repeat that again? or 2004, the proposed rate increase for brador West consumers would be approximately percent? n average, yes, that's correct. hat's the projected rate of inflation for 04?	16 17 18 19 20 21 22 23	A.	not of an inflationary nature. They're necessary in order to be able to achieve a particular policy within a five-year period. Over the next five-year period, are you projecting building any new generation capacity in Labrador West? None that I'm aware of.
16 28 17 A. I'n 18 Q. Fo 19 La 20 28 21 A. Or 22 Q. WI 23 20 24 A. I'n	n sorry, can you repeat that again? or 2004, the proposed rate increase for brador West consumers would be approximately percent? n average, yes, that's correct. hat's the projected rate of inflation for	16 17 18 19 20 21 22	A.	not of an inflationary nature. They're necessary in order to be able to achieve a particular policy within a five-year period. Over the next five-year period, are you projecting building any new generation capacity in Labrador West?

1	Page 145		Page 146
1	HEARN, Q.C.:	1	Kennedy?
1 2	than normal maintenance?		MR. KENNEDY:
3	A. Other than what's been included in the	3	Q. I won't be long at all, Chair.
4	application, and I can't remember now. There		CHAIRMAN:
5	was an RFI, I believe, asked on that, but I	5	Q. Won't be long. Re-direct?
6	must admit that I can't remember whether there	-	GREENE, Q.C.:
7	were any new capital proposed or not.	7	Q. Won't be long at all either.
8	Q. Are there any major projects, capital		CHAIRMAN:
9	projects, projected for this area that you're	9	Q. Won't be long. So with your indulgence, I'd
10	aware of?	10	like to push on. Hopefully it won't be much
11	A. Not in the Labrador West area, no.	11	more than perhaps ten minutes or so. Thank
12	Q. Those are my questions, Mr. Chairman. Thank	12	you.
13	you very much, Mr. Banfield, for your		MR. KENNEDY:
14	patience.	14	Q. Thank you, Chair. Mr. Banfield, I just wanted
15	A. Thank you.	15	to ask a couple of questions concerning some
	(12:50 p.m.)	16	of the other cost of service regions that
	CHAIRMAN:	17	Hydro operates, sometimes referred to as the
18	Q. Thank you, Mr. Hearn. Thank you, Mr.	18	five zones. Would you have had involvement in
19	Banfield. It is 10 to 1. I'd like to, if at	19	the rate structure for those other zones that
20	all possible, toyes. I realize that. I'd	20	Hydro operates as well?
21	like to, if at all possible, conclude the	21	A. I certainly had involvement, yes.
22	evidentiary portion of the hearing before	22	Q. Okay. And as I understand it, one of those
23	lunch. We do have some questions from the	23	zones is referred to as the Rural Isolated.
24	Board hearing counsel. I'd just like to	24	Is that correct?
25	inquire as to how long that might take, Mr.	25	A. That's correct. There are actually two cost
	Page 147		Page 148
1	of services prepared for the Rural Isolated,	1	electricity, for instance, in Paradise River,
2	but the costs are combined together for one	2	the cost to produce every extra kilowatt hour
3	rate structure.	3	of electric use is in the order of 25.7 cents
4	Q. Right. So in the Rural Isolated zone, that	4	per kilowatt hour? Does that sound familiar?
5	would include places such as Hopedale, Black	5	A. I believe the RFI CA-8 has that listed, if
6	Tickle, Paradise River, Charlottetown? Is	6	that's what you're referring to.
7	that correct?		
8		7	Q. That's where I took the information from.
	A. That's correct, in the Labrador system, yes.	7 8	Q. That's where I took the information from. A. Okay. Well then, I'll agree to that.
9	A. That's correct, in the Labrador system, yes. Q. And those communities, they obtain their power		A. Okay. Well then, I'll agree to that.
9 10	Q. And those communities, they obtain their power	8	-
		8 9	A. Okay. Well then, I'll agree to that.Q. Okay. Hopedale, for instance, on that same chart shows that the cost to producemarginal
10	Q. And those communities, they obtain their power from remote diesel generation? Is that	8 9 10	A. Okay. Well then, I'll agree to that.Q. Okay. Hopedale, for instance, on that same
10 11	Q. And those communities, they obtain their power from remote diesel generation? Is that correct?	8 9 10 11	A. Okay. Well then, I'll agree to that.Q. Okay. Hopedale, for instance, on that same chart shows that the cost to producemarginal cost to produce electricity in Hopedale is
10 11 12	Q. And those communities, they obtain their power from remote diesel generation? Is that correct?A. That's correct.	8 9 10 11 12	 A. Okay. Well then, I'll agree to that. Q. Okay. Hopedale, for instance, on that same chart shows that the cost to producemarginal cost to produce electricity in Hopedale is 15.7 cents a kilowatt hour? A. I would take that.
10 11 12 13	Q. And those communities, they obtain their power from remote diesel generation? Is that correct?A. That's correct.Q. They're not connected to any system? Is that	8 9 10 11 12 13	 A. Okay. Well then, I'll agree to that. Q. Okay. Hopedale, for instance, on that same chart shows that the cost to producemarginal cost to produce electricity in Hopedale is 15.7 cents a kilowatt hour?
10 11 12 13 14	Q. And those communities, they obtain their power from remote diesel generation? Is that correct?A. That's correct.Q. They're not connected to any system? Is that correct?	8 9 10 11 12 13 14	 A. Okay. Well then, I'll agree to that. Q. Okay. Hopedale, for instance, on that same chart shows that the cost to producemarginal cost to produce electricity in Hopedale is 15.7 cents a kilowatt hour? A. I would take that. Q. And Black Tickle, for instance, and
10 11 12 13 14 15	Q. And those communities, they obtain their power from remote diesel generation? Is that correct?A. That's correct.Q. They're not connected to any system? Is that correct?A. In the bigger picture, no, that's correct.	8 9 10 11 12 13 14 15	 A. Okay. Well then, I'll agree to that. Q. Okay. Hopedale, for instance, on that same chart shows that the cost to producemarginal cost to produce electricity in Hopedale is 15.7 cents a kilowatt hour? A. I would take that. Q. And Black Tickle, for instance, and Charlottetown are both at roughly 13 cents a
10 11 12 13 14 15 16	 Q. And those communities, they obtain their power from remote diesel generation? Is that correct? A. That's correct. Q. They're not connected to any system? Is that correct? A. In the bigger picture, no, that's correct. Q. I understand as well, we've seen some evidence 	8 9 10 11 12 13 14 15 16	 A. Okay. Well then, I'll agree to that. Q. Okay. Hopedale, for instance, on that same chart shows that the cost to producemarginal cost to produce electricity in Hopedale is 15.7 cents a kilowatt hour? A. I would take that. Q. And Black Tickle, for instance, and Charlottetown are both at roughly 13 cents a kilowatt hour?
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10 11 12 13 14 15 16 17 18	 Q. And those communities, they obtain their power from remote diesel generation? Is that correct? A. That's correct. Q. They're not connected to any system? Is that correct? A. In the bigger picture, no, that's correct. Q. I understand as well, we've seen some evidence that the cost to produce electricity for these customers in these remote rural communities 	8 9 10 11 12 13 14 15 16 17 18	 A. Okay. Well then, I'll agree to that. Q. Okay. Hopedale, for instance, on that same chart shows that the cost to producemarginal cost to produce electricity in Hopedale is 15.7 cents a kilowatt hour? A. I would take that. Q. And Black Tickle, for instance, and Charlottetown are both at roughly 13 cents a kilowatt hour? A. That sounds reasonable. Q. Now does Hydro set electricity rates for
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Multi-PageTMNL Hydro's 2003 General Rate Application

Page 149Page1 MR. BANFIELD:1service study, I probably couldn't state2up with one rate structure for all customers2categorically, but if youit's generally been3on those systems. Even though they're3accepted, and I would have to say from my own4individually fed by different distribution and4experience that if I was to do that that the5diesel, they all pay the same rate.5true cost of service to supply customers in6MR. KENNEDY:6those individual areas would certainly be7Q. So for instance even Ramea, which is in the7different.8island obviously and is also an isolated9O. And so there's averaging that takes place9community and operates on diesel, that the9And so there's averaging that takes place10electricity rates that the customers in Ramea10A. Absolutely.11see are the same electricity rates that a11Q. Okay. That's all the questions I have, Chair.12customer in your Labrador section of your13CHAIRMAN:14A. That's correct.14Q. Thank you. Mr. Kennedy. I guess the process15Q. Okay. Just turning to the Island itself then,15itself calls for the opportunity for Hydro to16Mr. Banfield, the interconnected portion of16redirectricity rates as a17the island, customers that are in St. John's,17cross-examination by the intervening parties18do they pay the same electricity rates as
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20A. Yes, they do.20GREENE, Q.C.:21Q. And would the cost to produce or the cost to21Q. Yes, thank you, Mr. Chair. I only have one22provide electricity to those four places, St.21Q. Yes, thank you, Mr. Chair. I only have one23John's, Trepassey, Burin and Corner Brook, all23about the cost associated with the Wabush24be the same?24terminal station. Does Hydro own any of the25A. Not having performed the actual cost of25assets in the Wabush terminal station?Page 151Page 1511A. We pay for 67 megawatts.1presentations scheduled for this afternoon,2Q. Do we actually own the assets?2six remaining presentations, plus, I guess3A. No, we do not own the asset, no.3it's seven now. So, what we'll do is we'll4Q. This is related to the issue of whether you4take the opportunity to break for lunch for an5were capitalizing expense.5hour until 2:00 and then we'll return and6A. Yes, this is the monies we paid for the right6we'll hear the presentations at that point in7to use a portion of that station is an expense7time. Thank you very much.
21Q. And would the cost to produce or the cost to provide electricity to those four places, St. John's, Trepassey, Burin and Corner Brook, all be the same?21Q. Yes, thank you, Mr. Chair. I only have one short area. Mr. Banfield, Mr. Hearn asked you about the cost associated with the Wabush terminal station. Does Hydro own any of the assets in the Wabush terminal station?24be the same?2425A. Not having performed the actual cost of2526Page 151Page 1511A. We pay for 67 megawatts.12Q. Do we actually own the assets?23A. No, we do not own the asset, no.34Q. This is related to the issue of whether you 535were capitalizing expense.56A. Yes, this is the monies we paid for the right 767to use a portion of that station is an expense77to use a portion of that station is an expense7
22provide electricity to those four places, St.22short area. Mr. Banfield, Mr. Hearn asked you23John's, Trepassey, Burin and Corner Brook, all23about the cost associated with the Wabush24be the same?24terminal station. Does Hydro own any of the25A. Not having performed the actual cost of25assets in the Wabush terminal station?Page 1511A. We pay for 67 megawatts.1presentations scheduled for this afternoon,2Q. Do we actually own the assets?2six remaining presentations, plus, I guess3A. No, we do not own the asset, no.3it's seven now. So, what we'll do is we'll4Q. This is related to the issue of whether you4take the opportunity to break for lunch for an5were capitalizing expense.5hour until 2:00 and then we'll return and6A. Yes, this is the monies we paid for the right6we'll hear the presentations at that point in7to use a portion of that station is an expense7time. Thank you very much.
23John's, Trepassey, Burin and Corner Brook, all be the same?23about the cost associated with the Wabush terminal station. Does Hydro own any of the assets in the Wabush terminal station?24Earning Page 151Page 1511A. We pay for 67 megawatts.1presentations scheduled for this afternoon, six remaining presentations, plus, I guess3A. No, we do not own the asset, no.3it's seven now. So, what we'll do is we'll 44Q. This is related to the issue of whether you 54take the opportunity to break for lunch for an 56A. Yes, this is the monies we paid for the right 76we'll hear the presentations at that point in 77to use a portion of that station is an expense7time. Thank you very much.
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 A. No, we do not own the asset, no. Q. This is related to the issue of whether you were capitalizing expense. A. Yes, this is the monies we paid for the right to use a portion of that station is an expense a. Yes, this is the monies we paid for the right to use a portion of that station is an expense the presentation is an expense tit's seven now. So, what we'll do is we'll take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the opportunity to break for lunch for an take the op
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6A. Yes, this is the monies we paid for the right6we'll hear the presentations at that point in7to use a portion of that station is an expense7time. Thank you very much.
7 to use a portion of that station is an expense 7 time. Thank you very much.
8 item that we expense out each year. 8 (BREAK FOR LUNCH - 1:00 P.M.)
9 Q. So, who does Hydro actually pay the money to 9 (RECONVENE - 2:00 P.M.)
10 for the use of the Wabush terminal facilities 10 CHAIRMAN:
11 that it does use associated with the third and 11 Q. Thank you. Could we, hopefully, get started,
12 fourth expansion? 12 if I can have your attention, please? First
13 A. We pay monies to IOCC, the Iron Ore Company of 13 of all, let me apologize, once again, for this
14 Canada. 14 morning. Hopefully, this afternoon, we're a
15 Q. So, it's the Iron Ore Company of Canada that 15 little bit better organized in terms of the
16 Hydro will pay these costs that we have 16 technical problems and things will proceed
17 included in the cost of services associated 17 certainly more smoothly than this morning. As
18 with the use of the use of the Wabush terminal 18 I explained, we are here this afternoon to
19 third and fourth expansion, that's correct, is 19 receive presentations from the community, from
20 it? 20 municipalities. I notice we have on th list,
21A. Yes.21we certainly have the representatives of the
22 Q. Thank you, Mr. Banfield. 22 union here, we have Chamber of Commerce and we
23 CHAIRMAN: 23 have some private citizens. So, there appears
24 Q. Thank you, Ms. Greene. Thank you very much, 24 to be certainly a good mix. And I'm sure
25 Mr. Banfield. It's 1:00 now. We have six 25 we'll hear all the perspectives on this issue

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1 CH	AIRMAN:	1	hear from those through the presenters this
2	which is indeed why we're here. I'll just run	2	afternoon. So, I would, indeed, ask for your
3	down through it for you. We have, in total,	3	co-operation to allow the proceeding to go
4	seven presenters this afternoon. We have	4	forward. Thank you.
5	Mayor Graham Letto with the Town of Labrador	5	I will call upon Mayor Graham Letto now.
6	City; we have Mayor Jim Farrell with the Town	6	I guess, for reasons, again, of acoustics,
7	of Wabush; we have George Kean who is the	7	we're going to have to call upon the witnesses
8	President of the United Steelworkers Local	8	to, I assumego afternoon, Mayor Letto.
9	5795 of IOC; we have Hyron Economic	9	MAYOR LETTO:
10	Development Corporation, Jody Kelly as manager	10	Q. Good afternoon.
11	and I understand accompanying Mr. Kelly will	11	CHAIRMAN:
12	be Elmo Bingle, who is the President of the	12	Q. If you could take the Bible in your right
13	Labrador West Chamber of Commerce; we have Mr.	13	hand.
14	Tom Kent who is Vice-President of the Union,	14	MAYOR GRAHAM LETTO (SWORN)
15	the United Steelworkers of America, Local	15	CHAIRMAN:
16	6285, Wabush Mines; Ern Condon who is here as	16	Q. Thank you, sir, you may begin when you're
17	a private citizen; and Ms. Shirley Squires is	17	ready.
18	here as a private citizen as well.	18	A. Good afternoon, ladies and gentlemen.
19	Before we do start, let me just ask for	19	Certainly on behalf of the Town of Labrador
20	your co-operation, again, if I could, this	20	City and indeed, all the residents of Labrador
21	evening. I certainly appreciated it this	21	West, I would like to extend a sincere welcome
22	morning. This is, I know, a very sensitive	22	to the PUB, counsel and staff and also to
23	issue in this area. I know there are strongly	23	representatives of other interested parties
24	held concerns and emotions in this room; I	24	including Newfoundland and Labrador Hydro,
25	certainly recognize that and I'm sure we'll	25	Consumer Advocate and Newfoundland Power. The
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1	Town acknowledges, with thanks, the presence	1	of it has been provided already this morning.
2	and support of our MHA, Randy Collins, the	2	The electrical distribution system that
3	Iron Ore Company of Canada, Wabush Mines,	3	services consumers in Labrador City was
4	United Steelworkers of America, the Chamber of	4	designed, planned constructed and built by the
5	Commerce and the Hydro Regional Economic	5	Iron Ore Company of Canada at its cost. In
6	Development Board. And most importantly, I am	6	its conception, design and operation by IOC,
7	so pleased this morning to see the large	7	there was no connection by or relationship to
8	turnout from our community. It is a working	8	the electrical system that served Happy
9	day, today is Wednesday, and for people on	9	Valley-Goose Bay. This system was run by the
10	their day off and those people who have	10	Iron Ore Company of Canada as a stand-alone
11	retired and chose to make Labrador City and	11	system providing high quality electrical
12	Wabush their home, I appreciate your coming	12	service to Labrador City consumers for
13	out today in support of this very important	13	approximately 30 years. In the early 1990s,
14	issue. And I hope it's recognized by the	14	the Iron Ore Company of Canada transferred its
15	Board and by other people here, the importance	15	electrical system to Newfoundland and Labrador
16	that this issue is to you, to us and to	16	Hydro for a nominal sum of \$1.00 with IOCand
17	Labrador City and Wabush.	17	also contributed substantially to the cost of
18	The Town of Labrador City has initiated a	18	upgrading the system and these costs have been
19	complaint to the PUB that the proposed policy	19	provided to you this morning. The effect was
20	of equalizing rates between Labrador West and	20	the Newfoundland and Labrador Hydro was given
21	Happy Valley-Goose Bay is unfair to the	21	a fully maintained state of the art electrical
22	electrical consumers in Labrador West and	22	distribution system, a cadillac system, in
23	would amount to charging discriminatory rates	23	fact, at no cost. Newfoundland and Labrador
24	to consumers in Labrador West. I would like	24	Hydro took control of the Labrador City
25	to give you a historical background and some	25	distribution system and merged this system

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	OR LETTO:	1	Churchill Falls. Labrador East has higher
2	with the electrical system serving the Town of	2	generation cost that Labrador West since it
3	Wabush which had been given to Hydro in the	3	has to bear the cost of standby generation
4	mid 1980s, again, at no cost to Hydro and with	4	capacity which is back up diesel and gas
5	Wabush mines paying the cost of upgrading.	5	turbine facilities. These standby facilities
6	Thus, Hydro not only received, at no	6	are solely related to backup generation
7	cost, both individual systems that served the	7	capacity for Labrador East and have no
8	electrical consumers in Labrador West, but	8	relevance whatsoever for Labrador West.
9	also received millions of dollars to upgrade	9	There are also different cost
10	these systems. The result of such upgrading	10	characteristics associated with the
11	is that ongoing cost of maintenance and power	10	transmission of power from Churchill Falls to
12	distribution in Labrador West are relatively	12	Labrador East and to Labrador West. The
12	lower than for systems that have not been so	12	electrical energy from Churchill Falls is
13	well maintained and upgraded. In contrast,	13 14	wheeled to Labrador West by Twin Falls Power
	the electrical system serving Happy Valley-		Corporation and received at the Wabush
15		15	substation by Hydro with no transmission costs
16	Goose Bay was built and operated by Newfoundland and Labrador Hydro. They have	16	
17		17	to Hydro. Happy Valley-Goose Bay receives
18	received no such capital contributions to	18	power from Churchill Falls via a dedicated 230
19	upgrade the system. The system was designed	19	kV transmission line with Hydro being
20	and has always been operated completely	20	responsible for the cost of building,
21	separate from that of Labrador West with no	21	operating and maintaining the transmission
22	interaction or synergies. The only thing that	22	line. Given the different characteristics of
23	the Labrador East system has in common with	23	the systems of Labrador West and that in Happy
24	the present system in Labrador West is that	24	Valley-Goose Bay, and also given that the
25	each receives its power that is generated at	25	contributions to cost made by the mining
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1	companies in this area, the cost of	1	West electrical systems were given to Hydro at
2	distributing electrical power to consumers in	2	virtually no cost, it was reasonable to expect
3	Labrador West is lower than that required to	3	that future rates for Labrador West will be
4	distribute power to consumers in Happy Valley-	4	based on a cost of service in this area. A
5	Goose Bay. By merging the two systems and	5	policy that ties consumers in Labrador West to
6	posing a system of uniform rates on a so	6	a different system some 500 kilometres away
7	called, Labrador Interconnected grid or a	7	results in Labrador West consumers again, and
8	system, Hydro has adopted an arbitrary policy	8	I have to emphasize, subsidizing consumers in
9	requiring consumers in Labrador West to do	9	Happy Valley-Goose Bay. And it's clearly,
10	nothing more than to subsidize those in Happy	10	arbitrarily on the part of Hydro and amounts
11	Valley-Goose Bay. This arbitrary policy is	11	to discrimination against electrical consumers
12	contrary to principle and amounts to	12	which are you and me in Labrador West.
13	discrimination against consumers in Labrador	13	You've also heard this morning, the
14	West.	14	effects on the mining companies. Presently
15	Hydroand you've been all here this	15	the mining companies in Labrador West are the
16	morning and I haven't heard anything and I'm	16	sole reason for these communities existence
17	sure you haven't eitherhave presented no	17	and are facing a challenge for their very
18	concrete evidence to show why the two separate	18	survival. It's not an overstatement to say
19	systems in Labrador West and Happy Valley-	19	that Labrador West community is fighting for
20	Goose Bay should be merged, other than that	20	its continued existence. We must convince the
21	it's a policy adopted Newfoundland and	21	owners of IOC and Wabush mines to continue to
22	Labrador Hydro. Rather, there appears to be a	22	support their mining operations in Labrador
23	policy decision as part of Newfoundland and	23	West while we wait for prices and markets to
24	Labrador Hydro without any historical logic or	24	improve. Electrical rate increases in
	• • • • • • • • •		
25	evidence to support it. When the Labrador	25	Labrador West inevitably impact on cost to the Page 157 - Page 160

Discoveries Unlimited Inc., Ph: (709)437-5028

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1 M	AYOR LETTO:	1	including Newfoundland Power customers and
2	mining companies to a large degree and again,	2	some customers in Labrador. By utilizing the
3	you've all heard the from the evidence. The	3	authority conferred by Section 92(a) of the
4	costs of doing business are increased. By	4	Canadian Constitution, the province could
5	compelling Labrador West's electrical	5	impose a tax on all electrical production of
6	consumers to subsidize those in Happy Valley-	6	this province including that exported. Such a
7	Goose Bay, we are, indeed, increasing costs to	7	tax would more appropriates spread the burden
8	the mining companies at a time when they	8	of rural rate subsidy and reduce the impact on
9	cannot afford any additional burdens. At the	9	Labrador domestic consumers, as well as
10	same time, we are, in effect, making the	10	Newfoundland Power customers on the Island.
11	mining companies pay twice since they have	11	Indeed, a modest tax in the range of one mil
12	already paid for the electrical system in	12	per kilowatt hour calculated on all electrical
13	Labrador West.	13	production in the province, whether exported
14	I'd like to address the rural deficit.	14	or not, would realize sufficient monies to
15	Labrador City has always paid its share of	15	fund the rural deficit. This is a better and
16	social costs to this province. Residents in	16	fairer approach than placing the entire burden
17	Labrador City do not object, in principle, to	17	of rural electricity rates on Newfoundland
18	the subsidization of rural electricity rates	18	Power customers and some Labrador customers.
19	as was referred to this morning, those rates	19	This Board's duty and responsibility is to
20	in Hopedale, Makkovik, Black Tickle and other	20	recommend such a tax to the province.
21	places on the Labrador coast where diesel	21	That is the extent of my official
22	generation is used. Such a subsidy is, in	22	presentation, but there's a couple of other
23	effect, a social tax. As a tax, it ought to	23	things I want to mention. And I think, and
24	be collected through the legislature, rather	24	again, I have to than the people for coming
25	than imposed on certain electrical consumers	25	out. You see by the attendance here today,
	<u> </u>		· · · · ·
			Page 164
	Page 163 many of those people are retirees who've		Page 164 Bay That's their commitment to Labrador
1	many of those people are retirees who've	1	Bay. That's their commitment to Labrador
2	many of those people are retirees who've chosen Labrador City and Wabush as their place	1 2	Bay. That's their commitment to Labrador West. We're being used as a source of income
2 3	many of those people are retirees who've chosen Labrador City and Wabush as their place to live. They chose it not because we have a	1 2 3	Bay. That's their commitment to Labrador West. We're being used as a source of income to subsidize other areas of this province.
2 3 4	many of those people are retirees who've chosen Labrador City and Wabush as their place to live. They chose it not because we have a great transportation system which is, indeed,	1 2 3 4	Bay. That's their commitment to Labrador West. We're being used as a source of income to subsidize other areas of this province. And what they're doing by doing that, you're
2 3 4 5	many of those people are retirees who've chosen Labrador City and Wabush as their place to live. They chose it not because we have a great transportation system which is, indeed, substandard, not because we have a great	1 2 3 4 5	Bay. That's their commitment to Labrador West. We're being used as a source of income to subsidize other areas of this province. And what they're doing by doing that, you're pitting one area of Labrador against another.
2 3 4 5 6	many of those people are retirees who've chosen Labrador City and Wabush as their place to live. They chose it not because we have a great transportation system which is, indeed, substandard, not because we have a great health care system, which is declining. One	1 2 3 4 5 6	Bay. That's their commitment to LabradorWest. We're being used as a source of incometo subsidize other areas of this province.And what they're doing by doing that, you'repitting one area of Labrador against another.You're pitting Labrador West against Labrador
2 3 4 5 6 7	many of those people are retirees who've chosen Labrador City and Wabush as their place to live. They chose it not because we have a great transportation system which is, indeed, substandard, not because we have a great health care system, which is declining. One of the main reasons these people chose to stay	1 2 3 4 5 6 7	Bay. That's their commitment to LabradorWest. We're being used as a source of income to subsidize other areas of this province.And what they're doing by doing that, you're pitting one area of Labrador against another.You're pitting Labrador West against LabradorEast. We don't want that, but unfortunately,
2 3 4 5 6 7 8	many of those people are retirees who've chosen Labrador City and Wabush as their place to live. They chose it not because we have a great transportation system which is, indeed, substandard, not because we have a great health care system, which is declining. One of the main reasons these people chose to stay here and why people continue to choose to stay	1 2 3 4 5 6 7 8	 Bay. That's their commitment to Labrador West. We're being used as a source of income to subsidize other areas of this province. And what they're doing by doing that, you're pitting one area of Labrador against another. You're pitting Labrador West against Labrador East. We don't want that, but unfortunately, if this goes ahead, it will happen.
2 3 4 5 6 7 8 9	many of those people are retirees who've chosen Labrador City and Wabush as their place to live. They chose it not because we have a great transportation system which is, indeed, substandard, not because we have a great health care system, which is declining. One of the main reasons these people chose to stay here and why people continue to choose to stay here is because of the electrical rates. That	1 2 3 4 5 6 7 8 9	 Bay. That's their commitment to Labrador West. We're being used as a source of income to subsidize other areas of this province. And what they're doing by doing that, you're pitting one area of Labrador against another. You're pitting Labrador West against Labrador East. We don't want that, but unfortunately, if this goes ahead, it will happen. I thank you for your time to the Board
2 3 4 5 6 7 8 9 10	many of those people are retirees who've chosen Labrador City and Wabush as their place to live. They chose it not because we have a great transportation system which is, indeed, substandard, not because we have a great health care system, which is declining. One of the main reasons these people chose to stay here and why people continue to choose to stay here is because of the electrical rates. That is the only thing other than being a great	1 2 3 4 5 6 7 8 9 10	 Bay. That's their commitment to Labrador West. We're being used as a source of income to subsidize other areas of this province. And what they're doing by doing that, you're pitting one area of Labrador against another. You're pitting Labrador West against Labrador East. We don't want that, but unfortunately, if this goes ahead, it will happen. I thank you for your time to the Board and please, I beg of you, to consider the
2 3 4 5 6 7 8 9 10 11	many of those people are retirees who've chosen Labrador City and Wabush as their place to live. They chose it not because we have a great transportation system which is, indeed, substandard, not because we have a great health care system, which is declining. One of the main reasons these people chose to stay here and why people continue to choose to stay here is because of the electrical rates. That is the only thing other than being a great community to live in, that is the only	1 2 3 4 5 6 7 8 9 10 11	 Bay. That's their commitment to Labrador West. We're being used as a source of income to subsidize other areas of this province. And what they're doing by doing that, you're pitting one area of Labrador against another. You're pitting Labrador West against Labrador East. We don't want that, but unfortunately, if this goes ahead, it will happen. I thank you for your time to the Board and please, I beg of you, to consider the evidence that's being put forward here today.
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1			
	Page 165		Page 166
1	GREENE, Q.C.:	1	time to time? Can you pass any comment on
2	Q. No questions.	2	that?
1	BROWNE, Q.C.:	3	A. I think I would have to say that, in all
4	Q. Okay, I'll ask a few questions. Yes, Mayor	4	fairness, that the supply of electricity is
5	Letto, can you give us some information	5	fairly constant.
6	concerning the demographics of the community?	6	Q. And in terms of the fact that you are a
7	In terms of the form of heating people have	7	northern community and according to the
8	here. Are there many people who heat their	8	evidence presented this morning, probably it's
9	homes with oil or are the vast majority	9	a lot colder here than it is in Happy Valley-
10	heating their homes with electricity?	10	Goose Bay and therefore, you rely more on your
11	A. I don't know what the figures are, but	11	electricity perhaps than most. Is that a fair
12	certainly, I think I would be right in saying	12	comment?
13	that the majority of the people in Labrador	13	A. I think so, yes.
14	West use electricity to heat their homes	14	Q. And do most people require to plug in their
15	because of the benefit that we enjoy, because	15	cars at night? Is that a requirement of
16	of electricity rates. I mean, to compare the	16	living here in this particular area?
17	cost between electricity and oil, there's no	17	A. If you want to go somewhere the next morning,
18	doubt that most people are using electricity.	18	you have no choice.
19	Q. Do many people supplement their electricity	19	Q. So, that's part, an essential part of your
20	heat with wood stoves and the like? Is that	20	existence, to have a source of electricity to
21	common practice -	21	plug in your car?
22	A. That is a common practice, yes.	22	A. Well, it's either to plug in the car or heat a
23	Q. And can you tell me, concerning the loss of	23	second building which would be a garage, yes.
24	supply, is the supply of electricity constant	24	Q. And in terms of this particular application, I
25	here or are you subject to interruptions from	25	gather that your objection is being tied to
	Page 167		Page 168
1	the Happy Valley-Goose Bay rate, but if the	1	CHAIRMAN:
2	Board were to decide to give you, to allow you		Q. Who else has -
		2	Q. Who else has -
3	to exist on a stand-alone basis and Hydro had		MR. HAYES:
3 4	to exist on a stand-alone basis and Hydro had legitimate costs pursuant to this particular		-
1	legitimate costs pursuant to this particular	3 4	MR. HAYES:
4	•	3 4	MR. HAYES: Q. No questions here, thank you.
4 5	legitimate costs pursuant to this particular area, it's not your objection to a rate	3 4 5	MR. HAYES: Q. No questions here, thank you. MR. KENNEDY:
4 5 6	legitimate costs pursuant to this particular area, it's not your objection to a rate increase pursuant to those costs, is it? A. Well, we believe that if that were done, we	3 4 5 6	MR. HAYES:Q. No questions here, thank you.MR. KENNEDY:Q. Mayor Letto, are there areas where the towns
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Page 169 Page 170 1 MAYOR LETTO: 1 thank you, sir. 2 Happy Valley-Goose Bay. For usand these are 3 please, with the Town of Wabush. 3 other thingswe don't agree with that either. 3 please, with the Town of Wabush. 4 C.2.25 p.m.) 5 MAYOR IM FARRELL (SWORN) 6 us and Labrador East when it comes to 6 MS. NEWMAN: 7 electrical rates. MS. NEWMAN: 7 9 Q. Yes. And I think you've made that abundantly 10 MS. NEWMAN: 10 clear. I'm just trying to see what other 12 MAYOR IM FARRELL (SWORN) 11 areas of your itwery nour community do you 13 Mayor of Wabush has kindly provided a written 12 share some government like services or 12 Mayor of Wabush has kindly provided a written 13 roads or your severs, do you share 15 CHAIRMAN: 14 that J: No. 1 before we begin . Sourd reprotive. I guesa: Iwill, although 16 Gouse Bay, for instance, for your 16 Ontania otheroine, buther's so many things that <th></th> <th>Veinder 20, 2003</th> <th>1111-1</th> <th>age INL Hyuro \$ 2005 General Kate Application</th>		Veinder 20, 2003	1111-1	age INL Hyuro \$ 2005 General Kate Application
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24 Economic Development Board and the Chamber of 24 Bay area. The systems in Labrador East and	22	Iron Ore Company of Canada, the United	22	Newfoundland and Labrador Hydro to serve
		Steelworkers of America, the Hyron Regional	23	electrical consumers in the Happy Valley-Goose
25 Commerce. The Town of Wabush has initiated a 25 Labrador West were completely separate and	23		1	
		Economic Development Board and the Chamber of	24	Bay area. The systems in Labrador East and

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1 MR	. FARRELL:	1	megawatts of standby generation capacity
2	distinct, nor did the Labrador East electrical	2	consisting of gas turbine and diesel
3	system receive capital infusions to upgrade as	3	generators. Standby capacity for that relates
4	occurred in both Labrador City and Wabush.	4	to Labrador East only, nothing to do with
5	The Wabush system as well as the IOC system	5	Labrador West, bear that in mind. It offends
6	serving Labrador City received their	6	common sense and reality to refer to the
7	electrical energy at the Wabush substation.	7	systems in Labrador East and Labrador West as
8	The energy is now wheeled to Labrador West by	8	a single Labrador interconnected system. The
9	Twinco over its 230 kV transmission line at no	9	reality is that electrical energy in Labrador
10	cost at all to Newfoundland and Labrador	10	West ought to be cheaper than power in
11	Hydro. The Labrador East electrical system	11	Labrador East because of the modern upgraded
12	serving Happy Valley-Goose Bay and surrounding	12	system in Labrador West, low acquisition cost
13	areas receives its power via a 130 kV	13	for the systems and no transmission costs.
14	transmission line from Churchill Falls. The	14	Any decision to treat the Labrador West system
15	kV line is dedicated solely to the Labrador	15	and the Labrador East system as a single
16	East area. Its capital and maintenance costs	16	interconnected system is a completely
17	are incurred by Hydro solely to serve	17	fictitious exercise. The result of a policy
18	customers in Labrador East. The only common	18	imposing uniform rates throughout the so-
19	feature between the system in Labrador East	19	called interconnected system is that consumers
20	and that in Labrador West is that each	20	in Labrador West would be discriminated
21	receives power that is generated by CF(L)Co at	21	against by being required to subsidize those
22	Churchill Falls, that's the only difference.	22	in Labrador East, discriminated against. The
23	However, generation costs are higher in	23	result amounts to undue rate discrimination
24	Labrador East than in Labrador West because	23	against the consumers in Labrador West.
25	Labrador East has the cost of maintaining 38	25	Wabush Mines may be facing the most
	Page 1		Page 176
1	difficult market conditions that it has ever	1	As as tax, it ought to be collected through
2	experienced. Prices and markets are fiercely	2	the legislature rather than impose on certain
3	competitive, while at the same time, the	3	electrical consumers including Newfoundland
4	Canadian currency has appreciated some 20	4	Power customers and some customers in
5	percent in the past year. In this market	5	Labrador. By utilizing the authority
6	environment, Wabush Mines is struggling to	6	conferred by Section 92(a) of the Canadian
7	survive. If Wabush Mines does not exist, then	7	Constitution, the Province could impose a tax
8	the Town of Wabush has not reason to exist.	8	on all electrical production in the Province
9	Increases in electricity rates add to the cost	9	including that which is exported from
10	of doing business in Labrador West for Wabush	10	Churchill Falls, such a tax would be more
11	Mines as well as for the Iron Ore Company of	10	appropriately spread, the burden of rural rate
12	Canada.	11	subsidy and reduce the impact on Labrador
12	In effect, such rate increases require	12	domestic consumers as well as Newfoundland
13	these companies to pay again for costs that	13	Power customers on the Island. Indeed, a
14	they may have already paid for before.	14	modest tax in the range of one mil per
15	We, in Wabush, fear that such a	15	kilowatt hour calculated on an all electrical
10	discriminatory policy may underline the	10	production in the Province, whether exported
17	commitment of Wabush Mines to continue	17	or not, would realize sufficient monies to
18	business in Labrador.	18	fund the rural deficit, just one mil per
	We'll go to the collection of the rural	19 20	kilowatt hour. This is a better and fairer
20 21	deficit now. Wabush has always paid its share		approach than placing the entire burden of
	of social costs in the Province. Residents in	21	
22 23	Wabush do not object, in principle, to the	22	rural electricity rates on Newfoundland Power customers and some Labrador customers. The
23 24	subsidization of rural electricity rates.	23	
124	substuization of fural electricity rates.	24	Board's duty and responsibility is to
25	Such a subsidy is, in effect, a social tax.	25	recommend such a tax to the Province.

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1 MR.	FARRELL:	1	funny, you know. The health care system is
2	Consumers in Labrador West pay electricity	2	centralized in Labrador East; Hydro, as Graham
3	rates based on the cost to service Labrador	3	said before, have moved their office to Goose
4	West, together with contribution to the rural	4	Bay now and I heard a while ago that they
5	deficit. Labrador West should not be required	5	hired someone on a part-time basis over there,
6	to subsidize Happy Valley-Goose Bay consumers.	6	practically to look after work that's being
7	Hydro should not be placing Labrador West	7	generated by the workers over here and sent to
8	citizens in a position where Labrador West	8	Goose Bay to be continued. So, that's a thing
9	consumers are forced into a direct conflict	9	that, you know, makes people in Labrador West
10	with those in Happy Valley-Goose Bay.	10	wonder what they're doing. People here live
11	I thank you for the opportunity to make	11	in a climate that is much harsher and colder
12	this submission and look forward to a decision	12	than in Labrador East and it seems like we're
13	that does not allow discriminatory rates to be	13	always getting the other end of the stick, so
14	charged to consumers in Labrador West.	14	to speak. So, I respectfully submit to the
15	I'll have to say, what this does is pit	15	Board that they look favourably on all the
16	us against Labrador East and we have no	16	comments that we've made here today and I'd
10	problem with consumers in Labrador East,	10	like to thank you for your presence. Thank
18	that's not the problem. The problem is that	18	you very much.
19	looking five years down the road when	19	(APPLAUSE)
20	consumers in Labrador West will be subject to		CHAIRMAN:
21	141 percent increase and consumers in Labrador	21	Q. Thank you, Mayor Farrell, very much.
22	East, zero rate increase. That's what makes	22	Questions, Mr. Hearn?
23	it hard for all of us to fathom. So, as		HEARN, Q.C.:
24	Graham said before, we're losing so many	24	Q. Mayor Farrell, it's my understanding and I ask
25	services to Labrador East, that it's not even	25	you to correct me if I'm wrong, that the
	Page 179		Page 180
1	citizens in Wabush and Labrador City do not	1	Page 180 A. Thank you.
1 2	citizens in Wabush and Labrador City do not object to paying the cost to service the local		-
	citizens in Wabush and Labrador City do not		A. Thank you.
2 3	citizens in Wabush and Labrador City do not object to paying the cost to service the local	2	A. Thank you. CHAIRMAN:
2 3 4 A	citizens in Wabush and Labrador City do not object to paying the cost to service the local area, would that be correct?	2 3	A. Thank you. CHAIRMAN: Q. No questions? Thanks very much, Mayor
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2 3 4 5 6 7 8 9 A 10 11 0 12 13 14 GRE 15 0 16 MR. 17 0 18 BRO 19 0 20 21 22 A 23 0 24 A	 citizens in Wabush and Labrador City do not object to paying the cost to service the local area, would that be correct? A. That's correct, Mr. Hearn, yes. D. And that, in principle, is it also correct to say that the consumers here don't object to paying a reasonable share towards social costs such as the rural deficit? A. We've never objected to that; we expect that actually. D. Those are my questions. Some other counsel may have some other questions. Thank you, Mr. Mayor. EENE, Q.C.: D. No questions, Mr. Chair. D. No questions, Mr. Chair. DWNE, Q.C.: D. Just one question, Mayor Farrell. Street lighting, what does street lighting cost your council? Do you have any idea? A. About nineteen thousand per year roughly. 	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 A. Thank you. CHAIRMAN: Q. No questions? Thanks very much, Mayor Farrell. I call upon Mr. George Kean now, Mr. Kean, please? (2:36 p.m.) CHAIRMAN: Q. Good afternoon, Mr. Kean. MR. GEORGE KEAN (SWORN) MS. NEWMAN: Q. Chair, before we begin, Mr. Kean has kindly provided a copy of his presentation and we'll call that GK No. 1. CHAIRMAN: Q. Thank you, Ms. Newman. A. Mr. Chair, members of the Board, ladies and gentlemen. First of all, I'd like to ask the Board members to probably relax for a few minutes. My presentation isn't going to be about the cost of service and these type of things. I want you to understand what's going to be happening here in Labrador West if you

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1	MR. KEAN:	1	the opportunity to make the presentation and
2	magnitude of the decision you're going to have	2	the proposed requests of Hydro for rate
3	to make. But I'm not sure if you, as Board	3	changes to its customers. I'm here, not only
4	members, realize the magnitude of your	4	representing my members, but retirees and
5	decision or what your decision could cause to	5	families of deceased members who are the
6	this community of Labrador West. I know you	6	majority of customers of the electric system
7	have travelled across the Province in the last	7	in Labrador West.
8	couple of days and here today, you're probably	8	I guess I could be call a Consumer
9	hearing more of the same, but it's important	9	Advocate who is aware of the individuals that
10	for you to really get a good understanding.	10	are residing in Labrador West and their
11	Many of you are probably from St. John's and	11	ability to survive under such a rate increase
12	other parts of the Province and saying to	12	that's projected to take place. My members
13	yourself well, I pay six cents per kilowatt,	13	have come to Labrador City over the years with
14	what are these people complaining about? If I	14	the promise of subsidized housing, excellent
15	can pay it, they can pay it. But we're	15	medical and recreational facilities, vacation
16	talking about everything being on equal keel.	16	packages and jobs. The Iron Ore Company of
17	And if you live in Labrador West, things	17	Canada realized many years ago that in order
18	aren't on equal keel. If it was, we wouldn't	18	to attract workers to the northern mining town
19	be complaining.	19	which has a very harsh climate with six to
20	On behalf of 950 members of the United	20	eight months of temperatures around minus 20
20	Steelworks Association of America, Local 5795,	20	they had to offer good benefits. Even with
22	representing all of the employees at the Iron	22	good benefits, the Iron Ore Company had found
22	Ore Company of Canada and Orica Canada	23	many employees wouldn't stay. They couldn't
23	Institute, I want first, Mr. Noseworthy, to	23	adapt to the long winters and isolation.
25	thank you and other members of the Board for	24	Close to 50,000 employees have gone through
25	thank you and other memoers of the board for	23	Close to 50,000 employees have gone through
	Daga 192		Dece 194
	Page 183 the gates of IOC since 1959 when our Union was	1	Page 184 what's happening in other parts of the
1	the gates of IOC since 1959 when our Union was	1	what's happening in other parts of the
2	the gates of IOC since 1959 when our Union was chartered. For those of us that decided to	2	what's happening in other parts of the Province. But when a province don't realize
2 3	the gates of IOC since 1959 when our Union was chartered. For those of us that decided to make Labrador City our home, we find it a	2 3	what's happening in other parts of the Province. But when a province don't realize the alienation that is happening to Labrador
2 3 4	the gates of IOC 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.	2 3 4	what's happening in other parts of the Province. But when a province don't realize the alienation that is happening to Labrador West, we're almost a forgotten part of the
2 3 4 5	the gates of IOC 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, my membership has gone from a	2 3 4 5	what's happening in other parts of the Province. But when a province don't realize the alienation that is happening to Labrador West, we're almost a forgotten part of the Province and it's sad, what's happening,
2 3 4 5 6	the gates of IOC 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, my membership has gone from a high of 2600 members in the late 1970s to less	2 3 4 5 6	what's happening in other parts of the Province. But when a province don't realize the alienation that is happening to Labrador West, we're almost a forgotten part of the Province and it's sad, what's happening, because there is no need of it. Hydro wishes
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2 3 4 5 6 7 8	the gates of IOC 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, my membership has gone from a high of 2600 members in the late 1970s to less than 1000 members today when downsizing in order to compete in a global marketplace.	2 3 4 5 6 7 8	what's happening in other parts of the Province. But when a province don't realize the alienation that is happening to Labrador West, we're almost a forgotten part of the Province and it's sad, what's happening, because there is no need of it. Hydro wishes to increase rates totalling 141 percent over five years. Now, we consider such increases
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	Page 185		Page 186
1 MR.		1	years. Do you know of any unions around this
2	had cancer and wondering if we could help her	2	province that would agree to give up 300 of
3	get a stove. Get a call from a lady on a	3	their members voluntarily in order to make
4	Sunday, say, listen, I don't have no groceries	4	sure that their employer survived? Well,
5	to eat today. So, we have to go and try to	5	that's what we did and now Hydro is trying to
6	get groceries. Or from a lady saying, calling	6	cut that out from under us because Hydro do
7	me, saying, Mr. Kean, my husband never worked	7	not care if Labrador City survives, if IOC
8	for IOC, not a member of the union, but I know	8	survives or if Wabush Mines survives. They're
9	you help people. I am in pain, I got to get	9	just looking at the dollar figure and as was
10	drugs and don't have no money, could somebody	10	said by previous speakers, we don't mind
11	help me? This is the situation happening in	11	paying our costs, we do that every day and
12	Labrador West that people don't realize that's	12	we're willing to do that in the future. In
13	happening on a day-to-day basis.	13	the past between 60 to 70 percent of retirees
14	Hydro was given the Labrador West	14	in Labrador retiring, staying here, while
15	distribution assets for the nominal sum of	15	others have decided to retire on the Island or
16	\$1.00 and the mining companies also	16	in other parts of Canada. As the cost of
17	contributed millions of dollars to upgrade the	17	electricity is one of the factors and Mayor
18	local systems to ensure the Labrador West	18	Farrell and Mayor Letto and others have
19	rates would remain reasonable and would	19	alluded to that, help influence their decision
20	reflect local costs. With the Iron Ore	20	to stay. An increase in hydro, even a small
21	Company of Canada experiencing difficult times	21	increase, would have serious repercussions of
22	in Labrador West, they cannot afford such	22	the future for Labrador City. It would be
23	increases. Over 300 members of my local have	23	another resettlement. People will be leaving
24	left since 1999 and we have additional 500	24	Labrador City to go to some other part of the
25	members that can retire in the next five	25	province, if they got to be paying 3 and
	Page 187		Page 188
1	\$400.00, then they're going to pay it for air	1	on the coast and got to go to Goose Bay for
2	conditioning or live in a better part of the	2	medical, for \$20.00 the airlinefor \$20. 00
3	province where they're closer to hospitals and	3	you can go to Goose Bay for medical coverage.
4	everything else. The costyou're saying if	4	Anybody here in Labrador City got to go to
5	everything was on equal keel, well if I was	5	Goose Bay and we just had people involved in a
6	living in St. John's today and wanted to go to	6	car accident on the Goose Bay Road, just
7	Toronto, I could get on a flight with one	7	driving to Goose Bay trying to get treatment,
8	day's notice and for \$300.00, I could be in	8	trying to get an examination, you know, the
9	Toronto. For me to go to Toronto today from	9	cost of having to go there. We get people
10	Labrador City would cost me about \$1,500.00.	10	calling us at our office saying, listen, my
11	If one of us died here today in this room, one	11	wife has to go for medical examination at the
12	of the Board members, in order to get back to	12	Health Science. I don't have the money to buy
13	St. John's, you have to travel to three other	13	a ticket. There's nowhere in the government
14	provinces in Canada to get back to St. John's,	14	going to help you. So you're in St. John's,
15	Newfoundland. You have to get on a plane	15	you can get a taxi or drive to the Health
16	here, go to Sept-Isle, Quebec City, Montreal,	16	Science, you're there. If we want to put
17	Halifax and then in St. John's. If you're	17	everybody on an even keel, that's no problem,
18	lucky, you'd probably get there in two days,	18	but if you're residing here, you're not in
19	unless you were like the last resident that	19	that situation.
20	left here, they were left in Halifax Airport,	20	The Iron Ore Company of Canada built and
		1	
21	but that's what we got to go through here in	21	owned the hydro system and my members
	but that's what we got to go through here in Labrador City trying to live. You know, the	21 22	maintained the service in Labrador City until
21			
21 22	Labrador City trying to live. You know, the	22	maintained the service in Labrador City until

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1 N	IR. KEAN:	1	radio station and the Aurora here, but that's
2	your house, we made the repairs and everything	2	all. So that's why we're getting parties,
3	else, 5795 members. And when Hydro took over	3	like the New Labrador Parties and others in
4	the system, it was in such good condition that	4	Labrador West are feeling alienated from the
5	not very much was done to have to keep the	5	rest of the province and this is just throwing
6	upkeep and the mining companies gave Hydro the	6	another bridge in it. We don't need it.
7	money for improvement at that time.	7	Labrador West customers will be compelled
8	We feel we are paying more than enough on	8	to pay unjust rates far in excess of the cost
9	the present structure for Hydro to pay for	9	required to secure Labrador West. This
10	upkeep and service on the system, and also	10	increase will also be far in excess of those
11	make a substantial profit. The Hydro policy	11	required to provide Hydro with a reasonable
12	in the Town of Labrador West customers to	12	rate of return and to make a proportionable
13	subsidize those in Labrador East amounts to	13	contribution to the rural deficit. In
14	rate discrimination against the residents of	14	retrospect, it would have been better for the
15	Labrador West. And that's exactly what it is.	15	Iron Ore Company of Canada to have kept the
16	I watched the hearings from Corner Brook last	16	hydro system in Labrador West. They wouldn't
17	night, I mean, we're all supposed to be	17	be facing high increases which will possibly
18	citizens of this province. I watched it on	18	lead to the demise of their business, and we,
19	CBC and NTV, but you'll notice here today	19	as residents, wouldn't be looking at the
20	there's no cameras. CBC pulled out of here	20	possibility of our livelihood going down the
21	years ago. NTV is not here and VOCM, the	21	wires. There's not too often recently that I
22	voice of the common man, pulled out of here	22	have agreed with IOC and many of the things
23	two years ago. So we're not even treated like	23	that they have said, but I agree with what
24	members of our province and it's shameless	24	they have said this morning and I agree that
25	what's happening. We do have a CBC and local	25	if this increase goes ahead, it will lead to
	Page 1	91	Page 192
1	serious repercussions for IOC and for the	1	effect of the proposed increases on the
2	community here in Labrador West.	2	relations between this area and the people in
3	The present issue of Hydro wanting large	3	Happy Valley-Goose Bay?
4	unrealistic increases for electricity is the	4 N	ИR. KEAN:
5	reason our union fought the take over of the	5	A. Well, you know, that's something that we don't
6	power utilities for the Iron Ore Company of	6	want to see happening, but it is already
7	Canada in 1992. We fought it at that time	7	creating thatwe think what's happening is
8	because we knew their only reason for wanting	8	just a political thing from a couple of years
9	to do it, was to do what they're doing now or	9	ago when politicians in Goose Bay tried to get
10	what they're trying to do. If Hydro is	10	it started originally, for political reasons,
11	granted such outrageous increases, you may	11	and Hydro bought into it and we think that
12	help Hydro put income into its bank	12	this is just going to destroy the
13	originally, bit in a really short while, it	13	communications at a time when we should be
14	will have less revenue coming from Labrador	14	working together. It's not only two different
15	West because there will be fewer residents	15	areas in Labrador, but as the Province of
16	here left to pay.	16	Newfoundland and Labrador, we should be trying
17	Your decision could help destroy Labrador	17	to sustain industries, rather than closing
18	City and Labrador West as we know it, so	18	them down. And I know that's not the intent,
19	please deny any increases. Thank you.	19	but that's going to be the result of Hydro
20	(applause)	20	increasing the rates as they've got proposed
	'HAIRMAN:	21	and if the Board agrees with it. And I appeal
22	Q. Thank you very much, Mr. Kean. Mr. Hearn, do	22	to the Board to look at this very seriously.
23	you have any questions?	23	This is not like a decision that you're going
124 11	IEARN, Q.C.:	24	to make elsewhere in the province. Please
24 n 25	Q. Mr. Kean, do you have any thoughts on the	25	take a very strong look at this.

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1 HEARN, Q.C.:	1	Q. And all the retirees are not subject to any
2 Q. Thank you, Mr. Kean, that's my onl	y questions. 2	such subsidy and they're paying themselves out
3 GREENE, Q.C.:	3	of their pension funds?
4 Q. I have no questions.	4 M	IR. KEAN:
5 BROWNE, Q.C.:	5	A. And they're on a set income and we have a lot
6 Q. Yes, Mr. Kean, you mentioned 60 to	o 70 percent 6	of retirees that have been retired here since
7 of your retirees are staying here.	I'm 7	late 80's, early 90's and they're living on
8 curious as to whether or not those r		probably less than \$1,000 a month, so there's
9 have that benefit under the Coll	ective 9	no way that they would be able to afford to
10 Agreement whereby some of their e	lectricity is 10	live here.
11 paid through, by the Company. Do	they carry 11	Q. Thanks very much, Mr. Kean.
12 that with them in the retirement?	12 C	HAIRMAN:
13 MR. KEAN:	13	Q. Mr. Kean, just a quick question, I guess to
14 A. No, they don't, Mr. Browne, and w		follow up basically to Mr. Browne's question,
15 that's going to be very difficult for		you mention here that the 500 people who are
16 hold on this time, as IOC is still tryin	Ç.	eligible to retire -
17 reduce costs further and we know the		UDIENCE:
18 going to be a burden that we don't v		Q. Speak up.
19 don't want it put on IOC either, so w		HAIRMAN:
20 to see the rates frozen so we won't	have to 20	Q. Okay, sorry, you indicate in your presentation
21 deal with that.	21	that there are 500 people who are eligible to
22 Q. So that would be an added complica	tion if the 22	retire over the next 5 years. Do you have any
23 increase was approved.	23	idea of how many retirees now you would have
24 MR. KEAN:	24	in your membership, in total?
25 A. It definitely will be, sir.	25 M	IR. KEAN:
	Page 195	Page 196
1 A. Well, we had 300 people retire in	the last 1	Q. The demographics in post war baby boomers are
2 four years, 60 percent of them have	e stayed 2	not different here than anywhere else, by the
3 here and there's probably another 3	500 from 3	sounds of it. Thank you very much for your
4 1985 onward and right here in Labr	ador City, 4	presentation. I call upon Mr. Jody Kelly who
5 you've got probably 200 homes that	t cannot be 5	is manager of Hyron Economic Development
6 sold and with people planning on a	ę	Corporation and Mr. Elmo Bingle, who is
7 that would say, yes, I'm going to re	tire and 7	present of the Labrador West Chamber of
8 stay in Labrador City, this decision		Commerce.
9 definitely say I'm not staying here		2:56 p.m.)
10 going to go somewhere else. And it		IR. JODY KELLY (SWORN)
11 leave us like a ghost town.		IR. ELMO BINGLE (SWORN)
12 Q. Several hundred people we're talkin	g about? 12 C	HAIRMAN:
13 MR. KEAN:	13	Q. Thank you very much, gentlemen and you may
	elf, I've 14	
14 A. Well right now presently, like mys		proceed when you're ready.
A. Well right now presently, like mysgot 27 years seniority with IOC, I'm	one of 15 M	proceed when you're ready. IR. KELLY:
 A. Well right now presently, like mys got 27 years seniority with IOC, I'm except for probably a hundred, I'm 	one of 15 M probably 16	proceed when you're ready. IR. KELLY: A. First of all, I guess on behalf of the Hyron
 A. Well right now presently, like mys got 27 years seniority with IOC, I'm except for probably a hundred, I'm the junior employees and we can ret 	one of15 Ma probably16ire with 3017	proceed when you're ready. IR. KELLY: A. First of all, I guess on behalf of the Hyron Board and the Labrador West Chamber of
 A. Well right now presently, like mys got 27 years seniority with IOC, I'm except for probably a hundred, I'm the junior employees and we can ret years service. So almost, right now 	one of15 Ma probably16ire with 3017with 96018	proceed when you're ready. IR. KELLY: A. First of all, I guess on behalf of the Hyron Board and the Labrador West Chamber of Commerce, I'd like to welcome you to our area,
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Page 197 Page 197 1 MR, KFLLY: 1 community. We also see this as driving a 2 and individuals who will be presenting today 3 wedge between two municipalities: Labrador 3 to ensure our objection is voiced. 3 West and Labrador Fast and that is something 4 MR, BLNCLE: 4 that we really don't want to see from a 5 A. Thank you, Jody. On behalf of the Chamber of 5 Chamber of Commerce, the information that Tm about to 7 put forth and I hope you bear with me because 7 Labrador. 8 10 ADUENCL: 10 this area, Just to give you an example, we 11 Q. Give it to Hydro (laughter). 11 this area, Just to give you an example, we 12 MR, BLNCLE: 10 this area, Just to give you an example, we 13 MOLENCU: 10 this area, Just to give you an example, we 14 with some of the effects on local businesses on a versage of \$1,200 a month, which 15 in Labrador West. The Labrador West Chamber 15 16 commerce is directly and I wan to say this 16 grown that i's 28.2 percent with an increase 17 mephaically that we're opposed to the 17 <th>nove</th> <th>inder 20, 2005 Mult</th> <th>1-Page</th> <th>NL Hydro's 2005 General Rate Application</th>	nove	inder 20, 2005 Mult	1-Page	NL Hydro's 2005 General Rate Application
1 and individuals who will be presenting today 2 wedge between two municipalities: Labrador 3 to ensure our objection is voiced. 3 West and Labrador East and that is something 4 MR.BKOLE 3 West and Labrador East and that is something 5 A. Thank you, Jody. On behalf of the Chamber of 5 Chamber of Commerce, the information that I'm about to 7 put forth and I hope you bear with me because 8 I do have the flu and if anybody wants it, 8 The increase will have an extraordinary 9 I'll give it to you, but 9 effect to a subaines owner of a medium size business and at this particular time, hely re 10 A. Fl do that right after. Just want to deal 13 paying on average of \$1.200 a month, which 14 with some of the effects on local businesses 14 equates to \$14,400 ayear. If you look at the 15 in Labrador West. The Labrador West Chamber 15 given that it's 28.2 percent with an increase 16 ot commerce is directly and I want to say this increase in Hydro rates and support all 18 equates to \$14,400 ayear. If you look at the 17 emphatically that we're opposed to the 17 then of 20 percent in the next four, this will		Page 197	,	Page 198
1 to ensure our objection is voiced. 3 West and Labrador East and that is something 4 MR. BINGLE: 5 West and Labrador East and that is something 6 Commerce, the information that I'm about to for put forth and I hope you bear with me because 5 Chamber of Commerce perspective. We want to see good relationships between both areas of see good relationships between both areas of see good relationships between both areas of Labrador. 8 I do have the flu and if anybody wants it, 9 I'll give it to you, but- 9 effect on small and medium size business in 10 AUDIFNCE: 10 this area. Just to give you an example, we spoke to a business owner of a medium size businesse in 12 paying on average of S1,200 a moth, which 14 with some of the effects on local businesses 14 equates to S14,400 a year. If you look at the 13 proposed increases and wey for the 14 causes in Haydro rates and support all 18 equates to S14,400 a year. If you look at the 13 proposed increases and wey for posed increases in the hydro rates for 20 percent in the next four, this will 18 increases in Hydro rates for 20 percent in the next four, this will 18 equate to somewhere around approximately 21 The hydro West. 21 for that not once, but twice. This will make a 23 molecular this increase 24 will fifter all businesses in Labr	1 MR	. KELLY:	1	community. We also see this as driving a
4 M. RINGLI: 4 that we really don't want to see from a 5 A. Thank, you, Jody. On behalf of the Chamber of Commerce, the information that I'm about to 6 Commerce, the information that I'm about to 6 7 put forth and I hope you bear with me because 7 Chamber of Commerce, the information that I'm about to 8 I do have the flu and i' anybody wants it, 9 The increase will have an extraordinary 9 I'll give it to you, but - 10 10 Six to give you an extraordinary 9 I'll give it to Hydro (laughter). 10 10 this area. Just to give you an extraordinary 12 MR. RINGLI: 12 business and at this particular time, they're 13 A. I'll do that right after. Just want to deal 13 paying on average of \$1,200 a month, which 14 equates to \$14,400 a year. If you look at the 13 paying on average of \$1,200 a month, which 15 in Labrador West. The Labrador West Chamber of Commerce see this as 16 that i's 28. percent with an increase 16 that with so increase will have a 20 proposed increases and support all 18 equates to \$14,400 a year. If you look at the 20 12 <td< td=""><td>2</td><td>and individuals who will be presenting today</td><td>2</td><td>wedge between two municipalities: Labrador</td></td<>	2	and individuals who will be presenting today	2	wedge between two municipalities: Labrador
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	23	• •	23	
are working towards diversification and this 25 O. Thank you very much. Mr. Bingle and Mr. Kelly	24	afternoon. We are a single industry town. We	24 CHA	IRMAN:
	25	are working towards diversification and this	25 Q	. Thank you very much, Mr. Bingle and Mr. Kelly.

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1 CHAIRMAN:	1 would be opposed to paying their own way.
2 Mr. Hearn, do you have any questions?	2 Every business would certainly pay their own
3 HEARN, Q.C.:	3 way based on what it cost to provide that
4 Q. Mr. Bingle and Mr. Kelly, you've heard Mayor	4 service.
5 Letto and Mayor Farrell indicate that in their	5 Q. What's the present business environment here
6 view residents and consumers in this area do	6 for your members at the present time? Is it
7 not object to paying the local cost to service	7 aare these robust economic times or are your
8 this area and contributing of a proportionate	8 people facing difficult circumstances at
9 share towards the rural deficit, is that your	9 present?
10 perspective as well?	10 MR. BINGLE:
11 MR. BINGLE:	11 A. A lot of the businesses in Labrador West right
12 A. That is mine, Mr. Hearn.	now are facing difficult times and if you were
13 MR. KELLY:	to go to a lot of the small businesses, they
14 A. Yes.	14 are certainly facing those times right now.
15 Q. Is there any other comments, any areas in your	15 Q. Those are my questions. Thank you.
16 presentation that you think require special	16 GREENE, Q.C.:
17 emphasis or have you covered it to your	17 Q. I have no questions.
18 satisfaction?	18 BROWNE, Q.C.:
19 MR. BINGLE:	19 Q. You mentioned one of the businesses is paying
20 A. I think we covered everything pretty well, and	20 \$14,400 annually for electricity and that
again, from the Chamber of Commerce	21 would increase to \$35,000 under the proposed
22 perspective and from talking with business,	22 increase, is that what you have stated?
23 there's neither business in Labrador West that	23 MR. BINGLE:
does not, you know, feel, I guess, that they	24 A. Yes.
	25 Q. What kind of business would that be? Would
Page 203	Page 20
1 that be typical of most businesses or -	1 familiar with that and a lot of businesses
2 MR. BINGLE:	2 have done things to basically try to control
3 A. That would be, basically it would be typical	3 their cost of heating.
4 of most businesses because every business is	4 Q. Thank you very much, sir.
5 certainly going to be affected by this	5 MR. BINGLE:
6 increase, but this particular business was a	6 A. Thank you.
7 grocery store providing the essentials for the	7 HEARN, Q.C.:
8 people of Labrador West, which we see as not	8 Q. No questions here.
9 only getting a 28 percent increase, but the	9 CHAIRMAN:
10 increase to that business will be passed on to	10 Q. How many members do you have in your Chambers
11 the consumers of Labrador City as well.	11 of Commerce?
12 Q. And in reference to your businesses generally,	12 MR. BINGLE:
13 is your Chamber aware of any possibilities	13 A. Right now we have 80 members.
14 under the Climate Control Plan for Canada to	14 Q. I see, and what would be the profile of that
15 decrease usage in a similar fashion as what	15 membership if there is any specific things you
16 the IOC Company is doing, they're trying to	16 can say about that, in terms of the number of
17 they have a target of 19 megawatts, obviously	17 employees, size of the business itself?
18 you couldn't any anything near that, butfor	18 MR. BINGLE:
19 which they should be commended, but are	19 A. I would suspect, well I guess if you were to
20 businesses generally aware that there may be	20 take into consideration of that, with IOC as a
21 money available through this program to, so	21 member as well, so I guess with all of Lab
they become more energy efficient and probably	22 West with the businesses, you would probably
23 reduce their overall costs?	take in maybe about 5000 when you look at
24 MR. BINGLE:	24 well, no, I shouldn't say 5000, but when you
A. I do believe that a lot of businesses are	25 look at the actual employees, maybe around

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1	Page 205		Page 206
1 N	IR. BINGLE:	1	Kent and welcome, sir. Begin when you're
2	1500, maybe 2000.	2	ready.
3	Q. Are these typical small businesses as such -		(3:06 p.m.)
4 N	IS. NEWMAN:	4	MR. TOM KENT (SWORN)
5	Q. Excuse me, Chair, if you could move closer to	5	A. On behalf of the Steelworkers, Local 6285 of
6	the other microphone so we can get you on both	6	, , , , , , , , , , , , , , , , , , , ,
7	systems. Sorry.	7	welcome the Board to Labrador West. I'm not
8 C	CHAIRMAN:	8	going to present a brief today, but after
9	Q. These are typical small businesses, two, three	9	8
10	employees?	10	
11 N	IR. BINGLE:	11	backing to all those people, organizations and
12	A. A lot of the businesses are small businesses,	12	companies who are before you today to stop the
13	other than the fact of IOC and some of the	13	rate increase in Labrador West. We also think
14	other smaller companies around, but IOC would	14	that Newfoundland and Labrador Hydro should
15	be the biggest business that would be part of	15	not be putting citizens of Labrador West in a
16	the Chamber of Commerce.	16	1 5 5
17	Q. And you're with -	17	conflict with the citizens of Happy Valley-
18 N	IR. BINGLE:	18	5
19	A. With the Regional Economic Development Board	19	It is not too often that you can bring
20	overall, yes.	20	
21	Q. So that's the zone boards, if you will?	21	organizations and mining companies for
22 N	IR. BINGLE:	22	everybody to have the same goal, that is to
23	A. Yes, it is, yes.	23	have no hydro increases for the area. We, at
24	Q. Thank you very much for your presentations. I	24	Local 6285, back all the presenters to achieve
25	call upon Mr. Tom Kent. Good afternoon, Mr.	25	this goal. Thank you.
	Page 207		Page 208
1 C	CHAIRMAN:	1	GREENE, Q.C.:
2	Q. Thank you very much, Mr. Kent. Any questions?	2	Q. No questions, Mr. Chair.
3	Mr. Hearn.		
1 1 1		3	MR. HAYES:
14 h	IEARN, Q.C.:	3 4	MR. HAYES: Q. No questions.
4 H 5		4	
	IEARN, Q.C.:	4	Q. No questions. CHAIRMAN:
5	IEARN, Q.C.: Q. I know you've had a background being involved	4 5	Q. No questions. CHAIRMAN: Q. Thank you very much. Mr. Condon please. Good
5 6	IEARN, Q.C.: Q. I know you've had a background being involved in relationships between here and the Happy	4 5 6	Q. No questions.CHAIRMAN:Q. Thank you very much. Mr. Condon please. Good afternoon, Mr. Condon. When you're ready
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	Р	age 209	Page 210
1	MR. CONDON:	1	lives here and we see what we're about here
2	we've heard here today in many ways has a	lot 2	being marginalized and diminished and
3	of technical jargonise, if you want to call it	3	threatened by decisions from an arbitrary
4	that, and I just want to preface it because I	4	board that comes up from the Island who wants
5	did make a presentation the last time you w	ere 5	now to implement, over the next five years,
6	here at the hotel at Wabush and I'm sure so	me 6	and I forget what the exact phraseI probably
7	of you may well remember, and I tried as be	est 7	have it noted here somewhere, but along the
8	I can with a little more detail at that point,	8	lines of, if I can find it here, is it proper
9	which I won't go into today. But in many	y 9	and appropriate to have a unified Labrador
10	ways, you get intimidated by the process,	10	rate? So some group executive board sat
11	right, we start off, we have, you know, you		around and decided we want a uniform rate for
12	either need a law degree or Ph.D. in	12	Labrador, and that decision is going to effect
13	electronics or electric circuitry or whatever,		this area in a significant way and you can
14	we get into hearing about synchronous		hear and see from today that it's playing one
15	condensers and things like pot head replace		region off against the other. And I, you
16	I mean, I thought we were going to legaliz		know, came to Labrador back in the early 70's
17	marihuana before the day was over. So I thi		and back in the 60's, originally, and I value
18	judges should take an occasional act	18	and appreciate this region and I do not want
19	themselves too, and I know you have to kee		to be here and not be seen to be defending the
20	certain amount of decorum in here, but the	• I	region and the people who have made it what it
21	bottom line is everybody came to this roo		is. And that's all part of what today is
22	today because they're concerned about this		about in many ways, and so, I think as Counsel
23	region and this area. And many of us and m		Greene remembered, you know, she was here, I
24	who have presented already, have lived her	-	think was her phrase, "I was here back in the
25	they've chosen to be here to live out their	25	80's". Well I was here too, I was on the
-	· · · · · · · · · · · · · · · · · · ·		
1	r council in Wabush in the mid 80's when th	age 211 nis 1	Page 212 of the economics and all that kind of stuff,
$\begin{vmatrix} 1 \\ 2 \end{vmatrix}$	kind of stuff was coming down and in ma		is creating a pressure to bring us all
	ways, from a history point of view, that wa	•	
3	the first foot in the door. And there was a		together and to make things better for us,
4		4	instead of having them, you know, view us as
5	game plan in place at that point. The second foot in the door was 1992 when IOC got the		being the "fat cats" who are paying nothing.
6	0		I mean, we know we have no sympathy, even
7	foot in, and then we got into the hearings, the last round of hearings about the phase ir	7	fromI said this to Mr. Browne the last time,
8	č 1		he's representing 5000 people, 5300 and we're
9	of the proposed Labrador grid and we've he		only 30,000, so I mean, he has a vested
10	all about that unified Labrador grid and we'		interest in that perspective as well. So from
11	here today talking about that and the	11	that point of view, we have to get the point
12	implementation of it. Now, what we're tryi	-	across that the North has been subsidizing the
13	to tell you collectively in this room, is that that kind of thing. I see it percendly and I	13	South in this province for the last 40, 50
14	that kind of thing, I see it personally and I didn't been it to day, but I think is part of	14	years. This area has been the economic engine
15	didn't hear it today, but I think is part of	15	that's been driving the province. They've
16	an overall strategy, phasethis is phase 2 of		been getting billions and billions of dollars
17	phase 3, whatever you want to call it, phase		out of Labrador West. They've been getting
18	is the unified provincial grid and I said back		billions and billions and if you read
19	in the last go around that if you want to	19	Kalymon's book, he acknowledges and he was one
20	bring in a unified grid, let's bring it down,	20	of the joy participants in the Lower
21	give everybody in Labrador the same rate		Churchill. He's talking about 20 or 30
22	have in Labrador West and that will unite u		billion dollars that's gone out of the
		23	province into the province of Quebec as a
23	all because it will say to the rest of		
	Labrador, great, you know, the region of Labrador West, because of its history, becau	24	result of developments in Labrador and I mean, we're only a year or so making the decision on

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1 MR.	CONDON:	1	it from other people, I'm must reiterating it
2	Voisey's Bay and all that kind of stuff, so	2	because I just came through a few weeks of
3	there's a lot of injustices occurred in this	3	trying to champion this kind of thing, and I
4	area and the last thing we need is arbitrary	4	mean, we all remember joy, this is our land,
5	decisions made somewhere on the Island that	5	this is our power, this is our province, you
6	are pitting us against one another and doing	6	know, we all heard that. And we in Labrador,
7	us a dis-service. So that's basically a	7	who live here, who've chosen to live here and
8	comment I want to make and you can see I'm	8	have been here for hundreds of years, are
9	rambling. I always ramble. I read the	9	seeing the resources heading out, heading away
10	minutes of the last one, but again, ramblers	10	and we resent anything that pits us against
11	are allowed too. So I just want to make some	11	one another and that creates dis-service to
12	points on that. And then the question is it	12	our region and we feel that this decision is a
13	appropriate to have that unified rate? Well,	13	dis-service and it doesn't unify Labrador, it
14	you know, we're talking about an interconnect,	14	disunifies Labrador and it creates conflict
15	I mean, if you listen to our new premier, he	15	and animosity between. What we need in
16	was talking about his observation of a	16	Labrador is unity and cooperation and we need
17	disconnect. There is a significant disconnect	17	that between Labrador and the Island too
18	between Labrador and the Island, so let's not	18	because we need to realize we're all in it
19	forget that this is contributing to that	19	together and, you know, we have a prosperous
20	disconnect because it's saying to regions	20	area here and we have some positive benefits
21	within Labrador, divide us and conquer us and	21	to it and what's the mentality? Let's knock
22	keep us all fighting and arguing among	22	them down, let's get them back to Labrador
23	ourselves and meanwhile, the Island walks off	23	rate or let's make Labrador pay the Island
24	with our resources when we're not watching, so	24	rates, that's the mentality. It's almost as
25	that North, South, East and West and you heard	25	if we recent progress and prosperity. So all
	Page 215		Page 216
1	I'm saying to you if you want to bring the	1	our province. And I mean, we don't seem to
2	rates, get uniformed rates, bring all the	2	have learned from the history over Churchill,
3	rates up to the Labrador rate and not bring us	3	we almost had the lower one gone away in
4	down to everybody else.	4	December of last year. We have now, we're in
5	We had questions about is it 2.56 or is	5	a position where we're sending all kinds of
6	it 2.2 or 2.7 kilowatt hour, that kind of	6	stuff out to Thompson, Manitoba and Sudbury,
7	stuff. I just, a few questions and I just	7	Ontario, so we, as Newfoundland and
8	want to put them in the record book, what's	8	Labradorians don't seem to be learning and at
9	the Hydro rate, what do they pay per kilowatt	9	some point we have to wake up and smell the
10	hour in comparison to the rest of us? What	10	roses and that is that we have resources, we
11	are they paying today? What about the recall	11	have power, we have minerals, we have
12	power access, we haven't talked about recall	12	everything else and it's about time we started
13	power here today. I've been on councils here	13	looking at keeping the power and recalling it
14	when we've been striving for secondary	14	so we can bring the line over. I remember
	processing, striving to expand the economy and	15	when we were on council here in Wabush, Lab
15	processing, surving to expand the economy and		
15 16	to create secondary and tertiary industry in	16	City and we fought to get an extra pellet line
		16 17	City and we fought to get an extra pellet line here. The big argument right away was there
16	to create secondary and tertiary industry in		
16 17	to create secondary and tertiary industry in this area. And what do we need to do that?	17	here. The big argument right away was there
16 17 18	to create secondary and tertiary industry in this area. And what do we need to do that? We need power and what are we doing now? We're selling ourHydro is selling recall power out to Quebec again, selling it at the	17 18	here. The big argument right away was there was no more power. How come? Because we can't get a power line over from Churchill and now we're saying, okay, up the rates to the
16 17 18 19	to create secondary and tertiary industry in this area. And what do we need to do that? We need power and what are we doing now? We're selling ourHydro is selling recall power out to Quebec again, selling it at the boarder so that we put monies into the	17 18 19	here. The big argument right away was there was no more power. How come? Because we can't get a power line over from Churchill and now we're saying, okay, up the rates to the point where it is all academic anyway. So
16 17 18 19 20 21 22	to create secondary and tertiary industry in this area. And what do we need to do that? We need power and what are we doing now? We're selling ourHydro is selling recall power out to Quebec again, selling it at the boarder so that we put monies into the provincial coffers and that's doing this	17 18 19 20	here. The big argument right away was there was no more power. How come? Because we can't get a power line over from Churchill and now we're saying, okay, up the rates to the point where it is all academic anyway. So these are just a few of the general things
16 17 18 19 20 21 22 23	to create secondary and tertiary industry in this area. And what do we need to do that? We need power and what are we doing now? We're selling ourHydro is selling recall power out to Quebec again, selling it at the boarder so that we put monies into the provincial coffers and that's doing this region a dis-service and it's really doing the	17 18 19 20 21 22 23	here. The big argument right away was there was no more power. How come? Because we can't get a power line over from Churchill and now we're saying, okay, up the rates to the point where it is all academic anyway. So these are just a few of the general things that I want to throw out. So what will this
16 17 18 19 20 21 22	to create secondary and tertiary industry in this area. And what do we need to do that? We need power and what are we doing now? We're selling ourHydro is selling recall power out to Quebec again, selling it at the boarder so that we put monies into the provincial coffers and that's doing this	17 18 19 20 21 22	here. The big argument right away was there was no more power. How come? Because we can't get a power line over from Churchill and now we're saying, okay, up the rates to the point where it is all academic anyway. So these are just a few of the general things

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1 MR	. CONDON:	1	everyone works for the mine and even though
2	West? You've been here and you heard him here	2	the unions were able to get something built in
3	today and I won't repeat it, but there's a	3	there so if the rates were affected, they
4	malaise, there's a negativity, there's a fear.	4	would be able to be compensated by the mine,
5	What is the projected revenuelet me ask you	5	but there's all kinds of people here living on
6	this question, what is the projected revenue	6	minimum wage and on poverty line and not even
7	for power generation from Labrador West? What	7	working at all that are having affects, and
8	are you going to bring into your coffers if	8	these increases are going to be very
9	IOC and Wabush Mines fold their tent and walk	9	detrimental to them and to everybody.
10	away? Think about that. I mean, I shudder	10	You know, I think it was you, Mr.
11	the thought of it because everybody mentioned	11	Chairman, talked about the rules of natural
12	we're a one-industry town and we can't be a	12	justice and fair and equitable decisions.
13	two or three industry town because we can't	13	Well I really question if we can get a fair
14	get the darn power. Why can't we get the	14	and equitable decision unless the decision is
15	power? Because somebody sold us out back in	15	to forget about this thing and acknowledge the
16	the 70's and they're selling off the excess	16	fact that the North and this region in
17	power that we have. We wanted to get a	17	particular, Lab West and Churchill Falls and
18	smelter in here, we wanted to develop a	18	these areas, are contributing enough already
19	smelter for Voisey's Bay. It should have been	19	and we need to be left alone to kind of manage
20	put here or put out in Cartwright or somewhere	20	to survive as best we can and the golden
21	and why couldn't we do it? Because we don't	21	objective of Hydro should be get into wind
22	have the power. So there's a lot of things	22	power, get into doing some of thetap the
23	wrong with what's happening. I'm getting down	23	rivers in the coastal areas instead of just
24	through my notes here, if you don't mind. And	24	letting them have that, generating that power
25	again, the point that was raised earlier, not	25	from diesel. There's lots of little rivers
	Page 219		Page 220
1	Page 219 out there, I said this back when you were here	1	Page 220 putting a dam pellet line down in Sept-Isle
1 2	Page 219 out there, I said this back when you were here the last time. I come from the southern		Page 220 putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we
	out there, I said this back when you were here	1	putting a dam pellet line down in Sept-Isle
2	out there, I said this back when you were here the last time. I come from the southern	1 2	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we
2 3	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up	1 2 3	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million
2 3 4	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from	1 2 3 4	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price
2 3 4 5	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers	1 2 3 4 5	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers,
2 3 4 5 6	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out	1 2 3 4 5 6	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and
2 3 4 5 6 7	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out there and do it or get into, you know, talking	1 2 3 4 5 6 7	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and everything is gone, and so the inappropriate
2 3 4 5 6 7 8	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out there and do it or get into, you know, talking about Kyoto, I mean, the Federal Government is	1 2 3 4 5 6 7 8	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and everything is gone, and so the inappropriate decisions are being made when governments are
2 3 4 5 6 7 8 9	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out there and do it or get into, you know, talking about Kyoto, I mean, the Federal Government is encouraging it, get out there and put some of	1 2 3 4 5 6 7 8 9	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and everything is gone, and so the inappropriate decisions are being made when governments are not committing themselves to that.
2 3 4 5 6 7 8 9 10	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out there and do it or get into, you know, talking about Kyoto, I mean, the Federal Government is encouraging it, get out there and put some of your monies into that. I venture to bet if	1 2 3 4 5 6 7 8 9 10	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and everything is gone, and so the inappropriate decisions are being made when governments are not committing themselves to that. I mentioned the aluminum smelter, the
2 3 4 5 6 7 8 9 10 11	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out there and do it or get into, you know, talking about Kyoto, I mean, the Federal Government is encouraging it, get out there and put some of your monies into that. I venture to bet if half the time Hydro was trying to pursue	1 2 3 4 5 6 7 8 9 10 11	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and everything is gone, and so the inappropriate decisions are being made when governments are not committing themselves to that. I mentioned the aluminum smelter, the province dealt with that, I mean, so what do
2 3 4 5 6 7 8 9 10 11 12	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out there and do it or get into, you know, talking about Kyoto, I mean, the Federal Government is encouraging it, get out there and put some of your monies into that. I venture to bet if half the time Hydro was trying to pursue privatization back a number of years ago, if that time and energy and money had been generated, put into forward thinking about	1 2 3 4 5 6 7 8 9 10 11 12	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and everything is gone, and so the inappropriate decisions are being made when governments are not committing themselves to that. I mentioned the aluminum smelter, the province dealt with that, I mean, so what do we do? We were almost giving away the Lower Churchill and Quebec was offering all kinds of deals to smelters, Alco or whatever the groups
2 3 4 5 6 7 8 9 10 11 12 13	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out there and do it or get into, you know, talking about Kyoto, I mean, the Federal Government is encouraging it, get out there and put some of your monies into that. I venture to bet if half the time Hydro was trying to pursue privatization back a number of years ago, if that time and energy and money had been generated, put into forward thinking about alternate sources and wind generation, we	1 2 3 4 5 6 7 8 9 10 11 12 13	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and everything is gone, and so the inappropriate decisions are being made when governments are not committing themselves to that. I mentioned the aluminum smelter, the province dealt with that, I mean, so what do we do? We were almost giving away the Lower Churchill and Quebec was offering all kinds of
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out there and do it or get into, you know, talking about Kyoto, I mean, the Federal Government is encouraging it, get out there and put some of your monies into that. I venture to bet if half the time Hydro was trying to pursue privatization back a number of years ago, if that time and energy and money had been generated, put into forward thinking about alternate sources and wind generation, we might have a lot of improvements there today. And so when we're talking about the need here,	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and everything is gone, and so the inappropriate decisions are being made when governments are not committing themselves to that. I mentioned the aluminum smelter, the province dealt with that, I mean, so what do we do? We were almost giving away the Lower Churchill and Quebec was offering all kinds of deals to smelters, Alco or whatever the groups were, with monies that were being generated from our power and electricity. We have the power and we should be into things like high-
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out there and do it or get into, you know, talking about Kyoto, I mean, the Federal Government is encouraging it, get out there and put some of your monies into that. I venture to bet if half the time Hydro was trying to pursue privatization back a number of years ago, if that time and energy and money had been generated, put into forward thinking about alternate sources and wind generation, we might have a lot of improvements there today. And so when we're talking about the need here, the whole question about Hydro rates, Hydro	$ \begin{array}{c} 1\\2\\3\\4\\5\\6\\7\\8\\9\\10\\11\\12\\13\\14\\15\\16\end{array} $	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and everything is gone, and so the inappropriate decisions are being made when governments are not committing themselves to that. I mentioned the aluminum smelter, the province dealt with that, I mean, so what do we do? We were almost giving away the Lower Churchill and Quebec was offering all kinds of deals to smelters, Alco or whatever the groups were, with monies that were being generated from our power and electricity. We have the power and we should be into things like high- tec and we need to be talking about progress
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	out there, I said this back when you were here the last time. I come from the southern shore, there's no great massive rivers up there, but there is power generation just from little small rivers. There's tonnes or rivers in Labrador, do it out in the coast, get out there and do it or get into, you know, talking about Kyoto, I mean, the Federal Government is encouraging it, get out there and put some of your monies into that. I venture to bet if half the time Hydro was trying to pursue privatization back a number of years ago, if that time and energy and money had been generated, put into forward thinking about alternate sources and wind generation, we might have a lot of improvements there today. And so when we're talking about the need here, the whole question about Hydro rates, Hydro Quebec rates for all the province, we're not	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	putting a dam pellet line down in Sept-Isle when we put six there back in the 60's and we did it with no problem, they spent 230 million now and this area up here is paying the price for it because the houses, the workers, everybody is gone, the value in housing and everything is gone, and so the inappropriate decisions are being made when governments are not committing themselves to that. I mentioned the aluminum smelter, the province dealt with that, I mean, so what do we do? We were almost giving away the Lower Churchill and Quebec was offering all kinds of deals to smelters, Alco or whatever the groups were, with monies that were being generated from our power and electricity. We have the power and we should be into things like high- tec and we need to be talking about progress and prosperity here today, but we're talking
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1 MR. CONDON:	1	that I really and truly call upon the Public
2 by two or three million dollars or whate	ver 2	Utilities Board to stop dividing and trying to
3 and we had to give it back to them. So,	I 3	conquer Labrador, to rescind the decision in
4 mean, I'm telling you I think this is a	4	the pursuit of uniform rate and let's just
5 mistake today, to be looking for a rate,	a 5	work on trying to make things better for this
6 uniform and I'm sure it's Labrador rate to	oday, 6	region. And let not the Island look at us and
7 it will be Island rate tomorrow. So mista	kes 7	say we're "fat cats" and we got the cadillac
8 can be made and we need to be looking	more 8	systems and all that, let's cut their knees
9 long term in the future.	9	out from under them, let's make them pay
10 Just what is the value of your assets?	10	Island rates. I think they should be looking
11 You got all this stuff for a dollar, I mean	, 11	at us as a region that has served this
12 what is youryou know, you have your		province well and deserves the break that
13 sheets and information and stuff like that	t, 13	we're getting and if we want to work on
14 what is the value of your assets in Labrac		something to make a uniform rate, make it a
15 Let's hear about that. What is the rate of	f 15	Labrador West rate for all of Labrador, for
16 return Hydro Quebec is getting in compa	rison 16	starters, and then work on the Island. Thank
17 to what Newfoundland and Labrador Hy	/dro is 17	you very much.
18 getting? I think we heard IOC say today t	hat 18 CHA	AIRMAN:
19 they're getting three or four percent. Set	D 19 Q	. Thank you very much. Mr. Hearn?
20 what is your rate? See what your rate is	in 20 HEA	ARN, Q.C.:
21 comparison to what IOC or maybe Wabus	sh Mines 21 Q	One question, Mr. Condon. There's been some
22 are getting and have a laugh and look at v	vhat 22	mention by a number of the other presenters
23 the rate of return Hydro Quebec is getting	g. 23	about rate increases that are considered
24 Anyway, I think that's probably all I	24	unreasonable here, having an effect on
25 need to say at this point, other than to say	y 25	retirees staying in the area. Do you have any
	Page 223	Page 224
1 comment to make on that?	1 GRE	ENE, Q.C.:
2 MR. CONDON:	2 Q	. I have no questions, Mr. Chair.
3 A. Well, I mean, anybody who has lived he	re any 3 MR.	HAYES:
4 length of time sees the number of people	that 4 Q	. No questions.
5 are leaving. I mean, I could count dozen	s and 5 BRO	WNE, Q.C.:
6 dozens of close long-term friends that h	ave 6 Q	. You mentioned houses and the previous speaker
7 left in the last little while. I've been	7	mentioned that there are 200 houses on the
8 retired now five years and I want to sta	y 8	market now which can't be sold. When did that
9 here, I'm happy to stay here, but as I loc	ok 9	problem start to arise? Is that the last four
10 more and more and you see more and mo	re people 10	or five years or prior to that?
		CONDON:
11 leaving and you see the malaise and t	at 12 A	
12 negativity and the conflict, I hear since th		. Well there's always been turn over here, as
negativity and the conflict, I hear since thethere's conflict within the work environment	ient, 13	well, I think you heard George and I think I
 negativity and the conflict, I hear since th there's conflict within the work environm everything is cut and save and pinch a 	nent, 13 nd 14	well, I think you heard George and I think I should be using Mr. Hearn and all that kind of
 negativity and the conflict, I hear since the there's conflict within the work environm everything is cut and save and pinch at squeeze and that kind of conflict and 	nent, 13 nd 14 l 15	well, I think you heard George and I think I should be using Mr. Hearn and all that kind of stuff, but we're friends here and I hope the
 negativity and the conflict, I hear since the there's conflict within the work environm everything is cut and save and pinch at squeeze and that kind of conflict and mentality exists and pervades all over an 	nent, 13 nd 14 l 15	well, I think you heard George and I think I should be using Mr. Hearn and all that kind of stuff, but we're friends here and I hope the rest of you feel at home, but the bottom line
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 negativity and the conflict, I hear since the there's conflict within the work environm everything is cut and save and pinch a squeeze and that kind of conflict and mentality exists and pervades all over an think all of it is to the detriment of our community and our region. A few years 	nent, 13 nd 14 l 15 d I 16 17 ago on 18	well, I think you heard George and I think I should be using Mr. Hearn and all that kind of stuff, but we're friends here and I hope the rest of you feel at home, but the bottom line on it is that there has been constant turn over here, but there's only turn over here
 negativity and the conflict, I hear since the there's conflict within the work environm everything is cut and save and pinch at squeeze and that kind of conflict and mentality exists and pervades all over an think all of it is to the detriment of our community and our region. A few years council we were talking about make Lab 	nent, 13 nd 14 l 15 d I 16 17 ago on 18 prador 19	well, I think you heard George and I think I should be using Mr. Hearn and all that kind of stuff, but we're friends here and I hope the rest of you feel at home, but the bottom line on it is that there has been constant turn over here, but there's only turn over here when there's new employment and younger people
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	C C	1	Ū.
	CONDON: histing 120 all this kind of stuff and they	1	people come in, I mean, I've had the sad
2	hiring 120, all this kind of stuff and they	2	experience of talking to the president of IOC
3	started with 120 and they want it down to 60	3	and asking himNorth Limited, I mean, did
4	and now there's only 20 of that 60 who	4	they talk to the Provincial Government of
5	graduated, gotten jobs, so there's not a	5	Newfoundland? No, we didn't talk to them, but
6	renewal and reoccurrence there, so although	6	we did talk to the Provincial Government in
7	there was a sense of enthusiasm and	7	Quebec. So I think Hydro Newfoundland and the
8	encouragement there, it has been negated and	8	Provincial Government should be working hand
9	partly has been negated by things like this	9	in hand and looking at the resource and the
10	about pressure on companies that their "ace in	10	potential and the benefit we have and not to
11	the hole" I think one of the members mentioned	11	sell it at the boarder because they sold it at
12	this morning, that was one of their strengths,	12	the boarder December of 2002, the Lower
13	that they had a little bit of competitive edge	13	Churchill today would be sold unless some
14	on hydro and now what is it doing, you know,	14	guys, a couple of guys retired or resigned in
15	an Islandand I keep calling it Island and	15	protest off the board out there, so these are
16	Labrador, excuse me for that, it's a malaise	16	all things that say to producers and
17	and a mentality that comes when you live in	17	developers and secondary processors and the
18	Labrador, but you will see this organization	18	companies that are even here, is this a good
19	comes in now and basically the net effect of	19	place and good area to do business? And if
20	what you're doing is marginalizing the	20	the answer to that is no, people don't want to
21	companies that we have here even more. And,	21	come here and people don't want to stay around
22	you know, when this unit and again, I know	22	here.
23	when the government wants to talk about any of	23	Q. Thank you, Mr. Condon.
24	the big corporations came in, when North came		CHAIRMAN:
25	over, when Rio Tinto came in, when all these	25	Q. Thank you, Mr. Condon. The final presenter, I
	Page 227		Page 228
1	call upon Ms. Shirley Squires please. Good	1	children didn't have to buy a pencil, an
2	afternoon, Ms. Squire and welcome. Take your	2	
3		2	exercise book, mathematical instrument or any
	time, make sure you get comfortable and when	3	supplies in school, they were all provided by
4	time, make sure you get comfortable and when you're ready please.		supplies in school, they were all provided by IOC.
5 MS.	you're ready please. SHIRLEY SQUIRES (SWORN)	3	supplies in school, they were all provided by IOC. On learning of the intentions of the
5 MS.	you're ready please.	3 4	supplies in school, they were all provided by IOC. On learning of the intentions of the Newfoundland Hydro board to bring uniformity
5 MS. 6 (3:2	you're ready please. SHIRLEY SQUIRES (SWORN)	3 4 5	supplies in school, they were all provided by IOC. On learning of the intentions of the Newfoundland Hydro board to bring uniformity of rates to Labrador West and East, I've been
5 MS. 6 (3:2 7 MS.	you're ready please. SHIRLEY SQUIRES (SWORN) 8 p.m.) SQUIRES: . Okay. Well good afternoon to the members of	3 4 5 6	supplies in school, they were all provided by IOC. On learning of the intentions of the Newfoundland Hydro board to bring uniformity of rates to Labrador West and East, I've been watching to see when the Public Utilities
5 MS. 6 (3:2 7 MS.	you're ready please. SHIRLEY SQUIRES (SWORN) 8 p.m.) SQUIRES: . Okay. Well good afternoon to the members of Newfoundland Hydro, the Public Utilities Board	3 4 5 6 7	supplies in school, they were all provided by IOC. On learning of the intentions of the Newfoundland Hydro board to bring uniformity of rates to Labrador West and East, I've been watching to see when the Public Utilities Board hearing would take place and
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	IIDEI 20, 2003 IVIUIU	-r age	NL Hyuro 8 2005 General Kate Application
	Page 229		Page 230
1 MS	. SQUIRES:	1	here and those dependant on Social Services?
2	and collections to put equipment into the St.	2	Then we go to access to health services.
3	John's hospitals? We are paying heavily for	3	Coastal residents have better access to health
4	many things, but remain solid socially mind	4	services. I think they have to payI'm not
5	citizens, not only locally but elsewhere.	5	quite sure of this, \$45.00 to travel to St.
6	Now uniformity, why is it desirable?	6	Anthony's Grenfell Hospital for treatments
7	Where is the uniformity for Labrador West? If	7	unavailable to them in Labrador, but if we
8	there's to be uniformity here, why limit it to	8	want to go out, we have to have at least
9	hydro rates, why not have uniformity of costs,	9	\$1,500 return to fly to St. John's now, that
10	like airline and health, travel? You talk of	10	is if it's short notice. How much does it
11	mining companies and their workers, mining	11	cost a St. John's resident to go to the Health
12	companies who will pick up some of the tab of	12	Sciences for tests? And then we also have the
13	the electricity charges for the workers, but	13	cost of accommodations when we're in St.
14	what of those employed in service industries	14	John's, restaurants and taxis. Actually it's
15	who get very low wages and often are	15	cheaper to travel from St. John's to Europe
16	deliberately given insufficient hours to	16	than it is for us to travel across our
17	qualify for benefits? What about single	17	province. Where is the uniformity? Let's
18	parents, the unemployed? We have food centres	18	have uniform access to health services if
19	here to help provide food, every Sunday in	19	you're going to go for uniformity. To be able
20	Church we bring food for the poorer citizens.	20	to travel to other parts of our province to
21	How about the senior citizens who have left	21	attend meetings, we can't jump in our car and
22	dying communities in the province, the rest of	22	spend a few hours on a decent road. I had to
23	the province and moved here to apartments to	23	pay \$1,000, that was without motel bills, to
24	live near their families? What about retired	24	go to Loon Bay to a Church meeting in October.
25	people, workers and their widows who remain	25	Our sports-minded young people have minimal
	Page 231		Page 232
1	access to events due to costs and you're	1	live at home, they have to go into a hospital
2	planning on taking another four million	2	room and there aren't enough to go around.
3	dollars or more out of this area for Hydro to	3	There are seniors right now waiting for a bed
4	help subsidize other parts of Labrador? Then	4	up in the hospital, not even a balcony to go
5	we have our young people going to university.	5	out on a nice day.
6	If you're in St. John's or Corner Brook, they	6	As I see it, this is only the beginning,
7	can stay at home, they can get a bus pass.	7	an easy way out for Newfoundland Hydro. What
8	What happens to our students? Because of the	8	a juicy plum ripe for the picking, but is this
9	reasonable rates for Hydro, many citizens	9	just a toe hold? What would happen after
10	replace failing oil fed systems with	10	eight years? I suggest that Hydro take a step
11	electrical systems. They even tore out all	11	back and do their homework, find ways to help
12	the duct work. Now what happens? As for	11	Labradorians who have to pay exorbitant rates,
12	plenum heaters, not much use with the duct	12	think outside the box, look at Marystown where
13	work gone. Our road system is dangerous,	13	there's wind power, so I've been told that's
14	damaging our vehicles, loss of life, where's	14	what they have there, and that's one thing we
110		115	
16	the uniformity here? Our long winters, we	16	don't have a shortage of in Labrador,
16 17	the uniformity here? Our long winters, we have higher heating costs because of the	16 17	don't have a shortage of in Labrador, especially on the coast, is wind. And wind is
16 17 18	the uniformity here? Our long winters, we have higher heating costs because of the length of the cold season and look at the cost	16 17 18	don't have a shortage of in Labrador, especially on the coast, is wind. And wind is not something new. My father in the 30's saw
16 17 18 19	the uniformity here? Our long winters, we have higher heating costs because of the length of the cold season and look at the cost of gas at the pumps, where's the uniformity	16 17 18 19	don't have a shortage of in Labrador, especially on the coast, is wind. And wind is not something new. My father in the 30's saw the benefit of this and installed wind power
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16 17 18 19 20 21 22	the uniformity here? Our long winters, we have higher heating costs because of the length of the cold season and look at the cost of gas at the pumps, where's the uniformity there? There are problems, but do you expect us to alleviate Hydro's problems because they see our one advantage of living here and they	16 17 18 19 20 21 22	don't have a shortage of in Labrador, especially on the coast, is wind. And wind is not something new. My father in the 30's saw the benefit of this and installed wind power to help provide electricity to our home. What about small plants, I mean, we had Seal Cove, of course that's fairly large, we have Flat
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16 17 18 19 20 21 22	the uniformity here? Our long winters, we have higher heating costs because of the length of the cold season and look at the cost of gas at the pumps, where's the uniformity there? There are problems, but do you expect us to alleviate Hydro's problems because they see our one advantage of living here and they	16 17 18 19 20 21 22	don't have a shortage of in Labrador, especially on the coast, is wind. And wind is not something new. My father in the 30's saw the benefit of this and installed wind power to help provide electricity to our home. What about small plants, I mean, we had Seal Cove, of course that's fairly large, we have Flat

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	MS. SQUIRES:		GREENE, Q.C.:
$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$	other customers pick up the slack, not creating uniformity of other costs borne by	$\begin{vmatrix} 2 \\ 2 \end{vmatrix}$	
3	Labrador West residents. And there's a domino		MR. HAYES:
4		4	
5	effect. Labrador West citizens should not		BROWNE, Q.C.:
6	focus only on their residential costs. What	6	
7	about the domino effect of higher costs to		CHAIRMAN:
8	businesses, hospitals, airports, mining	8	
9	companies, et cetera would have. You don't	9	I manual statements of the statement of
10	think that the residents won't be effected.	10	5 8 7 1
11	Those costs will come down to them through		(3:39 p.m.)
12	higher costs and difficult wage contract		MR. RAY ERGER (SWORN)
13	settlements. Uniformity? What uniformity?	13	•
14	Uniformity for whom? If you think I sound	14	6
15	angry, I should more than sound angry, I am	15	
16	angry. Just don't try to solve Hydro's	16	1
17	problems, your problems, Labrador problems, at	17	1 V
18	the expense of the residents of Labrador West.	18	
19	Thank you, I've never had a standing ovation.	19	-
	CHAIRMAN:	20	
21	Q. Always the first time. Thank you, Mrs.	21	with the Labrador Party, so I've been around.
22	Squires, very much. Mr. Hearn, do you have	22	•
23	any questions?	23	•
	HEARN, Q.C.:	24	
25	Q. No questions.	25	I also have to run a very skilled workforce.
	Page 235		Page 236
1	They're not subsidized for hydro and by	1	don't have any existence of any structure to
2	increasing the hydro, you're going to put	1 2	go down there you're not willing to put ony
3	extreme hardship on trying to find employees	2	
		3	in, yet you're asking me to pay more for
4	that have to make a living. I am not a high	3 4	in, yet you're asking me to pay more for services you're not even going to give or
5	that have to make a living. I am not a high payer. I'm a small business, I can't afford	3 4 5	in, yet you're asking me to pay more for services you're not even going to give or entertain on giving us. I can see spending
5 6	that have to make a living. I am not a high payer. I'm a small business, I can't afford high wages, so it's very attractive to me to	3 4 5 6	in, yet you're asking me to pay more for services you're not even going to give or entertain on giving us. I can see spending extra money for a company that's growing,
5 6 7	that have to make a living. I am not a high payer. I'm a small business, I can't afford	3 4 5 6 7	in, yet you're asking me to pay more for services you're not even going to give or entertain on giving us. I can see spending extra money for a company that's growing, that's expanding, that's giving me some value
5 6 7 8	that have to make a living. I am not a high payer. I'm a small business, I can't afford high wages, so it's very attractive to me to have low hydro rates to try and keep people in town.	3 4 5 6 7 8	in, yet you're asking me to pay more for services you're not even going to give or entertain on giving us. I can see spending extra money for a company that's growing, that's expanding, that's giving me some value for my product, but the only value I got for
5 6 7 8 9	that have to make a living. I am not a high payer. I'm a small business, I can't afford high wages, so it's very attractive to me to have low hydro rates to try and keep people in town. There's a lot of issues, a lot of the	3 4 5 6 7 8 9	in, yet you're asking me to pay more for services you're not even going to give or entertain on giving us. I can see spending extra money for a company that's growing, that's expanding, that's giving me some value for my product, but the only value I got for my product is the ability to have low rates to
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5 6 7 8 9 10 11	 that have to make a living. I am not a high payer. I'm a small business, I can't afford high wages, so it's very attractive to me to have low hydro rates to try and keep people in town. There's a lot of issues, a lot of the bigger companies, I don't work directly with the Iron Ore Company of Canada with my 	3 4 5 6 7 8 9 10	in, yet you're asking me to pay more for services you're not even going to give or entertain on giving us. I can see spending extra money for a company that's growing, that's expanding, that's giving me some value for my product, but the only value I got for my product is the ability to have low rates to heat my home. I don't know how many of you on the Island have to turn your furnace on in the
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	Page 237		Page 238
1 1	MR. ERGER:	1	Q. No questions.
2	on a plan or get in a car, risk your life to	2	GREENE, Q.C.:
3	get medical services. This is just another	3	Q. No questions.
4	claw at us that's not needed, it's only going	4	MR. HAYES:
5	to hurt business and by hurting business,	5	Q. No questions.
6	you're hurting the consumer and driving people	6	BROWNE, Q.C.:
7	away. You'll turn us into a town like Ganyon.	7	Q. I have a question for you. You mention that
8	I don't know if any of you went up there for a	8	there is no source of supply for your cabin up
9	look, you probably don't even know what it is.	9	in Ashuanipi, is that true of all the cabin
10	Well it's nothing now. Your four million	10	owners up there, there's no source of supply
11	dollar increase will turn out to be millions	11	up in that area?
12	of dollars of loss. If the Iron Ore Company	12	MR. ERGER:
13	of Canada or Wabush Mines doesn't survive, we	13	A. Some of our cottage areas, we call them cabins
14	don't survive. The 200 support businesses	14	here, essentially they're a lot of cottages,
15	that I work with, they don't survive. We all	15	they're done up very nice. None of our
16	feed off of one main industry here. If	16	cottage areas really have any power source.
17	they're not here and if they don't survive,	17	Some of our cottage areas are bigger than some
18	none of us survive. You don't get no four	18	of the towns that you've connected or taken
19	million dollar increase, you get a loss. The	19	off the diesel generator grid on the Island.
20	Government of Newfoundland and Labrador gets a	20	And some of our cabins, like Ashuanipi, for
21	loss. There will be nothing here anymore.	21	instance, has well over 100 cottages down
22	That's all I have to say on it for now.	22	there. You talk about alternative powers, 20
23 0	CHAIRMAN:	23	years ago, I believe it was, we installed our
24	Q. Thank you, Mr. Erger. Mr. Hearn?	24	first windmill down at our cabin. My father
25 I	HEARN, Q.C.:	25	put it in, Ludwig Erger. We had a barrel
	Page 239		Page 240
1	Page 239 windmill and we had two prop windmills. We	1	
12		1 2	that brings to a conclusion today's
	windmill and we had two prop windmills. We had a low speed wind turbine and a high speed wind turbine, so wind power, does it work?		that brings to a conclusion today's proceedings. I'd want to thank everybody for attending and a special thanks who indeed made
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			NE fiyuro s 2005 General Rate Application
	Page 241		Page 242
1	CHAIRMAN:	1	this is to get the, essentially the feelings
2	appropriate return on investment for Hydro and	2	on the ground of what it's going to mean to
3	the mandate that we have, essentially, is to	3	people, what it's going to mean to your lives,
4	try and render a fair and equitable decision	4	what it's going to mean to your personal
5	on the evidence that's placed before us.	5	lives, your family lives, your work lives and
6	Essentially in many instances, that's very,	6	certainly in relation to the companies here,
7	very technical evidence and it's the reason	7	this is a one-industry town essentially, what
8	why, to some degree, we're in St. John's for	8	it means to them. And I think we got a good
9	thirty days listening to some of that stuff,	9	flavour of that this morning from the
10	and certainly the interest of Labrador City,	10	companies in the presentation that was made.
11	Wabush are ably represented by your counsel,	11	I think we had a good cross section of
12	Mr. Hearn on those matters. The intention	12	presentations here today from the Chamber of
13	here of these public participations is in	13	Commerce, the Unions, from Ms. Squires and
14	addition to that evidence which we recognize	14	essentially I think we got a good sense of how
15	is very complex and very technical, is to give	15	you feel about this. Certainly this is not a
16	the opportunity to those people who are	16	political process, it's not. I heard many
17	affected by these rates in the area, to try	17	things today that would require political
18	and understand what impact it's going to have	18	solutions. This is not a body to do this in
19	on you people and indeed, to make your	19	any way, shape or form. Certainly on the
20	presentations to us in relation to those	20	basis of the evidence that we have, on the
21	impacts. And we recognize that this is not	21	basis of costs, on the basis of what we've
22	going to be scientific, we hear enough of	22	heard here today, we have a mandate to render
23	that. We hear enough cost of service, we hear	23	a fair and equitable decision and that we will
24	enough cost of capital arguments in regard to	24	do. And I appreciate certainly your input
25	this particular application. The purpose of	25	here today and we will take that away and we
	Page 243		Page 244
1	will certainly be considering that over the	1	CERTIFICATE
2	next, probably it will be six to eight weeks,		dy Moss, hereby certify that the foregoing is a true
3	quite likely, and we will be rendering a		correct transcript in the matter of Newfoundland and
4	decision at that time. I thank you very much		rador Hydro's 2003 General Rate Application for
5	for your participation and indeed, the	5 appr	oval of, among other things, its rates commencing
6	narticinating narties Excuse menust one		
	participating parties. Excuse me, just one		ary, 2004, heard on the 26th day of November, A.D.,
7	moment please.	7 2003	ary, 2004, heard on the 26th day of November, A.D., 8 at the Knights of Columbus Hall, Labrador West,
8 1	moment please. MS. NEWMAN:	7 2003 8 New	ary, 2004, heard on the 26th day of November, A.D., B at the Knights of Columbus Hall, Labrador West, foundland and Labrador and was transcribed by me to
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