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<p>1 NOVEMBER 27, 2003</p> <p>2 CHAIRMAN:</p> <p>3 Q. I'm sorry for the little bit of delay in the</p> <p>4 proceedings here this morning. I'd like to</p> <p>5 take the opportunity to welcome everybody</p> <p>6 here, both parties participating in the</p> <p>7 ongoing hearing, and, in particular, persons</p> <p>8 and organizations who have taken the</p> <p>9 initiative to attend here this morning. I</p> <p>10 know there's a number of people who have come</p> <p>11 in from the coast, and certainly we look</p> <p>12 forward to your presentations, and we're glad</p> <p>13 that you've travelled to come here to Goose</p> <p>14 Bay this morning. I notice there are some</p> <p>15 familiar faces as well from yesterday,</p> <p>16 Labrador West, and once again good to see you.</p> <p>17 I know Mayor Letto is here, Marty Roberts is</p> <p>18 here from the Town of Labrador City, and</p> <p>19 perhaps others as well. So to everybody a</p> <p>20 welcome.</p> <p>21 My name is Bob Noseworthy, and I'm Chair</p> <p>22 and CEO of the Public Utilities Board, and</p> <p>23 I'll explain a little bit more about the board</p> <p>24 in a moment. For purposes of this hearing,</p> <p>25 I'm serving as the Chair of the panel which</p>	<p>1 has been delegated the responsibility to make</p> <p>2 decisions on this application by Hydro, and my</p> <p>3 colleagues joining me on the panel are: to my</p> <p>4 left, Commissioner Darlene Whalen, who's Vice</p> <p>5 Chair of the Public Utilities Board; and on my</p> <p>6 right is Commissioner Fred Saunders, who is a</p> <p>7 retired businessman and resides in St. John's.</p> <p>8 I'd also like to introduce the Board staff.</p> <p>9 The person that you've seen, and is not here</p> <p>10 right now, but going around this morning</p> <p>11 taking a listing of presenters is Ms. Cheryl</p> <p>12 Blundon. She is the Board secretary. On my</p> <p>13 right in the middle is Dwanda Newman. Dwanda</p> <p>14 is the in-house legal counsel. On Dwanda's</p> <p>15 left is the Board hearing counsel who's been</p> <p>16 retained for this hearing, Mark Kennedy. I'd</p> <p>17 also ask at this point in time if legal</p> <p>18 counsel for the parties could introduce</p> <p>19 themselves and those that are here with them,</p> <p>20 please. Good morning, Ms Greene.</p> <p>21 GREENE, Q.C.</p> <p>22 Q. Good morning, Mr. Chair, Commissioners, ladies</p> <p>23 and gentlemen. My name is Maureen Greene. I</p> <p>24 am counsel for Hydro, and with me is William</p> <p>25 Wells, the President and Chief Executive</p>
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<p>1 Officer of Hydro.</p> <p>2 CHAIRMAN:</p> <p>3 Q. Good morning, Mr. Browne.</p> <p>4 BROWNE, Q.C.</p> <p>5 Q. Good morning, my name is Dennis Browne. I</p> <p>6 represent the consumers of the province.</p> <p>7 HEARN, Q.C.</p> <p>8 Q. Edward Hearn, and I represent the Town of</p> <p>9 Labrador City, and also the Town of Wabush.</p> <p>10 MR. HAYES:</p> <p>11 Q. Gerard Hayes, counsel for Newfoundland Power,</p> <p>12 and with me is Pat Ryan, Newfoundland Power's</p> <p>13 Director of Regulatory Compliance.</p> <p>14 CHAIRMAN:</p> <p>15 Q. Thank you. I also notice in addition to the</p> <p>16 applicant, Hydro, and the intervenors who have</p> <p>17 just introduced themselves, there's another</p> <p>18 intervenor in the form of the Industrial</p> <p>19 customers who have intervened in this</p> <p>20 application, and the Industrial customers</p> <p>21 comprise Abitibi Consolidated Company of</p> <p>22 Canada, the Grand Falls and Stephenville</p> <p>23 Division; Corner Brook Pulp and Paper, North</p> <p>24 Atlantic Refining Limited, Voisey's Bay Nickel</p> <p>25 Company Limited. They are represented by Joe</p>	<p>1 Hutchings and they're not in attendance here</p> <p>2 this morning.</p> <p>3 The purpose of this part of the hearing</p> <p>4 is to provide an opportunity for public input</p> <p>5 and comment on the General Rate Application of</p> <p>6 Hydro. I'll ask Ms. Greene to briefly speak</p> <p>7 to the application a little bit later.</p> <p>8 Pursuant to the Public Utilities Act,</p> <p>9 Hydro are seeking approval to increase rates</p> <p>10 to be charged for the supply of electricity to</p> <p>11 its customers, including its major retail</p> <p>12 customer, Newfoundland Power, and its large</p> <p>13 Industrial customers, both of whom, along with</p> <p>14 the consumer advocate and Labrador City/Wabush</p> <p>15 are intervenors in this public hearing.</p> <p>16 Essentially, this application affects every</p> <p>17 user of electricity in the province whether</p> <p>18 they are serviced by Hydro or Newfoundland</p> <p>19 Power, and the application will impact the</p> <p>20 future rates each customer will pay for its</p> <p>21 electricity. Customers include householders,</p> <p>22 small business, industry, institutions,</p> <p>23 municipalities, and others, whether they're</p> <p>24 located in urban or rural communities</p> <p>25 throughout the province. It is with this in</p>

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<p>1 CHAIRMAN:</p> <p>2 mind that the Board in cooperation with the</p> <p>3 applicant and intervenors is providing this</p> <p>4 opportunity for individuals and</p> <p>5 representatives of organizations, including</p> <p>6 municipal councils, economic development</p> <p>7 associations, Chamber of Commerce, service</p> <p>8 clubs and others, to express their views on</p> <p>9 Hydro's rate proposals directly to the Board.</p> <p>10 These so-called public participation days</p> <p>11 have been scheduled this week in Stephenville,</p> <p>12 Corner Brook, Labrador West, and here today in</p> <p>13 Happy Valley-Goose Bay, and we'll have one</p> <p>14 later on in St. John's. As I indicated, we</p> <p>15 have been in Stephenville, Corner Brook, and</p> <p>16 yesterday received a tremendous turnout</p> <p>17 certainly supporting the position that's been</p> <p>18 advanced by Labrador City/Wabush in terms of</p> <p>19 their application, and there was tremendous</p> <p>20 turnout. I think we had thirteen or fourteen</p> <p>21 presentations in Labrador West yesterday. For</p> <p>22 those of you in attendance who may not be</p> <p>23 familiar with the role of the Public Utilities</p> <p>24 Board and the process we follow in hearing a</p> <p>25 General Rate Application, again the fourth</p>	<p>1 time this week, I think, with the indulgence</p> <p>2 of counsel for the parties, I'll just take a</p> <p>3 brief moment to explain each.</p> <p>4 The Board is a quasi-judicial independent</p> <p>5 agency which derives its authority to conduct</p> <p>6 this hearing from provincial statutes and</p> <p>7 legislation, primarily the Public Utilities</p> <p>8 Act and the Electrical Power Control Act. The</p> <p>9 Board has an obligation under this legislation</p> <p>10 to regulate electric utilities operating in</p> <p>11 the province, and this includes Hydro. The</p> <p>12 Board consists of nine commissioners, and the</p> <p>13 three of us appointed to this panel have been</p> <p>14 charged with hearing this particular</p> <p>15 application by Hydro, and in accordance with</p> <p>16 our legislative responsibilities, we have a</p> <p>17 duty to hear the evidence presented by the</p> <p>18 applicant, Hydro, and the intervenors, and</p> <p>19 indeed other parties, and at the end of the</p> <p>20 process render a fair and equitable decision</p> <p>21 on electrical rates and other regulatory</p> <p>22 matters arising from the application. The</p> <p>23 statutes require the Board to make rate</p> <p>24 decisions that are fair and not</p> <p>25 discriminatory. The legislation requires that</p>
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<p>1 the utility be allowed to earn a just and</p> <p>2 reasonable financial return. The legislation</p> <p>3 also dictates that power be delivered to</p> <p>4 customers at the lowest possible cost, while</p> <p>5 ensuring safe and reliable service. In</p> <p>6 fulfilling its responsibilities, the Board</p> <p>7 must protect the interest of all parties,</p> <p>8 including producers, retailers, and consumers</p> <p>9 of electricity. In doing this, it must also</p> <p>10 strive to balance the interest of each class</p> <p>11 of consumer, whether households, businesses,</p> <p>12 industries, institutions or governments,</p> <p>13 whether they be small or large users of</p> <p>14 electricity.</p> <p>15 Having described a little bit about the</p> <p>16 Board, I'd like to spend another brief moment</p> <p>17 on the public hearing process itself. Hydro</p> <p>18 submitted the application on May 21st, at</p> <p>19 which time a Notice of Public Hearing was</p> <p>20 advertised throughout the province. Following</p> <p>21 this, pre-hearing conferences were conducted</p> <p>22 by the Board for the purposes of establishing</p> <p>23 the rules and procedures governing the</p> <p>24 hearing, and also to decide on various motions</p> <p>25 filed by the parties. Also, in advance of the</p>	<p>1 hearing, evidence was filed by Hydro on behalf</p> <p>2 of its company, and expert witnesses who were</p> <p>3 slated to appear during the hearing and</p> <p>4 requests for information were exchanged and</p> <p>5 responded to between the participating</p> <p>6 parties. The public hearing itself began on</p> <p>7 October 6th, and has been ongoing since that</p> <p>8 time while allowing some scheduled days off</p> <p>9 for the Board and, indeed, the parties to</p> <p>10 attend to other business. The public hearing</p> <p>11 process provides for Hydro, through its</p> <p>12 counsel, to present evidence supporting its</p> <p>13 application by calling company and expert</p> <p>14 witnesses. Each of the parties intervening in</p> <p>15 the hearing through their respective counsel,</p> <p>16 have the opportunity to question and examine</p> <p>17 Hydro's witnesses, and, in turn, present</p> <p>18 evidence offering opinions from their own</p> <p>19 experts, who are also subject to cross-</p> <p>20 examination by the remaining parties,</p> <p>21 including Hydro. The process is somewhat</p> <p>22 similar to a court proceeding, and follows the</p> <p>23 normal rules of natural justice in terms of</p> <p>24 fairness, openness, and transparency. The</p> <p>25 purpose of this process is to ensure that all</p>

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<p>1 CHAIRMAN:</p> <p>2 the necessary evidence required to reach a</p> <p>3 determination on rates and other matters</p> <p>4 contained in the application is presented to</p> <p>5 the panel. This process enables the panel to</p> <p>6 assess all the issues covered by the</p> <p>7 application and render a fair and equitable</p> <p>8 decision that will serve to balance, hopefully</p> <p>9 in the best manner possible, the interest of</p> <p>10 all stakeholders. The public hearing is</p> <p>11 expected to substantially conclude in a couple</p> <p>12 of weeks, following which final argument by</p> <p>13 the parties and consideration of the complete</p> <p>14 body of evidence by the panel, a Board order</p> <p>15 will be issued containing a series of findings</p> <p>16 on the proposed rates and other matters</p> <p>17 submitted by Hydro in their application.</p> <p>18 These decisions and order of the Board are not</p> <p>19 simply recommendations to government, as would</p> <p>20 have been the situation prior to Hydro</p> <p>21 becoming a fully regulated utility in 1996,</p> <p>22 but by virtue of the legislative change, at</p> <p>23 that point in time an order of the Board</p> <p>24 affecting Hydro, and for that matter,</p> <p>25 Newfoundland Power, the other regulated</p>	<p>1 utility in the province, is only appealable to</p> <p>2 the courts.</p> <p>3 As I indicated earlier, this part of the</p> <p>4 hearing is to provide persons and</p> <p>5 organizations with an opportunity to have</p> <p>6 input and comment on the proposed rate</p> <p>7 structures and any other issues arising from</p> <p>8 the application that may impact them. I</p> <p>9 believe we may have seven or eight</p> <p>10 presentations here today. This can be done in</p> <p>11 one of two ways; certainly either by the oral</p> <p>12 presentations which we will hear, and, indeed,</p> <p>13 there's also an opportunity for letters of</p> <p>14 comment which can be filed with the Board at</p> <p>15 any time prior to the close of the hearing.</p> <p>16 Letters of comment can be submitted by simply</p> <p>17 contacting the Board secretary, Ms. Blundon,</p> <p>18 who will provide all the necessary information</p> <p>19 concerning addresses, and answer any questions</p> <p>20 you may have. All the oral and written</p> <p>21 material submitted by individuals and</p> <p>22 organizations will form a part of the official</p> <p>23 record for this hearing, and the oral</p> <p>24 submissions presented today, along with any</p> <p>25 letters of comment, will combine with the</p>
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<p>1 documentation resulting from the formal</p> <p>2 proceedings and will contribute to the total</p> <p>3 body of evidence which will be considered by</p> <p>4 this panel in rendering its decisions. So</p> <p>5 what you say here today constitutes an</p> <p>6 important part of the hearing process, and</p> <p>7 will be carefully examined by the panel in</p> <p>8 issuing its final order. Before we begin,</p> <p>9 there are just a couple of housekeeping</p> <p>10 matters which I'll make note of as well.</p> <p>11 These proceedings are being recorded under the</p> <p>12 supervision of the Board secretary, Ms.</p> <p>13 Blundon, and will be subsequently transcribed</p> <p>14 for the public record. In addition,</p> <p>15 presenters will be sworn in or, indeed,</p> <p>16 affirmed, if you wish, to make this an</p> <p>17 official part of the body of evidence before</p> <p>18 the Board. The Board's main goal is to get</p> <p>19 the facts on the record in a way that is</p> <p>20 convenient to the presenters, and while I</p> <p>21 realize this may appear a little formal, we</p> <p>22 are here to listen to your views and comments</p> <p>23 and we want you to express them in a way that</p> <p>24 you feel most comfortable. All documents</p> <p>25 filed throughout the hearing, including daily</p>	<p>1 transcripts, are available on the Board's</p> <p>2 website, and this will include a transcript of</p> <p>3 today's proceedings, and anyone wishing a hard</p> <p>4 copy may simply certainly just contact Ms.</p> <p>5 Blundon and we'll try and get one to you as</p> <p>6 quickly as possible. It is five to ten now.</p> <p>7 I think we have six -- seven or eight</p> <p>8 presentations. Nine in total. So certainly</p> <p>9 we'll require a break later on, but I'd like</p> <p>10 to proceed this morning through the</p> <p>11 presentations and we'll see where we are</p> <p>12 probably around 11 or 11:15, somewhere like</p> <p>13 that. I'll just ask Ms. Newman now if there</p> <p>14 are any preliminary matters before we begin,</p> <p>15 please.</p> <p>16 MS. NEWMAN:</p> <p>17 Q. Yes, Chair, I did want to mention one</p> <p>18 logistical issue, and presenters, when you're</p> <p>19 presenting, please don't walk up through the</p> <p>20 middle. Go along back and approach the table</p> <p>21 from behind there.</p> <p>22 Secondly, I wanted to mention that the</p> <p>23 Board did receive a complaint from the Town of</p> <p>24 Labrador City and the Town of Wabush on July</p> <p>25 23rd, 2003, and for your information I thought</p>

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<p>1 MS. NEWMAN: 2 I'd read that into the record this morning. 3 The Town of Labrador City and the Town of 4 Wabush hereby make a complaint that Hydro's 5 proposed rates for Labrador West are 6 discriminatory and request that the Public 7 Utilities Board conduct a hearing into the 8 appropriate rate calculation methodology for 9 the Labrador Interconnected system. That's 10 all, Chair. 11 CHAIRMAN: 12 Q. Thank you, Ms. Newman. I'll ask Ms. Greene 13 now if she could speak to the application a 14 little, please. 15 GREENE, Q.C. 16 Q. Good morning once again, Mr. Chair, 17 Commissioners, ladies and gentlemen. 18 As the Chair has already mentioned, Hydro 19 filed its application in May of this year 20 dealing with increases for the rates charged 21 to its three main customer groups; 22 Newfoundland Power, Industrial customers, and 23 Hydro's Rural customers. This morning I will 24 deal only with the issues affecting the 25 Labrador Interconnected system and the</p>	<p>1 isolated rural customers, as I believe those 2 are the two issues of interest to the parties 3 here this morning. 4 I would like first to talk about the 5 proposed rates for the Labrador Interconnected 6 system, and here I thought it would be helpful 7 if I gave a very brief background to Hydro 8 assuming responsibility for the various areas 9 in Labrador East and Labrador West. Hydro 10 first became responsible for the Labrador East 11 area when Hydro through PDD at the time in 12 1976 assumed responsibilities for the Goose 13 Bay area and the distribution system was 14 transferred to Hydro, which had previously 15 been operated by the Federal Department of 16 Public Works. 17 The issue of the rates charged in the 18 Happy Valley-Goose Bay area was one of the 19 issues considered by this Board in a hearing 20 on the rates that were charged by PDD which 21 started in the fall of 1978 and concluded in 22 1979. The Board in its 1979 report made a 23 number of recommendations which are still 24 relevant to the issues that are before the 25 Board today.</p>
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<p>1 First, the Board recommended that there 2 be three separate areas for Hydro for rate 3 setting purposes for its customers. One was 4 the isolated diesel systems, both on the 5 island and in Labrador. The second area was 6 the Island Interconnected system, and the 7 third area even back in 1979 was the Labrador 8 Interconnected system. While Hydro only had 9 responsibility at that time for Happy Valley- 10 Goose Bay, the Board said it could not 11 overlook the fact that Happy Valley-Goose Bay 12 was interconnected to Labrador City Wabush, 13 and that it was understood at that time that 14 the mining companies would be withdrawing from 15 the distribution of electricity in the towns. 16 So the Board recommended back in 1979 17 that the Labrador Interconnected area should 18 be considered as one area and one region with 19 its own cost of service and rates. Looking at 20 the rates that were recommended for the Happy 21 Valley-Goose Bay area at that time, the Board 22 recommended that the rates should be the same 23 as charged by Newfoundland Power in the island 24 Interconnected system, including the fuel 25 adjustment charge. Then in 1981, the Board</p>	<p>1 recommended that the rates charged in the 2 Happy Valley-Goose Bay area continue to be 3 those that were charged by Newfoundland Power 4 to the island interconnected customers, but 5 recommended that the fuel adjustment charge be 6 dropped. 7 The rates then continued in the Happy 8 Valley-Goose Bay area from this order of the 9 Board in 1981 until Hydro's 2002 General Rate 10 Application where we started the process of 11 the phase in of the uniform rate structure for 12 the Labrador Interconnected system. 13 Hydro next assumed responsibility in the 14 Labrador Interconnected area for the Town of 15 Wabush in 1985 when it acquired the 16 distribution system from Wabush Mines. The 17 rates charged to customers remained as charged 18 by Wabush Mines until the end of 1985 when 19 Hydro did apply and was granted approval to 20 increase the rates in Wabush to the same level 21 as charged in Labrador City at that time. New 22 rates were then further set in 1987 and 1988, 23 and they were not changed in Wabush from 1988 24 until 2002, following Hydro's last rate 25 hearing.</p>

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<p>1 GREENE, Q.C.:</p> <p>2 The third area for which Hydro assumed</p> <p>3 responsibility was Labrador City when it</p> <p>4 acquired the distribution system from the Iron</p> <p>5 Ore Company of Canada. At that time, 1992,</p> <p>6 the Board approved Hydro charging the same</p> <p>7 rate as had been charged by IOC as of the time</p> <p>8 of Hydro's take over. The rates in Labrador</p> <p>9 City remained the same then until 2002,</p> <p>10 following Hydro's last rate hearing.</p> <p>11 The issue of whether it is appropriate to</p> <p>12 have one area in Labrador for Interconnected</p> <p>13 system, or two, being Labrador East and</p> <p>14 Labrador West, was reviewed by the Board</p> <p>15 following 1979 in 1992 in the cost of service</p> <p>16 methodology hearing, because one of the issues</p> <p>17 that was considered by the Board at that time</p> <p>18 was whether there should be one Labrador</p> <p>19 Interconnected system. In 1993, the Board</p> <p>20 issued its report and recommended that there</p> <p>21 be one cost of service study for the Labrador</p> <p>22 Interconnected system. This issue was again</p> <p>23 reviewed in a hearing that started in 1995 on</p> <p>24 the rates charged by Hydro to its rural</p> <p>25 customers. In the July 29th, 1996 report, the</p>	<p>1 Board recommended that there be a separate</p> <p>2 cost of service for the Labrador</p> <p>3 Interconnected system, as it had in the 1993</p> <p>4 hearing. The issue was raised again during</p> <p>5 Hydro's 2001 General Rate Application, and in</p> <p>6 the decision dated June 7th, 2002, the Board</p> <p>7 again decided that the Labrador Interconnected</p> <p>8 system should be treated as one system for</p> <p>9 rate setting purposes and further directed</p> <p>10 Hydro to submit a five year plan for the</p> <p>11 commencement of the phase in of uniform</p> <p>12 Labrador Interconnected rates, which is</p> <p>13 presently before the Board.</p> <p>14 Thus, it can be seen that the issue of</p> <p>15 the appropriate rates for Labrador East and</p> <p>16 Labrador West has had a long history. It has</p> <p>17 been reviewed in 1979, 1993, 1996, and 2002.</p> <p>18 In the summer of 2003 following the filing of</p> <p>19 our General Rate Application, the Lieutenant</p> <p>20 Governor in Council directed the Board to</p> <p>21 consider once again whether it was appropriate</p> <p>22 to consider Labrador East and Labrador West as</p> <p>23 one system for the purpose of setting rates.</p> <p>24 With our May filing, Hydro did file a proposed</p> <p>25 phase in of the implementation of uniform</p>
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<p>1 rates for the Labrador Interconnected system</p> <p>2 over a five year period. Evidence was filed</p> <p>3 by Mr. Sam Banfield, the Director of Customer</p> <p>4 Services for Hydro, outlining the proposed</p> <p>5 changes for 2004 and subsequent years for the</p> <p>6 various customer classes.</p> <p>7 Hydro's application, as the Chair has</p> <p>8 already mentioned, was updated twice; once was</p> <p>9 in August, and once was in October. In the</p> <p>10 August revision, one of the reason for this</p> <p>11 revision was to reflect the government</p> <p>12 direction with respect to the rates charged</p> <p>13 certain of Hydro's rural customers. With</p> <p>14 respect to the isolated customers, the</p> <p>15 government directed the Board that the phase</p> <p>16 out of preferential rates previously</p> <p>17 recommended by the Board should not continue,</p> <p>18 and gave direction for the continuation of the</p> <p>19 preferential rates, as we call them, to</p> <p>20 continue to be charged and these rates</p> <p>21 primarily affect customers on the Isolated</p> <p>22 systems.</p> <p>23 The October 31st revision was to reflect</p> <p>24 more current data from that used in the May</p> <p>25 filing. As we heard yesterday, the October</p>	<p>1 31st revision did affect the proposed rates</p> <p>2 for the Labrador Interconnected system, and</p> <p>3 there were two changes in the October filing</p> <p>4 from the previous filing. One was a reduction</p> <p>5 in the revenue credit that Hydro receives from</p> <p>6 5 Wing Goose Bay which is applied to the</p> <p>7 Labrador Interconnected system, and the other</p> <p>8 was an increase in cost for the Wabush</p> <p>9 Terminal Station that is used by Hydro to</p> <p>10 supply customers in Labrador West. The</p> <p>11 revised evidence filed on October 31st</p> <p>12 explains the changes in the filing and how it</p> <p>13 impacts the rates.</p> <p>14 Turning specifically to the rates that</p> <p>15 are proposed that are at issue here today,</p> <p>16 Hydro is proposing for the Labrador</p> <p>17 Interconnected system that there be automatic</p> <p>18 rate adjustments on January 1 of each year</p> <p>19 where required to implement the uniform rate</p> <p>20 structure until it is achieved in 2008.</p> <p>21 With respect to Domestic customers in the</p> <p>22 Happy Valley-Goose Bay area, there will be no</p> <p>23 increase in rates until 2008 under Hydro's</p> <p>24 proposals.</p> <p>25 For 2004, there would be increases for</p>

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<p>1 GREENE, Q.C.:</p> <p>2 Domestic customers in Labrador West. As we</p> <p>3 heard yesterday, approximately 86.6 percent of</p> <p>4 the Domestic customers in Labrador West would</p> <p>5 see increases of between 25 and 29 percent in</p> <p>6 2004, and subsequent adjustments in each year</p> <p>7 thereafter until 2008.</p> <p>8 Customers in the general service 2. 1</p> <p>9 class in Happy Valley-Goose Bay would see</p> <p>10 increases in 2004, with approximately 27</p> <p>11 percent of the customers in this category</p> <p>12 seeing increases of between 21 percent and 28</p> <p>13 percent, and 30 percent of the customers</p> <p>14 seeing increases between 28 and 34 percent.</p> <p>15 There will be no changes for the other</p> <p>16 general service customers in the Happy Valley-</p> <p>17 Goose Bay area in 2004.</p> <p>18 In Labrador West, the general service</p> <p>19 customers in the various rate classes would</p> <p>20 see increases, and I won't go through each of</p> <p>21 them here. The actual percentage increases</p> <p>22 for each of the customer classes are detailed</p> <p>23 in the evidence of Mr. Banfield that has been</p> <p>24 filed. As well, the details of the future</p> <p>25 increases are also outlined in Mr. Banfield's</p>	<p>1 evidence.</p> <p>2 Turning briefly for a moment to the rates</p> <p>3 in the Isolated systems, because I think</p> <p>4 that's of interest here for the people as well</p> <p>5 this morning, the rates charged to the</p> <p>6 Domestic customer served in the Isolated</p> <p>7 systems continue in Hydro's proposal to be</p> <p>8 based on the long approved policy that the</p> <p>9 rates for life line block of energy be the</p> <p>10 same as the rate charged to customers served</p> <p>11 by Newfoundland Power on the island</p> <p>12 Interconnected system. The amount of the life</p> <p>13 line block has been set for the last several</p> <p>14 years as 700 kilowatt hours per month. Hydro</p> <p>15 filed a report earlier prior to its</p> <p>16 application reviewing the amount of the life</p> <p>17 line block which indicated that the life line</p> <p>18 block of 700 kilowatt hours per month may not</p> <p>19 have been adequate to deal with the seasonal</p> <p>20 consumption patterns, particularly in</p> <p>21 Labrador. During the medication process,</p> <p>22 Hydro did agree to increase the life line</p> <p>23 block to vary during the year. We are</p> <p>24 proposing that it be 1000 kilowatt hours per</p> <p>25 month in the months of January, February, and</p>
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<p>1 December; 900 kilowatt hours in September,</p> <p>2 October, March, April; and 700 kilowatt hours</p> <p>3 in the remaining months of the year. There</p> <p>4 will be one rate for consumption above the</p> <p>5 levels in those months and that rate will be</p> <p>6 13.193 cents per kilowatt hour.</p> <p>7 Hydro did send out an information</p> <p>8 circular to the community that we had been</p> <p>9 advised last week would be attending today to</p> <p>10 explain the change in the life line block.</p> <p>11 Also we have additional copies here if anybody</p> <p>12 would like to receive a copy to explain what</p> <p>13 the change is that Hydro is proposing in the</p> <p>14 life line block.</p> <p>15 So, thank you, Mr. Chair, that is a brief</p> <p>16 outline of the history for the Labrador</p> <p>17 Interconnected system, as well as a brief</p> <p>18 outline of the proposed rates. Thank you.</p> <p>19 CHAIRMAN:</p> <p>20 Q. Thank you, Ms. Greene, once again. We'll</p> <p>21 proceed now to presentations, and as I</p> <p>22 indicated previously, we have nine presenters</p> <p>23 this morning. I'll just go through this</p> <p>24 quickly. We have Mr. Dennis Peck, Director of</p> <p>25 Economic Development, Town of Happy Valley-</p>	<p>1 Goose Bay, and then we'll proceed in this</p> <p>2 order, so if you are presenters, you may just</p> <p>3 make a mental note. The second presenter will</p> <p>4 be Mr. Jamie Snook, who's with the Combined</p> <p>5 Councils of Labrador. Third is Mr. Gary</p> <p>6 Bolger, who's the Mayor of the Town of St.</p> <p>7 Lewis, and he will make presentation on behalf</p> <p>8 of the Town of St. Lewis, as well as the Town</p> <p>9 of Charlottetown, I understand. Betty</p> <p>10 Sampson, who's with the Town of Port Hope</p> <p>11 Simpson, Ms. Yvonne Jones, who's the MHA for</p> <p>12 Cartwright/L'Anse Au Clair. Welcome, Ms.</p> <p>13 Jones. The sixth presenter will be Tony</p> <p>14 Woolfrey, the Town of Rigolet. Seven will be</p> <p>15 Carol Best, Central Labrador Economic</p> <p>16 Development Board. Eight will be Leroy</p> <p>17 Metcalf, who's with the Labrador Inuit</p> <p>18 Association, and nine will be Glen Sheppard,</p> <p>19 who's with the Town of Postville. That's all</p> <p>20 the presenters we have here on this list.</p> <p>21 Indeed, if there's anybody else in the room</p> <p>22 who would wish to present this morning,</p> <p>23 perhaps they could indicate to Ms. Blundon at</p> <p>24 the break. We'll certainly go beyond the</p> <p>25 break with this number of presenters, so if</p>

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<p>1 CHAIRMAN:</p> <p>2 they could do that, we'll certainly</p> <p>3 accommodate you toward the end.</p> <p>4 We'll begin our presentations now. Good</p> <p>5 morning, Mr. Peck. Welcome, sir, once again.</p> <p>6 Good to see you. If you could take the Bible</p> <p>7 in your right hand, please? Do you swear on</p> <p>8 this Bible that the evidence to be given by</p> <p>9 you shall be the truth, the whole truth, and</p> <p>10 nothing but the truth, so help you God?</p> <p>11 MR. PECK:</p> <p>12 Q. I do.</p> <p>13 (10:09 a.m.)</p> <p>14 MR. DENNIS PECK (SWORN)</p> <p>15 MS. NEWMAN:</p> <p>16 Q. Mr. Peck, before you begin I'd just like to</p> <p>17 advise the parties and the people in the room</p> <p>18 that Mr. Peck has kindly offered a copy of his</p> <p>19 presentation, and for the record, that will be</p> <p>20 identified as DP #1.</p> <p>21 (WRITTEN PRESENTATION OF MR. PECK ENTERED AND MARKED AS</p> <p>22 DP NO. 1)</p> <p>23 MR. DENNIS PECK:</p> <p>24 A. Thank you. Before I start on that, I'll</p> <p>25 probably give a bit of credit to the Canon</p>	<p>1 technicians who performed heart surgery on our</p> <p>2 Xerox machine yesterday that I even got copies</p> <p>3 for you. I gave a major presentation</p> <p>4 yesterday, so my voice may fade and wear out a</p> <p>5 bit as I go through this, if that's all right.</p> <p>6 On behalf of the Town of Happy Valley-</p> <p>7 Goose Bay, I'd like to thank the Board of</p> <p>8 Commissioners of the Public Utilities for the</p> <p>9 opportunity to express our opinions on</p> <p>10 Newfoundland and Labrador Hydro's General Rate</p> <p>11 Review Application. I appreciate the efforts</p> <p>12 made to come to our community to hear this and</p> <p>13 other presentations. Attached to this</p> <p>14 presentation is a hard of a power point</p> <p>15 presentation made by myself at a community</p> <p>16 meeting on this very issue. It was our</p> <p>17 objective, and one that was fulfilled, to</p> <p>18 present an overview of the issues and to seek</p> <p>19 feedback to assist us in preparing this</p> <p>20 presentation. It is provided to illustrate</p> <p>21 the fact that the issues have been discussed</p> <p>22 within the community, and that the opinions</p> <p>23 expressed do represent a collective position.</p> <p>24 We see this application as a continuance</p> <p>25 of the previous application in which the Board</p>
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<p>1 reached a decision as outlined in Order No. PU</p> <p>2 7. In that decision, the Board stated it</p> <p>3 viewed the 2001 application as the first step</p> <p>4 in a staged process. From our perspective,</p> <p>5 the issues on the table are fundamentally the</p> <p>6 same as before, although this time we feel</p> <p>7 better informed as a result of the experience</p> <p>8 gained from our participation in the last</p> <p>9 round of hearings.</p> <p>10 In reviewing Order No. 7, we note on</p> <p>11 pages 138 and 139 that where Newfoundland and</p> <p>12 Labrador Hydro submits in final argument that</p> <p>13 "its proposal to have one Labrador</p> <p>14 Interconnected system is consistent with the</p> <p>15 recommendation of the Board in its 1993 report</p> <p>16 and that it is consistent with normal utility</p> <p>17 practices that customers served from the same</p> <p>18 system, where there are common costs, pay the</p> <p>19 same rates". Newfoundland and Labrador Hydro</p> <p>20 has also proposed a phasing in of the rate</p> <p>21 changes because of the impacts on certain</p> <p>22 customers in the system.</p> <p>23 The Board agrees with Newfoundland and</p> <p>24 Labrador Hydro that its proposed approach to</p> <p>25 rate changes in the Labrador Interconnected</p>	<p>1 system is consistent with the Board's</p> <p>2 recommendation in the 1993 generic COS Report,</p> <p>3 which was accepted by government under</p> <p>4 previous legislation, and which Newfoundland</p> <p>5 and Labrador Hydro was directed to use in this</p> <p>6 application.</p> <p>7 Newfoundland and Labrador's proposal to</p> <p>8 implement island interconnected rate structure</p> <p>9 of six classes for the Labrador Interconnected</p> <p>10 system will be approved. Newfoundland and</p> <p>11 Labrador Hydro's proposal to phase in a cost</p> <p>12 based rate system for the Labrador</p> <p>13 Interconnected system as of the implementation</p> <p>14 of rates that arises from this decision will</p> <p>15 be approved. Newfoundland and Labrador Hydro</p> <p>16 will be required to file a five year plan</p> <p>17 outlining further alterations in rates on the</p> <p>18 Labrador Interconnected system, with the cost</p> <p>19 recovery targets as identified in this</p> <p>20 application to be incorporated as part of</p> <p>21 Newfoundland and Labrador Hydro's next rate</p> <p>22 application.</p> <p>23 In this application, that is the 2000</p> <p>24 application, by Newfoundland and Labrador</p> <p>25 Hydro, Newfoundland and Labrador Hydro</p>

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<p>1 MR. PECK:</p> <p>2 recognized that the restructuring of the</p> <p>3 existing rates and rate classes in Labrador</p> <p>4 will result in a wide range of increases and</p> <p>5 decreases in rates due to rate structure</p> <p>6 changes and differences in customer usage</p> <p>7 patterns. Newfoundland and Labrador</p> <p>8 implemented the following guidelines for its</p> <p>9 first step in the plan to move to the cost</p> <p>10 recovery levels indicated earlier; one, move</p> <p>11 all customers to the relevant standard rate</p> <p>12 classes; two, no rate classes, based on the</p> <p>13 standard rate class categories, should receive</p> <p>14 an increase of more than 20 percent; three, no</p> <p>15 Domestic or small general service customer</p> <p>16 should receive an increase of more than \$20.00</p> <p>17 per month; four, larger general service</p> <p>18 customers should receive increases of no more</p> <p>19 than 20 percent unless circumstances are</p> <p>20 unique; and, five, street and area lighting</p> <p>21 rates should move toward specific costs of</p> <p>22 providing the service.</p> <p>23 The Board recognizes Newfoundland and</p> <p>24 Labrador Hydro's efforts in this application</p> <p>25 to minimize rate increases to its customers on</p>	<p>1 the Labrador Interconnected system to a level</p> <p>2 that, in its view, would not cause rate shock</p> <p>3 by applying the guidelines in its rate design.</p> <p>4 The Board sees these guidelines as</p> <p>5 reasonable and encourages Newfoundland and</p> <p>6 Labrador Hydro to adhere to these guidelines</p> <p>7 as it redesigns its rates to be submitted to</p> <p>8 the Board as a result of this decision. If</p> <p>9 application of the guidelines, as they are,</p> <p>10 prevent the design of rates that will recover</p> <p>11 costs, the Board will support some adjustment</p> <p>12 in the parameters if required. The Board</p> <p>13 reiterates its support of keeping the level of</p> <p>14 rate increases on the Labrador Interconnected</p> <p>15 system as low as possible as Newfoundland and</p> <p>16 Labrador Hydro moves to a uniform rate</p> <p>17 structure.</p> <p>18 I quote this section in length not to</p> <p>19 remind authors of what they have said, but to</p> <p>20 ensure that this is on the public record for</p> <p>21 these hearings. We appreciate that, in</p> <p>22 addition to working towards a uniform rate</p> <p>23 structure for the Labrador Interconnected</p> <p>24 system, Newfoundland and Labrador Hydro is</p> <p>25 looking for rate increases in response to the</p>
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<p>1 increased cost of oil. As to whether these</p> <p>2 increases are fair, appropriate or warranted,</p> <p>3 I do not offer an argument one way or the</p> <p>4 other.</p> <p>5 It goes without saying that we support</p> <p>6 lower costs for electricity as part of our</p> <p>7 mandate to look out for the interests of our</p> <p>8 community and to plan for the long term</p> <p>9 economic development of the town. The</p> <p>10 critical importance of these rates is</p> <p>11 illustrated by the military training offered</p> <p>12 at 5 Wing Goose Bay, the economic basis of our</p> <p>13 community. 5 Wing has experienced some very</p> <p>14 significant stresses since the last time the</p> <p>15 Board was in our community. The Royal</p> <p>16 Netherlands Air Force has stopped training at</p> <p>17 5 Wing. The German Air Force, the largest of</p> <p>18 the participant air forces, has announced</p> <p>19 plans to halt training in Goose Bay after</p> <p>20 2005.</p> <p>21 We compete on an international stage for</p> <p>22 these air forces. Five years ago the Italian</p> <p>23 Air Forces Delegation inspecting Goose Bay</p> <p>24 noted that they had been courted by Tunisia,</p> <p>25 Morocco, Egypt, Saudi Arabia and Poland. The</p>	<p>1 final decision on military training</p> <p>2 opportunities obviously involves a lot of</p> <p>3 factors, not the least of which is the cost.</p> <p>4 As has been quoted to us many times, it is not</p> <p>5 just about the money, it's all about the</p> <p>6 money. Military budgets are hyper-sensitive</p> <p>7 to cost. Training options are many, and the</p> <p>8 competition among nations is fierce.</p> <p>9 If I could just move off this, and note</p> <p>10 that last night the presentation we did make</p> <p>11 was on that very factor about the future of</p> <p>12 the base. I think that the future of the base</p> <p>13 over the next five months is going to be</p> <p>14 determined and it's very realistic to assume</p> <p>15 that there may not be a base here after 2005.</p> <p>16 Holding costs in line and the need to</p> <p>17 reduce costs has been the measure time and</p> <p>18 again from the various air force commanding</p> <p>19 officers, government officials, and companies</p> <p>20 operating on the base. Just to give you a</p> <p>21 sense of the importance of this activity to</p> <p>22 the town, according to an analysis released by</p> <p>23 the Institute of Environmental Monitoring and</p> <p>24 Research, the training program at 5 Wing is</p> <p>25 responsible for 1200 direct, indirect, and</p>

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<p>1 MR. PECK:</p> <p>2 induced jobs in the town, surrounding region,</p> <p>3 and the province as a whole. This one</p> <p>4 industry brings in 70 to 90 million dollars of</p> <p>5 foreign currency a year into the country. The</p> <p>6 quality of the base infrastructure, the</p> <p>7 presence of a search and rescue service, the</p> <p>8 ability to attract new business to the airport</p> <p>9 that offers these services and is maintained</p> <p>10 to such a high level, are all directly related</p> <p>11 to the continued presence and operations of</p> <p>12 the training program. How much poorer the</p> <p>13 region would be without the program is not</p> <p>14 simply measured in terms of the dollars the</p> <p>15 allies spent in the community on an annual</p> <p>16 basis.</p> <p>17 As a result of the base and the service</p> <p>18 it provides and which are attracted to use the</p> <p>19 airport infrastructure, the Lake Melville area</p> <p>20 is the regional administrative and service</p> <p>21 centre for Labrador. The economic development</p> <p>22 activity within this area benefits the entire</p> <p>23 larger entire community up to and including</p> <p>24 the country as a whole. It is often noted</p> <p>25 that within the discipline of geography there</p>	<p>1 is but one true theory to explain settlement</p> <p>2 patterns, and that is Central Place Theory.</p> <p>3 The town and its sister communities in the</p> <p>4 Lake Melville area illustrate the validity of</p> <p>5 this theory. Together these communities play</p> <p>6 a key role as a regional centre. If you look</p> <p>7 into Labrador's future as expressed through</p> <p>8 the forestry industry, tourism, alternative</p> <p>9 military training opportunities, our role as a</p> <p>10 regional government centre or as a transit</p> <p>11 location and a bedroom community for resource</p> <p>12 development, of which the Lower Churchill</p> <p>13 Hydro Development and the Voisey's Bay Mine</p> <p>14 Mill project are but two among the many</p> <p>15 opportunities facing Labrador. The Lake</p> <p>16 Melville area will continue to serve as a key</p> <p>17 regional centre. Notwithstanding these</p> <p>18 geographical advantages, for any business</p> <p>19 location decision the cost of power is an</p> <p>20 important factor, and equally important, the</p> <p>21 availability of that power is a key</p> <p>22 consideration.</p> <p>23 In looking at the application in front of</p> <p>24 us, we view it in terms of three related</p> <p>25 issues; one, the splitting of the Labrador</p>
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<p>1 Interconnected system; two, changes in power</p> <p>2 rates; and, three, the future need for power.</p> <p>3 The splitting of the Labrador</p> <p>4 Interconnected system. We understand that the</p> <p>5 Towns of Labrador City and Wabush have asked</p> <p>6 the Board to consider three questions; whether</p> <p>7 the Labrador Interconnected system is, in</p> <p>8 fact, an interconnected integrated single</p> <p>9 system requiring common rates; two, the basis</p> <p>10 on which rates ought to be set for Domestic</p> <p>11 customers in Labrador West; and, three,</p> <p>12 whether the Public Utilities Board ought to</p> <p>13 recommend to the government that the social</p> <p>14 costs related to the rural deficit would more</p> <p>15 efficiently and fairly be collected through a</p> <p>16 dedicated task on all energy producers in the</p> <p>17 province, whether exported or not, rather than</p> <p>18 allocated to certain customers in Hydro's</p> <p>19 system.</p> <p>20 Due to constraints of travel and the</p> <p>21 changing of schedules, I did not make a</p> <p>22 presentation in Labrador West on this</p> <p>23 question. From what I was advised of it, it</p> <p>24 might have been safer for me to, but we</p> <p>25 understand that on this issue we can combine</p>	<p>1 our concerns with all our comments on the rate</p> <p>2 hearings and present them together at this</p> <p>3 time. We also understand that as the evidence</p> <p>4 presented in Labrador will require time to</p> <p>5 transcribe and made available for review, we</p> <p>6 are able to make further presentation at a</p> <p>7 future date should we feel the need to</p> <p>8 respond.</p> <p>9 In reviewing the submission of September,</p> <p>10 2003, we have a number of concerns of how the</p> <p>11 situation was presented. At the very minimum,</p> <p>12 we feel that Mr. Drazen stretched the concept</p> <p>13 of a system to the very thinnest of</p> <p>14 definitions to make his case. We consider the</p> <p>15 concept of looking at the different sides of a</p> <p>16 generating facility and to suggest that each</p> <p>17 side of a power plant, and each division of</p> <p>18 each side is a different system, is to stretch</p> <p>19 the definition beyond the point of reality. I</p> <p>20 note that in the extra evidence that was</p> <p>21 submitted there was a sketch provided by</p> <p>22 Newfoundland and Labrador Hydro about the</p> <p>23 layout at Churchill Falls, and I had</p> <p>24 difficulty whether you could flip it left or</p> <p>25 right to see the differences between it. If</p>

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<p>1 MR. PECK:</p> <p>2 we were to take this logic to the map of the</p> <p>3 total system on the Island of Newfoundland,</p> <p>4 and I've provided a copy, where will</p> <p>5 implementation of this request eventually take</p> <p>6 us, how fine of a division will result if the</p> <p>7 rationale is followed to its final conclusion.</p> <p>8 I suggest this argument is neither appropriate</p> <p>9 nor in keeping with the intent of Section</p> <p>10 73.(1) of the Public Utility Act which states</p> <p>11 that "all tolls, rates and charges shall</p> <p>12 always, under substantially similar</p> <p>13 circumstances and conditions in respect of</p> <p>14 service of the same description, be charged</p> <p>15 equally to all persons and at the same rate,</p> <p>16 and the Board may by regulation declare what</p> <p>17 shall constitute substantially similar</p> <p>18 circumstances and conditions".</p> <p>19 In addition, to suggest that the local</p> <p>20 backup generating system in the town will not</p> <p>21 be of assistance to Labrador West, and,</p> <p>22 therefore, the system should be broken up,</p> <p>23 seemingly missed the point of a local backup</p> <p>24 system. If the Churchill system goes down and</p> <p>25 Labrador West goes down, the problem must</p>	<p>1 surely be larger than any local backup system</p> <p>2 could ever be normally designed for. Is the</p> <p>3 backup system, assuming there is one for</p> <p>4 Springdale, designed to also include the means</p> <p>5 to supply St. John's if Holyrood were to go</p> <p>6 down? This represents communities that are</p> <p>7 closer together than our town in Labrador</p> <p>8 West.</p> <p>9 Finally, representing the Twin Falls line</p> <p>10 as the property of another interest and whose</p> <p>11 use to transmit power to Labrador West has no</p> <p>12 cost associated with it is but a slight of</p> <p>13 hand. There is no such thing as a free ride</p> <p>14 nor a service that is provided at no cost.</p> <p>15 The perspective presented is one of a short</p> <p>16 term self interest. Some day the Lower</p> <p>17 Churchill hydro resource may be developed and</p> <p>18 the Twin Falls line may be needed to be</p> <p>19 replaced, and those who sought the splitting</p> <p>20 of the system may regret ever having</p> <p>21 wrongfully placed their community in such a</p> <p>22 predicament. A circumstance I noted in my</p> <p>23 presentation to the Board in 2001.</p> <p>24 Arguments suggesting differences within</p> <p>25 the Labrador Interconnected system may in the</p>
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<p>1 coming years come back to haunt those who</p> <p>2 raise it. We see the differences identified</p> <p>3 by Mr. Drazen more as symptoms of Newfoundland</p> <p>4 and Labrador Hydro's challenge of developing</p> <p>5 an effective system out of a collection of</p> <p>6 infrastructure, some of which may need to be</p> <p>7 overcome with time and money, and others that</p> <p>8 will never change, but do not mean that the</p> <p>9 Labrador Interconnected system is not a</p> <p>10 system.</p> <p>11 Changes in power rates. When looking at</p> <p>12 the rates that will be charged in detail, our</p> <p>13 support is obviously for the keeping of our</p> <p>14 rates as they presently are. In fact, who</p> <p>15 would not support such a proposal. We're</p> <p>16 equally concerned, however, with how the rate</p> <p>17 schedule had been derived and where they may</p> <p>18 be going. In particular, we are increasingly</p> <p>19 becoming concerned that there continues to be</p> <p>20 an unfair distribution of the burden and that</p> <p>21 this discrimination will continue.</p> <p>22 It first came to our attention at the</p> <p>23 last set of hearings that customers on the</p> <p>24 Labrador Interconnected system are covering</p> <p>25 the subsidy granted to customers on the</p>	<p>1 Isolated systems. After I first heard about</p> <p>2 this fact, I spent a considerable amount of</p> <p>3 time and effort raising the matter within the</p> <p>4 town. In most discussions, people did not</p> <p>5 object to this relationship. In fact, given</p> <p>6 that many had family, close friends, or even</p> <p>7 business interests on the coast, they felt it</p> <p>8 was their way of helping their neighbours or</p> <p>9 indirectly serving their own interests.</p> <p>10 Most people were shocked, however, to</p> <p>11 discover the rate of that subsidy. When it</p> <p>12 was explained that nearly half of their power</p> <p>13 bill represents the cost of this subsidy, many</p> <p>14 were taken aback at this level of transfer.</p> <p>15 We recognize and appreciate that in your</p> <p>16 review on the issues during the last rate</p> <p>17 reviews, this issue was the subject of some</p> <p>18 discussion. What is a reasonable level of</p> <p>19 subsidy and what is a reasonable rate to</p> <p>20 charge another group of users to help balance</p> <p>21 the rates out is a substantively difficult</p> <p>22 question.</p> <p>23 If we were to follow the trail of self</p> <p>24 interest put forward by the first two points</p> <p>25 of the questions from the Town of Labrador</p>

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<p>1 MR. PECK:</p> <p>2 West and Wabush, then this level of assistance</p> <p>3 would drop off the bill. We do not suggest</p> <p>4 that track. Nevertheless, we do have a</p> <p>5 concern that while the numbers suggest that</p> <p>6 all customers on the Labrador Interconnected</p> <p>7 system contribute the same percentage, the</p> <p>8 significant differences between the Lake</p> <p>9 Melville areas and the Labrador West rate</p> <p>10 schedules result in our community paying a</p> <p>11 significantly higher proportion of the cost on</p> <p>12 a per customer basis.</p> <p>13 Our concern is clearly illustrated in the</p> <p>14 following table and graph. This information</p> <p>15 is provided on rates charged for a typical</p> <p>16 home owner in Happy Valley-Goose Bay to</p> <p>17 purchase \$100.00 of electricity in comparison</p> <p>18 with a residence in Labrador City. I'm not</p> <p>19 sure if you want me to go over the numbers</p> <p>20 there. I think they're fairly</p> <p>21 straightforward. While these figures speak</p> <p>22 for themselves, the glaring differences</p> <p>23 reinforce our support for the move to a</p> <p>24 uniform rate schedule in the Labrador</p> <p>25 Interconnected system. We also ask for a fair</p>	<p>1 sharing of the burden of the cost of the</p> <p>2 subsidy to the Isolated system customers. As</p> <p>3 it now stands, the customers in the Lake</p> <p>4 Melville region have had and seemingly will</p> <p>5 continue to have the privilege of being the</p> <p>6 major contributor within an unequal</p> <p>7 partnership.</p> <p>8 Entering this process, we knew that our</p> <p>9 position represented a minority view. The</p> <p>10 communities in the Lake Melville region are</p> <p>11 unique in that we are facing stable costs for</p> <p>12 electricity. We are fully cognizant that</p> <p>13 Hydro's application is not popular outside of</p> <p>14 this region, and that all manner of expertise</p> <p>15 and opinion will be marshalled against the</p> <p>16 application. We also appreciate that the</p> <p>17 message is complex and one around which it is</p> <p>18 not easy to rally a community of interests.</p> <p>19 This community is facing a large number of</p> <p>20 challenges on a daily basis and there is a</p> <p>21 state of exhaustion when faced with new</p> <p>22 issues, and yet here we are to ensure that our</p> <p>23 voice is recorded.</p> <p>24 When we began to discuss the application</p> <p>25 within the community, nearly everyone</p>
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<p>1 expressed a long held understanding that the</p> <p>2 people and businesses of the Town of Happy</p> <p>3 Valley-Goose Bay were paying higher rates for</p> <p>4 power than our neighbours in Western Labrador.</p> <p>5 Everyone is equally aware that we are</p> <p>6 receiving basically the same product delivered</p> <p>7 from essentially the same infrastructure and</p> <p>8 generated by the same source. In the six</p> <p>9 years of my employment with the Town of Happy</p> <p>10 Valley-Goose Bay, there has always been the</p> <p>11 opinion expressed that there was a fundamental</p> <p>12 unfairness to the existing rate structure.</p> <p>13 This sense of unfairness is compounded by the</p> <p>14 knowledge that we are being equally unfairly</p> <p>15 treated in terms of our contribution --</p> <p>16 there's a sentence missing there, I apologize.</p> <p>17 I'll just jump over, "For how long have we</p> <p>18 been subsidizing someone else's power, or for</p> <p>19 how long have we been overcharged" are</p> <p>20 comments I have repeatedly heard in response</p> <p>21 to Hydro's application, and it's not hard to</p> <p>22 come away with a similar impression.</p> <p>23 While I do not clearly understand the</p> <p>24 implications of the third question posed to</p> <p>25 the Board by the communities in Labrador West,</p>	<p>1 I'm assuming that it's an attempt to introduce</p> <p>2 some measure of fairness to the situation that</p> <p>3 would be eroded by the first two questions.</p> <p>4 Is the question, "Whether the Public Utilities</p> <p>5 Board ought to recommend to the government</p> <p>6 that the social costs associated with the</p> <p>7 rural deficit would more effectively and</p> <p>8 fairly be collected through a dedicated tax on</p> <p>9 all energy produced in the province, whether</p> <p>10 exported or not, rather than allocated to</p> <p>11 certain customers in Hydro's system". Is it</p> <p>12 intended to open the door to a new funding</p> <p>13 arrangement or situation? We are open to any</p> <p>14 ideas that will address this issue. The option</p> <p>15 before us of uniform rates is one, but that</p> <p>16 option is slow in coming.</p> <p>17 Even at the rate of change proposed by</p> <p>18 Newfoundland and Labrador Hydro, it will be</p> <p>19 many years before we are in a position of</p> <p>20 uniform rates in the region. This kind of</p> <p>21 proposal is to move the rates closer together,</p> <p>22 but it will still result in this community and</p> <p>23 others in Lake Melville region being asked to</p> <p>24 make the more significant contribution to the</p> <p>25 total cost of the service. It is simply not</p>

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<p>1 MR. PECK:</p> <p>2 fair that we continue to be asked to fund the</p> <p>3 lion's share of the subsidy, pay significantly</p> <p>4 higher power rates, and as a direct result of</p> <p>5 the higher cost, pay a greater share of the</p> <p>6 HST tax within the Labrador Interconnected</p> <p>7 system. The longer this imbalance continues,</p> <p>8 the longer the injustice is allowed to endure.</p> <p>9 Future need for Power. The Town of Happy</p> <p>10 Valley-Goose Bay is facing or shortly will be</p> <p>11 facing limitations to the available supply of</p> <p>12 electricity. To their credit, Hydro is making</p> <p>13 plans to undertake incremental adjustments to</p> <p>14 the infrastructure to squeeze additional power</p> <p>15 out of the current system. Notwithstanding</p> <p>16 this, we feel there is a critical need to</p> <p>17 seriously review the municipality's long term</p> <p>18 requirement for electricity. This is the very</p> <p>19 real potential that Central Labrador will</p> <p>20 experience significant growth over the next</p> <p>21 decade. We must ensure we are ready to meet</p> <p>22 these opportunities.</p> <p>23 We need to initiate discussions amongst</p> <p>24 all affected parties in order to develop a</p> <p>25 clear plan to meet this future properly. Even</p>	<p>1 if actual growth is less than anticipated, we</p> <p>2 will grow. We continue to see an increase in</p> <p>3 the size and scale of development within the</p> <p>4 community as we move from a large town to a</p> <p>5 small city. It is not just Happy Valley-Goose</p> <p>6 Bay that will be generating this new demand.</p> <p>7 The region as a whole will grow. Our sister</p> <p>8 community of Sheshatshui is struggling to meet</p> <p>9 the demand for new housing and to provide the</p> <p>10 type of municipal infrastructure normally</p> <p>11 found in a community of their size.</p> <p>12 Sheshatshui, for example, has just opened a</p> <p>13 recreational complex with the capacity to</p> <p>14 maintain the ice surface year around.</p> <p>15 Sheshatshui is also home to health care</p> <p>16 infrastructure not ordinarily found in a</p> <p>17 community of this size. Coupled with the fact</p> <p>18 that this community is the fastest growing</p> <p>19 town of its size in the province, and that</p> <p>20 this growth can be anticipated to continue for</p> <p>21 many years, demand for electricity will grown.</p> <p>22 The option for significant additional</p> <p>23 power, beyond incremental adjustments already</p> <p>24 planned for, is presented slowly as an upgrade</p> <p>25 to the power line into the Lake Melville area</p>
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<p>1 from Churchill Falls. To make this upgrade, a</p> <p>2 cost of 60 million dollars is frequently</p> <p>3 quoted. Given that the users in the system</p> <p>4 are responsible for the costs of such</p> <p>5 upgrades, we face a challenge. The customer</p> <p>6 base on the Labrador Interconnected system</p> <p>7 which generates less than 20 million dollars a</p> <p>8 year in revenue, is a very small pool. This</p> <p>9 poses a challenge to me and other economic</p> <p>10 development individuals and organizations.</p> <p>11 When we market our region to investors, we</p> <p>12 honestly cannot say that we will have the</p> <p>13 power to support future initiatives. We</p> <p>14 cannot say what may be the cost associated</p> <p>15 with a project if there is a need to upgrade</p> <p>16 now or in the near future. We cannot say what</p> <p>17 will be the cost of power as a result of that</p> <p>18 upgrade. The inability to answer such key and</p> <p>19 direct location decision questions on the cost</p> <p>20 and availability of power are major</p> <p>21 constraints to our long term initiatives.</p> <p>22 At the prior hearings we raised this</p> <p>23 matter and expressed our view that there is a</p> <p>24 critical need for improved liaison between</p> <p>25 Newfoundland and Labrador Hydro and this</p>	<p>1 region's community of interests if we are to</p> <p>2 resolve this matter. We continue to advocate</p> <p>3 this position for we have seen little</p> <p>4 improvement on the issue. We need to be part</p> <p>5 of the process and not just recipients of</p> <p>6 someone else's solutions. We need to work</p> <p>7 together to develop scenarios for the delivery</p> <p>8 of electricity to the town. We need to work</p> <p>9 together in a constructive atmosphere that</p> <p>10 will permit us to be part of the solution.</p> <p>11 Whenever we bring up this matter of a</p> <p>12 need to understand and plan for the long term</p> <p>13 supply of power into our community, numerous</p> <p>14 questions are posed to us as to the</p> <p>15 availability of alternative sources of</p> <p>16 generation. We cannot answer these questions.</p> <p>17 However, an open process will allow</p> <p>18 Newfoundland and Labrador Hydro the</p> <p>19 opportunity to address these concerns, and who</p> <p>20 knows, maybe there are other ways and means</p> <p>21 that arise during such a process that we have</p> <p>22 yet to discover or discuss that can address</p> <p>23 our concerns. The review of our long term</p> <p>24 needs must be done in a public forum to ensure</p> <p>25 that information is available and that the</p>

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<p>1 MR. PECK:</p> <p>2 issues are clearly and properly presented.</p> <p>3 The process by which such critical decisions</p> <p>4 about our future are decided must be done via</p> <p>5 transparent process and must be done soon.</p> <p>6 In closing, we apologize of any titles</p> <p>7 were incorrectly used or inappropriate acts or</p> <p>8 sections were referenced, or even if there are</p> <p>9 minor errors in a quote of figures presented.</p> <p>10 We have attempted to provide an overview of</p> <p>11 our concerns and present a statement of</p> <p>12 concerns versus replicating the detailed</p> <p>13 submissions before the Board. We also feel</p> <p>14 that we have neither misrepresented any fact</p> <p>15 nor intended to misquote any information.</p> <p>16 Thank you.</p> <p>17 CHAIRMAN:</p> <p>18 Q. Thank you, Mr. Peck, for that comprehensive</p> <p>19 presentation. We do afford the opportunity of</p> <p>20 the applicant and the intervenors to ask</p> <p>21 questions along with the Board. I'll begin</p> <p>22 with Ms. Greene. Do you have any questions?</p> <p>23 GREENE, Q.C.</p> <p>24 Q. No questions. Thank you, Mr. Peck.</p> <p>25 CHAIRMAN:</p>	<p>1 Q. Mr. Browne, do you have any questions?</p> <p>2 BROWNE, Q.C.</p> <p>3 Q. Yes, good morning, Mr. Peck.</p> <p>4 A. Good morning.</p> <p>5 Q. 5 Wing Goose Bay. You said the Netherlands</p> <p>6 are gone, and the Germans are leaving in 2005,</p> <p>7 is that correct?</p> <p>8 A. Yes. Well, actually, if I could clarify.</p> <p>9 What the Germans have announced is -- it's a</p> <p>10 rather complicated letter written by</p> <p>11 diplomats, but what it says is they're</p> <p>12 effectively going to dispose of all their</p> <p>13 infrastructure, and under the current</p> <p>14 structure will not be training here or in</p> <p>15 North America after 2005. The door may be</p> <p>16 open, but it would be under a significantly</p> <p>17 model of operations than what we now see and</p> <p>18 probably at a much reduced level. That is if</p> <p>19 a new model can be presented and a new pricing</p> <p>20 structure could be presented. If that cannot</p> <p>21 be developed over the next few months, all the</p> <p>22 air forces may leave.</p> <p>23 Q. So who else is there? The Italians are still</p> <p>24 there.</p> <p>25 A. The Italians are reviewing their options, as</p>
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<p>1 are the British Air Force. They're going</p> <p>2 through a major review of their options too.</p> <p>3 Q. So the four there right now are the Germans,</p> <p>4 the Italians, and the British?</p> <p>5 A. The Germans, the Italians, and the British,</p> <p>6 and the Dutch have left.</p> <p>7 Q. The dutch have left.</p> <p>8 A. That's why we're in kind of a conundrum here</p> <p>9 because, on the one hand, if we can develop a</p> <p>10 new model and a new marketing, we could</p> <p>11 attract and grow the business which would</p> <p>12 increase demand. If we cannot in the next few</p> <p>13 months, we could lose it all.</p> <p>14 Q. Yesterday in Labrador West, the people there</p> <p>15 claimed the proposal to have one rate</p> <p>16 eventually across the integrated system is, in</p> <p>17 fact, a subsidization by Labrador West of your</p> <p>18 rates. You're this morning tell us that you,</p> <p>19 in fact, are subsidizing their rates. Which</p> <p>20 is it?</p> <p>21 A. The policies of self-interest are complicated,</p> <p>22 aren't they, and I can appreciate when people</p> <p>23 are looking at an increase that it's much</p> <p>24 easier to have more people showing up at a</p> <p>25 presentation than when you're saying to people</p>	<p>1 you won't see a cost increase. We know that</p> <p>2 if that proposal comes through, we see a</p> <p>3 significant potential increase in this</p> <p>4 community. The question of subsidy, I look at</p> <p>5 it from the perspective of we provide 49</p> <p>6 percent under our bill goes to help those</p> <p>7 people on the coast who have much higher rates</p> <p>8 than us. We have been subsidizing that by the</p> <p>9 fact that this region, and almost balancing</p> <p>10 equal regions in some senses, effectively pays</p> <p>11 two-thirds of that. Now within any system</p> <p>12 there are always variances. Depending on how</p> <p>13 fine you want to look at it, what is the</p> <p>14 actual cost within that system. We're looking</p> <p>15 at it, and we look at how the Board has</p> <p>16 reviewed it, and how the province has reviewed</p> <p>17 it over the years. In fact, I would suggest</p> <p>18 to you by the fact that there is a transfer of</p> <p>19 funds from one system into another, that the</p> <p>20 Isolated systems are part of our system</p> <p>21 because they require us.</p> <p>22 Q. The rates you pay now, the \$7.00, and the</p> <p>23 kilowatt charge that you pay now, how did that</p> <p>24 get derived? Is that based on your actual</p> <p>25 cost for the system from Churchill Falls into</p>

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<p>1 BROWNE, Q.C.: 2 here? 3 MR. PECK: 4 A. I'm looking at the rates as they were 5 presented to us, that came out of the Board's 6 decision last time. I wasn't party to all the 7 debates in terms of how that was arrived at. 8 I'm simply looking at what the results are. 9 Q. The mentioned the backup system. Have you had 10 occasion to use there here in this town? 11 A. Yes, that system has been turned on and used. 12 Q. And how often, how regular? 13 A. Less regular than it used to be. There was a 14 time when there was a difficulty on the line 15 from Churchill Falls into the community where, 16 I forget what the technical terms are, but 17 there's a component that was basically worn 18 out and we were getting a number of power 19 failures in the system, and they did a 20 significant upgrade to the line and it's been 21 used less since then. So it has been turned 22 on. 23 Q. In the last year have you had occasion to use 24 the backup system? 25 A. Oh, I couldn't speak to that because I don't</p>	<p>1 know when the power goes out in the town 2 whether they kicked it on or not. I'm not 3 privy to that. I just know in my discussions 4 with the local people that historically, yes, 5 the system has been used. 6 Q. Concerning the security of the power supply, 7 have you lost the power supply in the last 8 year? 9 A. Well, there may been power failures in the 10 town over the last year, yes. There have been 11 local power failures. There have been some 12 that the whole community has lost power, yes, 13 from time to time. 14 Q. Are there any complaints within the community 15 concerning the service that's provided here, 16 the electricity service that's provided? 17 A. Probably the most significant -- I'm looking 18 at it from perspective of town council who I 19 deal with, is in terms of street lighting and 20 have the light bulbs replaced, and having new 21 poles put in. I appreciate that there have 22 been many times when the staff here, who also 23 serve the coastal communities, have been 24 stretched quite thin. You'll get a 25 significant storm on the coast and the boys</p>
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<p>1 got to go out and they got to do it now. At 2 that time, if we have a minor incident here, 3 they have to look at their priorities, and I 4 can fully appreciate that's a difficult job to 5 juggle it when they've got significantly fewer 6 people here than they used to have many years 7 ago. I think a lot of people in this town 8 appreciate that, and I think a lot of people 9 in this town have very close links to family 10 and other people on the coast, so they 11 understand the difficulties of trying to 12 maintain that type of system in these two 13 environments. 14 BROWNE, Q.C. 15 Q. Thank you, Mr. Peck. 16 CHAIRMAN: 17 Q. Thank you, Mr. Browne. Mr. Hayes, do you have 18 any questions? 19 MR. HAYES: 20 Q. No questions, Mr. Chair. Thank you, Mr. Peck. 21 CHAIRMAN: 22 Q. Mr. Hearn. 23 (10:40 a.m.) 24 HEARN, Q.C. 25 Q. Thank you, Mr. Chairman. Thank you, Mr. Peck.</p>	<p>1 First of all, I was wondering on the situation 2 at 5 Wing Goose Bay. If there should be a new 3 model developed, would you have any 4 understanding as to how the new model would 5 impact on the electricity requirements to 6 service the base? 7 A. I'd suggest no matter what the model is, as 8 the base continues -- as you know, there's two 9 types of power use on the base. One that is 10 used as a contracted use for heating, the 11 steam on the base, and they wish to move away 12 from that and move to the firm power and 13 they're electrifying infrastructure and 14 buildings on the base as they can. If the 15 base continues, and with all efforts of this 16 community, it will, I think there will be a 17 significant change on the community in terms 18 of their power consumption. I think on the 19 base there will probably be more power used, 20 but it will be under a different contract or a 21 different relationship with Hydro. As that 22 relationship changes from the surplus power to 23 a firm power, as I understand it, there has to 24 be a larger buffer in place because a firm 25 power you have to guarantee it, whereas a</p>

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<p>1 MR. PECK:</p> <p>2 surplus they can tell them to turn it off. As</p> <p>3 a result of that, that will mean that</p> <p>4 effectively there has to be a bigger capacity</p> <p>5 in this community. It's one of our concerns</p> <p>6 what is that capacity, and is it there. As I</p> <p>7 understand it, and I don't have the facts of</p> <p>8 this because this is one of those great</p> <p>9 stories or rumours through a community,</p> <p>10 whenever the base turns on the electric</p> <p>11 boilers and that surplus power is there, at</p> <p>12 any time Hydro can phone them and say you have</p> <p>13 to turn it off because we need that power</p> <p>14 within the community. They got a phone call,</p> <p>15 we're told, to make this switch and they said</p> <p>16 we already have. Now if that is true, that</p> <p>17 would give you some indication of how close to</p> <p>18 the line we are in terms of the amount of</p> <p>19 power in this community. I think it's also to</p> <p>20 be looked at very clearly that, you know, we</p> <p>21 sit here saying the Town of Happy Valley,</p> <p>22 they're the region here, and within that</p> <p>23 region is the community of Sheshatshui and</p> <p>24 that is a rapidly growing community and it is</p> <p>25 a evolving community. Anyone who's been down</p>	<p>1 there in the last decade will know that it's</p> <p>2 significantly different than it was in the</p> <p>3 last ten years. There is a great deal of</p> <p>4 construction, new homes going down there, new</p> <p>5 infrastructure. Like I say, the type of</p> <p>6 things, like, with the recreational complex</p> <p>7 that they want to build with the capacity for</p> <p>8 year around ice, those are major power users.</p> <p>9 That community, for all intents and purposes,</p> <p>10 and I hope they succeed, is going to move into</p> <p>11 being a very modern community with all the</p> <p>12 services they require. They are going to be a</p> <p>13 major demand for power in this region, and</p> <p>14 it's oftentimes not quoted or noted here. It</p> <p>15 simply seen as the Town of Happy Valley-Goose</p> <p>16 Bay and the question of the base.</p> <p>17 HEARN, Q.C.:</p> <p>18 Q. When you say region, how do you define the</p> <p>19 region? What area do you think of?</p> <p>20 A. North West River, Happy Valley-Goose Bay,</p> <p>21 Sheshatshui, and Mud Lake.</p> <p>22 Q. It doesn't include Labrador West, does it?</p> <p>23 A. No, that's when I talk about this region when</p> <p>24 I'm talking about Lake Melville.</p> <p>25 Q. You take an issue with some of the testimony</p>
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<p>1 of the expert that Labrador West had called,</p> <p>2 Mr. Drazen. Do you have any evidence to rebut</p> <p>3 his conclusion that there are significant cost</p> <p>4 differences between Labrador West and Labrador</p> <p>5 East in all three major components of cost of</p> <p>6 electricity, generation, transmission, and</p> <p>7 distribution?</p> <p>8 A. No, I'm not going to call that. I mean,</p> <p>9 that's for the Board to look at that in some</p> <p>10 detail. I'm looking at it from my background.</p> <p>11 I mean, I did my thesis on general systems</p> <p>12 theories, and I look at that and I'm saying if</p> <p>13 you look at what a system is and look at the</p> <p>14 components that make up a system in terms of</p> <p>15 the feedback mechanisms that are there and how</p> <p>16 they function together, it's hard enough to</p> <p>17 define it as a system, and that's why I noted</p> <p>18 to Dennis here that, in fact, I would look at</p> <p>19 it from a systems theory that the systems on</p> <p>20 the coast are part of our system because</p> <p>21 there's a direct relationship between them in</p> <p>22 terms of the flow of money.</p> <p>23 Q. So you would include the definition of a</p> <p>24 single system - you'd expand it to include the</p> <p>25 Isolated systems on the Labrador coast?</p>	<p>1 A. There is a relationship there, and that's what</p> <p>2 make systems.</p> <p>3 Q. So subsidies make systems, do they?</p> <p>4 A. It does. There is a direct political</p> <p>5 relationship between us. There is a decision</p> <p>6 made that this price here would be helping to</p> <p>7 cover that cost. As I noted, within this</p> <p>8 community I was taken aback and actually</p> <p>9 rather proud of people in this town when they</p> <p>10 said that's a good thing to do.</p> <p>11 Q. So Ramea would be part of the Labrador system</p> <p>12 by your definition?</p> <p>13 A. I mean, I know how you like the twist that's</p> <p>14 coming to it. I'm looking at it in terms of</p> <p>15 the relationships that have been built over</p> <p>16 time and that developed. There is the</p> <p>17 physical connection that is one system.</p> <p>18 There's also the system of the money that</p> <p>19 moves to help each other is another system,</p> <p>20 and they are interrelated.</p> <p>21 Q. Let's look at the physical connection. You've</p> <p>22 mentioned that the Twin Falls line, the fact</p> <p>23 that there is no wheeling costs associated</p> <p>24 with energy going to Labrador west, it's but a</p> <p>25 slight of hand. Do you know the ownership of</p>

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<p>1 HEARN, Q.C.: 2 the Twin Falls line? 3 MR. PECK: 4 A. I've got to figure that out, and to be quite 5 honest, from the information available to me, 6 no, I can't say for sure. 7 Q. I'm going to suggest to you that Twin Falls is 8 a company that's owned partially by Hydro and 9 also by the mining companies. Would it matter 10 to you if the acquiescence in wheeling or 11 transmission of energy to Labrador West was a 12 conscious decision by the mining companies to 13 ensure that rates were kept low in Labrador 14 West? 15 A. I would suggest to you that rates are low and 16 will be low. 17 Q. But does the subsidy that comes from the 18 mining companies, if it's their wish to give a 19 subsidy in this form in order to keep rates in 20 that particular region low, is that relevant? 21 A. It's relevance is the fact that 5 Wing Goose 22 Bay through its surplus power provides a 23 subsidy to all users within the system keeps 24 power rates close. 25 Q. We've heard yesterday -- I appreciate you</p>	<p>1 weren't there and you probably haven't had a 2 chance yet to access the transcript, we had 3 the mining companies appear before this Board 4 yesterday and we're told that they had paid a 5 subsidy in Labrador West so that the rates 6 would be kept low based on local costs so that 7 they could attract and keep a talented 8 workforce. Is that a relevant consideration? 9 A. Uh-hm, it's part of their business decision. 10 Q. So if they make a decision to make a 11 contribution towards that region on the basis 12 that the subsidy will go to that region, 13 should that be taken into account by this 14 Board in making its decision? 15 A. It's part of all the decisions the Board takes 16 in. It looks at all factors, or should. Does 17 that mean that somehow that defines it as a 18 separate system? I don't see that argument. 19 I simply see it as their self-interest to make 20 sure and preserve their business. 21 Q. Has it always been operated as a separate 22 system with separate rates, Labrador East and 23 Labrador West? 24 A. No, I can't go back that far. I couldn't say 25 always. I'm not that familiar with that</p>
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<p>1 system. 2 Q. You mentioned the backup generation. When 3 that backup generation in the form of diesel 4 generation and gas turbines was constructed in 5 Labrador East, did Hydro have any ownership 6 interest in any of the facilities in Labrador 7 West? 8 A. Backup in Labrador East? 9 Q. Yes, when it was built. 10 A. I'm not familiar with the backup system in 11 Labrador East. Oh, I'm sorry, I getting these 12 -- 13 Q. Labrador East is here. 14 A. I keep telling the people on the coast I think 15 (unintelligible) is the west. 16 Q. Okay. Well, let's call you central then. 17 A. That's better. I understand it a lot clearer. 18 Q. All right. 19 A. I grew up in Alberta, and Saskatchewan is the 20 far east for me. 21 Q. When the diesel generation was constructed 22 here, and the gas turbine was constructed as 23 backup or standby capacity, at that time did 24 Hydro have any ownership interest in any of 25 the distribution facilities?</p>	<p>1 A. I'm not familiar with the history of that. I 2 couldn't speak to that. 3 Q. I'd suggest to you that this backup generation 4 was built prior to Hydro acquiring any 5 interest in the distribution facilities in 6 Labrador West. Does that make a difference 7 then to you in terms of your views on whether 8 that cost should -- the cost for that standby 9 generation should be partially attributed to 10 Labrador West or not? 11 A. Depends which direction you're going in your 12 decisions. Whether or not you'll always be 13 bound to the history or if you wish to move 14 forward in terms of what type of systems you 15 wish to create. 16 Q. The standby generation that you have here 17 locally, the gas turbines and diesel 18 facilities I'm referring to, do those 19 facilities have any practical relevance to the 20 system in Labrador West? 21 A. I'd be surprised. They may. Like I say, I'm 22 not familiar with them, but I'd be surprised 23 why you'd build a backup in a community for a 24 community to service other communities. 25 Q. Let me suggest that there's no practical</p>

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1 HEARN, Q.C.:
 2 scenario where the backup generation would
 3 ever be used to feed --
 4 MR. PECK:
 5 A. Well, as I noted, if it goes down, or
 6 Churchill Falls is down completely, I think we
 7 have much bigger problems than worrying about
 8 whether this thing will get power to Labrador
 9 West.
 10 Q. That's right. If Churchill Falls --
 11 A. So why would you design it to even think of
 12 that.
 13 Q. If Churchill Falls were down, you would have
 14 more than sufficient needs here to utilize all
 15 the capacity, I understand, by generation,
 16 would you not?
 17 A. And I would suggest isn't that what the backup
 18 is designed for. We have backup generators in
 19 our lift stations throughout the town. We
 20 don't look at those and say, well, gee, if
 21 there's no power here, we'll turn on the
 22 backup power at our lift station so there's
 23 electricity in the Town Hall. That's not what
 24 they're designed for. They're designed for
 25 that infrastructure that's right near them.

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1 that we've been having over the last week very
 2 intensely as to what does that mean.
 3 Q. But before we --
 4 A. Let me finish because --
 5 Q. Certainly.
 6 A. -- there's a lot of sides to that question.
 7 Q. Yes.
 8 A. One of the sides is that if that base goes and
 9 you lose 1400 jobs in this community, or 1800,
 10 somewhere in that region, is there a community
 11 that's left. It's pretty hard to say. I
 12 would suggest to you there's probably not much
 13 -- there's probably at least one-third to half
 14 the people will probably be leaving the town.
 15 There's nothing on the horizon that has that
 16 same job generation. Voisey Bay is pointed
 17 to, but the EIS for Voisey Bay suggested at
 18 best 140 jobs in this community. That does
 19 not replace something ten times that size.
 20 The other types of economic activities in this
 21 region can't do that. But another scenario
 22 that we've talked to the province about is if
 23 they look at the Lower Churchill development,
 24 that if it came with an industrial benefit to
 25 it, there may be something that could replace

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1 That's the intent. To try and say, well, now
 2 let's turn up the town's 1000 watt generator
 3 in our lift station and make sure North West
 4 River has power, I mean, that's not what the
 5 intent was.
 6 Q. I'm suggesting that the standby generation
 7 here was designed to act as backup or standby
 8 facilities for what I would refer to as the
 9 Labrador East area, or what you might refer to
 10 as the Labrador Central area. You don't take
 11 any issue with that, I take it?
 12 A. It strikes me that would be a reasonable move
 13 to make. As I said, if things go down at
 14 Churchill Falls, why would you -- you're not
 15 going to jump it.
 16 Q. A side question - well, I have to ask you in
 17 any case, if we're facing a worse case
 18 scenario, which none of us want to see, where
 19 you're faced with the loss of the base, as
 20 you've mentioned, and that maybe that decision
 21 may be in front of us in a relatively short
 22 period of time, what are the implications then
 23 for the energy usage for this area?
 24 A. It depends what the scenario is to make up for
 25 the loss, and that's one of the discussions

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1 that, that could be done on a scale that would
 2 be effective. So there's multiple scenarios
 3 to that question. Some bases have been closed
 4 in Canada and the federal government has made
 5 a direct decision to put some other activity
 6 in its place. Summerside got the HST
 7 facilities. I mean, that was basically done
 8 to move one federal program out and move
 9 another in. That was created. There was a
 10 balance then generated. A worse case scenario
 11 which is something we need to be cognizant of
 12 is, you know, we turn the community off. The
 13 best case scenario is that we can keep the
 14 allies here and build upon industry and have
 15 something that's a significant and long term
 16 contribution. I think right now all those
 17 scenarios are in front of us and we're working
 18 as diligently as we can to look at the high
 19 end one.
 20 Q. I appreciate that, and I appreciate, actually,
 21 the thoroughness of your answer. Do I
 22 understand then we expect to know that in
 23 approximately six months or so?
 24 A. No. There's been some significant changes
 25 within DND in terms of how the base is

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<p>1 MR. PECK:</p> <p>2 marketed and the model of its operations. We</p> <p>3 have a Minister of Defence now who is actually</p> <p>4 an economist. I'm not sure if many people</p> <p>5 know of any of the background of that. We</p> <p>6 brought him here and explained to him the fact</p> <p>7 that this is one of the few military bases in</p> <p>8 the country that the net result of it is that</p> <p>9 it actually makes money for the Canadian</p> <p>10 economy, and he was quite interested by that.</p> <p>11 He, with the provincial government, set up a</p> <p>12 organizational structure that involves the</p> <p>13 Ministry of Defence and the Ministry of</p> <p>14 Intergovernment Affairs Secretariat now, at a</p> <p>15 Deputy Minister level that they're meeting on</p> <p>16 a fairly regular basis. Underneath them</p> <p>17 they've created a group called the Senior</p> <p>18 Officials Working Group. The Senior Officials</p> <p>19 Working Group is made up of ADM's and</p> <p>20 Directors from about twenty federal and</p> <p>21 provincial departments, and it's very wide</p> <p>22 ranging. We've made the argument for many</p> <p>23 years that there's many other departments that</p> <p>24 take advantage of DND's infrastructure, such</p> <p>25 as Department of Indian and Northern</p>	<p>1 Development that uses it to provide its</p> <p>2 services to other parts of Labrador. If that</p> <p>3 base wasn't there, they would not be able to</p> <p>4 provide those services, and they have a vested</p> <p>5 interest in the success of it. This Senior</p> <p>6 Officials Working Group is meeting on a fairly</p> <p>7 regular basis, and their mandate is to develop</p> <p>8 the new model, and underneath them they have</p> <p>9 their officials in National Defence</p> <p>10 Headquarters, and with Intergovernmental</p> <p>11 Affairs, who are trying to work out the very</p> <p>12 nuts and bolts of this new model. One of the</p> <p>13 difficulties is that it's taking time. When</p> <p>14 they got together this spring, there has been</p> <p>15 a provincial election, and any of us knows who</p> <p>16 work with senior bureaucrats during a</p> <p>17 provincial election, they're not going to</p> <p>18 commit to anything because they don't know</p> <p>19 what's going to be the direction in three</p> <p>20 months and that's still not sure where that</p> <p>21 is. We also know we're facing a federal</p> <p>22 election. I mean, only a fool would not think</p> <p>23 that there's not going to be a change. The</p> <p>24 rumours are very much that there will be none</p> <p>25 of the existing ministers that we deal with</p>
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<p>1 who will be in their portfolios in a couple of</p> <p>2 months. So we have to start all over again on</p> <p>3 the discussions and educating and bringing</p> <p>4 people on stream. So we were hoping that some</p> <p>5 time in the spring this new model would be in</p> <p>6 place and the new marketing structure would be</p> <p>7 there. I don't know where it is. I'm not</p> <p>8 confident that they can meet that schedule. I</p> <p>9 know that right now the British Air Force is</p> <p>10 planning its 2006 flying season, and they</p> <p>11 cannot get a price to use Goose Bay. They can</p> <p>12 get a price anywhere else in the world. This</p> <p>13 is the only base in the world they can't get a</p> <p>14 price to fly.</p> <p>15 HEARN, Q.C.:</p> <p>16 Q. So the Netherlands have already made the</p> <p>17 decision?</p> <p>18 A. Yes.</p> <p>19 Q. And the Germans have indicated that --</p> <p>20 A. The Netherlands decision was that they were</p> <p>21 going to pull out of all training in North</p> <p>22 America. After that political decision was</p> <p>23 made, a decision was also noted that as a</p> <p>24 result of that the Netherlands Air Force had</p> <p>25 no training for its air force anywhere in the</p>	<p>1 world. Now we understand they're going to</p> <p>2 Cold Lake to train. So what they were doing</p> <p>3 here, they're now moving to another location.</p> <p>4 So they pulled out of here, gave up their</p> <p>5 assets, and then realized you can't have</p> <p>6 pilots who aren't trained.</p> <p>7 Q. The Germans have indicated that they will no</p> <p>8 longer be flying effective 2005, is that</p> <p>9 correct, based on the present model?</p> <p>10 A. After that season.</p> <p>11 Q. How much of a difference does that make to the</p> <p>12 size of the base with the loss of the Dutch</p> <p>13 and the Germans?</p> <p>14 A. The Germans are the major participant.</p> <p>15 During, say, 2000, which was probably one of</p> <p>16 the busiest seasons we saw here, they would</p> <p>17 have as many as 1200 personnel deployed here</p> <p>18 at any one time. If they go, it's</p> <p>19 questionable whether the other allies will be</p> <p>20 here. One of the reasons is under the current</p> <p>21 MOU there's a fixed cost to operate it and</p> <p>22 it's prorated among the allies. So if one</p> <p>23 leaves, the other guys got to pick up the</p> <p>24 bigger cost. This is the only air force base</p> <p>25 that any of these guys train at that that's</p>

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<p>1 MR. PECK:</p> <p>2 the contract. Everywhere else it's a fixed</p> <p>3 rate. If you fly an airplane, it costs you</p> <p>4 \$5,000.00 to fly, the cost to have that</p> <p>5 airplane do that sortie. So here the fewer</p> <p>6 sorties they have, their rates go up</p> <p>7 significantly. Here they're talking</p> <p>8 \$15,000.00 to fly. So if you lose one of your</p> <p>9 major participants, the other participants</p> <p>10 have to look at their bottom line. As I said,</p> <p>11 money isn't the only question. You know,</p> <p>12 that's it for military budgets. If you lose</p> <p>13 that big of a participant, it's really</p> <p>14 questionable whether the other participants</p> <p>15 can afford to fly here unless there is a new</p> <p>16 model in place.</p> <p>17 HEARN, Q.C.</p> <p>18 Q. Don't misunderstand the import of my</p> <p>19 questions. I think all of us in Labrador West</p> <p>20 are praying with you that you get this problem</p> <p>21 solved. Those are all my questions. Thank</p> <p>22 you, Mr. Chairman. Thank you, Mr. Peck.</p> <p>23 CHAIRMAN:</p> <p>24 Q. Thank you, Mr. Hearn.</p> <p>25 COMMISSIONER SAUNDERS:</p>	<p>1 Q. No questions.</p> <p>2 COMMISSIONER WHALEN:</p> <p>3 Q. No questions.</p> <p>4 CHAIRMAN:</p> <p>5 Q. Thank you very much, Mr. Peck, I appreciate</p> <p>6 it. It is 11 o'clock. I'm advised by way of</p> <p>7 note here that we planned to break around 11.</p> <p>8 We've only had one presentation this morning</p> <p>9 to date, but certainly I acknowledge and</p> <p>10 recognize that this is a major, major issue</p> <p>11 for the Town of Labrador City/Wabush, and</p> <p>12 Happy Valley-Goose Bay, and I wanted to ensure</p> <p>13 the opportunity for all the evidence to be</p> <p>14 presented to the Board, and I thank both</p> <p>15 parties for that here this morning. We do</p> <p>16 have another eight remaining, and I would</p> <p>17 anticipate that they would be somewhat</p> <p>18 shorter, but certainly we're not in any way</p> <p>19 restricting presentations here today. We will</p> <p>20 take a short break of ten minutes if that's</p> <p>21 okay and then we'll return.</p> <p>22 (RECESS AT 11:00 A.M.)</p> <p>23 (RESUME AT 11:17 A.M.)</p> <p>24 CHAIRMAN:</p> <p>25 Q. Thank you. Could we get started. We have a</p>
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<p>1 little change in the schedule here. Our next</p> <p>2 presenter is not able to make it later on, so</p> <p>3 we're trying to accommodate everybody as best</p> <p>4 we can. We also have an addition to the list</p> <p>5 of presenters here this morning. We have Nina</p> <p>6 Pye, who's the Mayor of the Town of Mary's</p> <p>7 Harbour, will be making a presentation to us.</p> <p>8 We have Carol Best, who's with the Central</p> <p>9 Labrador Economic Development Board, and</p> <p>10 welcome, Ms. Best. If you could take the</p> <p>11 Bible in your right hand, please. Do you</p> <p>12 swear on this Bible that the evidence to be</p> <p>13 given by you shall be the truth, the whole</p> <p>14 truth, and nothing but the truth, so help you</p> <p>15 God?</p> <p>16 MS. BEST:</p> <p>17 Q. I do.</p> <p>18 MS. CAROL BEST (SWORN)</p> <p>19 A. Thank you very much. I appreciate the</p> <p>20 opportunity to move up a little bit in the</p> <p>21 number of presentations. Apart of my job</p> <p>22 duty, I'm doing some service delivery at one</p> <p>23 of the local schools, and if I were to present</p> <p>24 this afternoon, that would mean I would have</p> <p>25 to deal with the wrath of 20 twelve year old</p>	<p>1 very disappointed little girls, so I certainly</p> <p>2 appreciate the opportunity to speak now.</p> <p>3 Following Dennis, I'd just like to say</p> <p>4 "ditto". That would make it a lot easier. I</p> <p>5 work with a very small organization, the</p> <p>6 Economic Development Board. We have a very</p> <p>7 small budget. We have neither the technical</p> <p>8 expertise on staff, nor the financial</p> <p>9 resources to employ technical or legal staff</p> <p>10 to act as an intervenor in any important</p> <p>11 matter like this. So I will present</p> <p>12 information that I was able to gather within</p> <p>13 our limited resources.</p> <p>14 I'd like to speak on a couple of points.</p> <p>15 First of all, actually, I'd like to compliment</p> <p>16 Newfoundland and Labrador Hydro for an</p> <p>17 activity that happened around 1999. At that</p> <p>18 time, we requested that a representative of</p> <p>19 Newfoundland and Labrador Hydro come into this</p> <p>20 region and speak with the people of Mud Lake</p> <p>21 who were very concerned at that time on an</p> <p>22 unrelated issue. The Lower Churchill</p> <p>23 Development had been announced at that time,</p> <p>24 and they had real concerns, and Mr. Wells</p> <p>25 agreed and came in and spoke to that group of</p>

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<p>1 MS. BEST: 2 concerned citizens. 3 The community of Mud Lake is located on 4 the other side of the Churchill River. It's 5 only accessible by boat or by ski-doo in the 6 wintertime, and Mr. Wells had to travel in 7 that fashion to get to that community. I 8 think at that time he recognized how close it 9 was located in proximity to Happy Valley-Goose 10 Bay, and at that time he decided to conduct an 11 experiment. At that time, Mud Lake was on 12 diesel power generation, and a very expensive 13 power generation, of course, and Mr. Wells 14 invested in that community, attempted an 15 experiment to run an underwater cable for a 16 winter to see if ice would damage that, and if 17 we could link that community to the grid in 18 Goose Bay. The project was a success and 19 there was another investment of a pole like 20 down Mud Lake Road, and then the permanent 21 structure, the elimination of the diesel 22 generation there. Now the community of Mud 23 Lake has affordable hydro-electric power. 24 It's made a huge impact to that community. 25 There's a new school there. It's electrified.</p>	<p>1 Electric heat. There's only one resident, I 2 believe now, who is still using home fuel for 3 heating. Most of the other houses are using 4 electric heat. They now have appliances in 5 their homes, which we take for granted, 6 electric dryers, dishwashers, microwaves, 7 things that they could never have afforded 8 under the diesel system. 9 I suggest that because that has made such 10 a positive impact in our region, and as Dennis 11 in his presentation said earlier, we totally 12 support empowering the communities on the 13 North Coast, South Coast, Straits, by helping 14 through subsidization of our rates towards 15 their cost of very, very expensive power. 16 I would hope that in the very creative 17 way that Mud Lake was approached, that 18 Newfoundland and Labrador Hydro would look at 19 other creative, innovative, efficient, clean 20 methods of offering power, and far less 21 expensive source of power than diesel for the 22 coastal communities. That would make another 23 tremendous impact on each of those 24 communities, and I hope that that can happen. 25 I would offer our organization, and I think I</p>
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<p>1 could speak on behalf of the other 2 organizations, there are five economic 3 development boards in Labrador, that we would 4 work as partners/supporters in terms of 5 supporting Newfoundland and Labrador Hydro to 6 access other monies, federal monies. I'm 7 thinking in terms of whatever types of methods 8 we could do to help those communities have 9 more affordable power than they have now. 10 Our organization works with the other 11 four zone boards, the other four economic 12 development boards, to try and have a unified 13 voice for Labrador. There are many 14 organizations like this. The Combined 15 Councils, you will hear a presentation from 16 them, is another that brings together all the 17 municipalities of Labrador to come together 18 with one voice. I'm part of an organization 19 called "Smart Labrador". We are the 20 provincial Smart Community Project for the 21 province of Newfoundland and Labrador. We 22 were able to -- we were successful in winning 23 \$5,000,000.00 federally for the Smart Labrador 24 initiative, and leveraging an additional 25 \$6,000,000.00 in cash and in kind</p>	<p>1 contributions from partners to empower 2 Labrador, as a whole, in terms of 3 technological advance, internet access, and 4 video-conferencing. Specifically, there are 5 other pieces to that puzzle as well. Under 6 that project, the reality was that the 7 majority of the benefits would impact on the 8 coast, and Labrador West and Central Labrador 9 supported that, that we recognized we already 10 had internet access, cheap affordable internet 11 access, we had high speed in some of the 12 regions, that the biggest impact would be on 13 the coast, but we invested in them. We 14 invested our efforts and this money that we 15 were able to access in the coastal 16 communities. 17 We're now entering into a broadband 18 initiative again. We were successful in 19 accessing federal broadband money, and again 20 the greatest impact will be on the coast in 21 terms of them having -- maybe I should 22 reference that at one point they had to dial 23 long distance to a node probably in Goose Bay 24 to be able to connect to the internet, and 25 then pay long distance fees as well as</p>

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<p>1 MS. BEST:</p> <p>2 internet fees, and it truly was not affordable</p> <p>3 connection. So under this project, we were</p> <p>4 able to provide them with local dial up and</p> <p>5 much more affordable internet access, and</p> <p>6 again it has been a very empowering thing, but</p> <p>7 it was a joint Labrador initiative and it was</p> <p>8 not as much benefit to the already empowered</p> <p>9 regions of Central Labrador or Labrador West</p> <p>10 as it was to the coast, but it certainly was a</p> <p>11 combined effort.</p> <p>12 As I said before, 40 percent of our power</p> <p>13 bill, we understand, or about that, subsidizes</p> <p>14 the coast and we certainly do not object to</p> <p>15 subsidizing the cost of the coast and to</p> <p>16 empowering the coastal communities. There may</p> <p>17 be other ways, means, methods to implement</p> <p>18 those. I can't offer those, but I'd like to</p> <p>19 say certainly to any representatives of the</p> <p>20 coastal communities here, we do support your</p> <p>21 communities, and we would continue to support</p> <p>22 your communities in that way. As Mr. Peck</p> <p>23 mentioned earlier, our power needs are</p> <p>24 actually growing in this region, and our grid,</p> <p>25 as we understand, we're maxed. We're very</p>	<p>1 close to the max. One of my tasks is to</p> <p>2 recruit investment and I'm thrilled to be able</p> <p>3 to put in brochures and to speak publicly and</p> <p>4 say we have the cheapest power, or some of the</p> <p>5 cheapest power in Canada. I have to kind of</p> <p>6 put in brackets, "but there isn't any</p> <p>7 available to you in terms of large consumers".</p> <p>8 There have been changes in requirements for</p> <p>9 power in this region, as I mentioned, Mud</p> <p>10 Lake. Mud Lake is now accessing power.</p> <p>11 With changes in infrastructure, a high</p> <p>12 school and a hospital that were located on the</p> <p>13 base, and that were being heated by the</p> <p>14 secondary power and by, quite possibly,</p> <p>15 through diesel generation when we're at</p> <p>16 maximum capacity, are now located in the</p> <p>17 valley and are now being heated through the</p> <p>18 main power grid. We have a new courthouse</p> <p>19 that's being built that's going to require</p> <p>20 power. In Sheshatshui, there is an olympic</p> <p>21 size ice facility and recreational complex</p> <p>22 that will be requiring substantial amounts of</p> <p>23 power. There are currently sixteen houses</p> <p>24 being built in Sheshatshui. The RCMP and</p> <p>25 Health Canada have just announced that they</p>
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<p>1 will be putting up a new structure that will</p> <p>2 also require power, and that they will be</p> <p>3 building eight houses again in Sheshatshui to</p> <p>4 house the RCMP officers.</p> <p>5 The Town of North West River has plans</p> <p>6 for subdivision development. Happy Valley-</p> <p>7 Goose Bay also has plans for subdivision</p> <p>8 development. So there are consumer smaller</p> <p>9 demands, but there are still demands. In</p> <p>10 terms of industry development, we are working</p> <p>11 with the industrial association in trying to</p> <p>12 develop industry there and these would be</p> <p>13 consumers of electricity. We are working with</p> <p>14 the agricultural industrial. We are trying to</p> <p>15 implement some greenhouse growing that will</p> <p>16 require power. We're also looking at a</p> <p>17 vegetable storage facility that will require</p> <p>18 power, and secondary processing facilities in</p> <p>19 food production that will require power.</p> <p>20 Certainly, our forest industry is going to</p> <p>21 require some source of power. They're talking</p> <p>22 kilns and expansions, not just in Happy</p> <p>23 Valley-Goose Bay, but certainly in Sheshatshui</p> <p>24 or in this region, Central Labrador.</p> <p>25 I'd like to say that Goose Bay and Lake</p>	<p>1 Melville is a wonderful to live. I moved here</p> <p>2 from Ontario. I've chosen to live in</p> <p>3 Labrador. We have a moderate level of</p> <p>4 unemployment here. We have a moderate level</p> <p>5 of people living in low income or below -- at</p> <p>6 poverty line. It's a moderate level of</p> <p>7 people. The median family income of this</p> <p>8 region is \$51,600.00. It's a healthy median.</p> <p>9 We have, for the most part, disposal income to</p> <p>10 enjoy the types of recreational facilities and</p> <p>11 activities that are available in this region,</p> <p>12 and our electricity rates at this time are</p> <p>13 very affordable. As I understand, 3.25 cents</p> <p>14 per kilowatt hour. They're very affordable</p> <p>15 rates. In Ontario, we didn't heat our homes</p> <p>16 with electricity. We heated with gas, and we</p> <p>17 used electricity for other means, but we</p> <p>18 didn't heat because it was not affordable.</p> <p>19 Personally, I have a 3000 square foot home</p> <p>20 with a basement apartment. There are seven</p> <p>21 people in our unit, and we have electric</p> <p>22 everything; electric heat, electric</p> <p>23 appliances, everything except air</p> <p>24 conditioning. Everything that you can imagine</p> <p>25 that could be electrified we have it in the</p>

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1 MS. BEST:

2 home, and annually my expense on Hydro is
 3 \$1,800.00, and I think that's very, very
 4 affordable in this region.
 5 Labrador West is also a wonderful place
 6 to work and live. They have very affordable
 7 housing. Their housing is actually valued
 8 much less than the average house in this
 9 region. It may be undervalued compared to
 10 other areas of the province. It appears that
 11 way from the statistics I was able to gather.
 12 They have a relatively low unemployment rate.
 13 They have a high level of education and a
 14 highly trained workforce, more of an
 15 industrial workforce than ours here. They
 16 have a highly paid workforce with a median
 17 family income of \$73,200.00. They have amazing
 18 recreational facilities there; world class
 19 downhill facilities, cross country snowmobile
 20 trails that are wonderful, and again they have
 21 disposal income to enjoy those facilities as
 22 we do here. Their electricity rates, next to
 23 Churchill Falls, I understand, are the lowest
 24 in Canada at 1.921 cents per kilowatt hour.
 25 So substantially less than the rates in Happy

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1 would not be unaffordable by looking at the
 2 statistics that I have been able to gather.
 3 Again I'll reiterate the fact that we
 4 support -- 40 percent of our bills support the
 5 coast, but 40 percent of the much lower bills
 6 in Labrador West support the coast as well.
 7 So as Mr. Peck alluded to earlier, Central
 8 Labrador is contributing vast more in dollars
 9 to the coast. The same percentage, but vastly
 10 more in dollars to subsidizing the coastal
 11 system than Labrador West is, and if their
 12 rates are increased to be in line with ours,
 13 again very affordable rates, that they will be
 14 contributing the same amount as we will then
 15 to the coast in terms of the subsidization.
 16 I think that that's everything that I
 17 wanted to say. We certainly support the 2002
 18 decision order to bring the rates in line in
 19 the region, recognizing that it won't impact
 20 tremendously on this region, but we do
 21 recognize that rates will probably start
 22 increasing after that fact. As Dennis alluded
 23 to, if we have no base, we won't have to worry
 24 about not having enough power because we'll
 25 have lots of power. We just will have no

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1 Valley-Goose Bay, and I'm saying that ours are
 2 very affordable, very reasonable rates.
 3 When we speak about increases in
 4 percentages, they sound dreadful when you
 5 suggest a 20 to 29 percent increase of a rate.
 6 That sounds dreadful, but 29 percent of 1.92
 7 cents per kilowatt hour is about half a cent
 8 increase. It's really -- the percentage
 9 sounds worse than when you put it into dollar
 10 amounts. The statistical information that
 11 I've presented to you I gathered from the
 12 Community Council website that's provided by
 13 the Strategic Social Plan. These stats are
 14 compiled by the Newfoundland Statistics
 15 Agency, so I think they are fairly good
 16 statistics. Some of them are 1999 and 1997,
 17 so there may be some fluctuations to the
 18 details that I've provided. I certainly
 19 personally don't wish to bash another region
 20 of Labrador. I'm suggesting through this
 21 information that for the level of income of
 22 that region versus the level of income of this
 23 region, that actually theirs is higher than
 24 this region, that Hydro rates that were in
 25 line with rates in Zone 3 and Central Labrador

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1 consumers or very few consumers, and it will
 2 be very difficult to -- well, it will affect
 3 the bottom line of Newfoundland and Labrador
 4 Hydro because they won't have the revenue that
 5 they're generating from the base, and they
 6 certainly won't have any revenue that they're
 7 generating from the people that leave this
 8 region, and they will have more cost then
 9 associated with subsidizing, or that they will
 10 no longer have in subsidization revenues for
 11 the coast. So the cost will go up.
 12 (11:35 a.m.)
 13 CHAIRMAN:
 14 Q. Thank you very much, Ms. Best, for that
 15 excellent presentation. However, Mr. Wells
 16 will probably be looking for a testimonial
 17 from my annual report. Thank you. Questions,
 18 Ms. Greene?
 19 GREENE, Q.C.
 20 Q. Thank you, Ms. Best, no questions.
 21 CHAIRMAN:
 22 Q. Mr. Browne.
 23 BROWNE, Q.C.
 24 Q. When you're talking about the internet and the
 25 establishment of the internet in the coastal

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<p>1 BROWNE, Q.C.:</p> <p>2 areas of Labrador, what is the reliability</p> <p>3 factor there where a lot of the generation is</p> <p>4 diesel generation?</p> <p>5 MS. BEST:</p> <p>6 A. With the internet?</p> <p>7 Q. With the internet?</p> <p>8 A. That's a wonderful question. I honestly</p> <p>9 couldn't answer that; however, you would be</p> <p>10 able to get an answer from either our</p> <p>11 technical staff at Smart Labrador, or our head</p> <p>12 office, Sheila Downer, would probably be able</p> <p>13 to answer. I'm sorry, I don't know.</p> <p>14 Q. You haven't heard any complaint to the fact</p> <p>15 that --</p> <p>16 A. Related to Hydro, no. Related to some weather</p> <p>17 and satellite issues, but not directly related</p> <p>18 to Hydro.</p> <p>19 BROWNE, Q.C.</p> <p>20 Q. Maybe I'll ask some of the people who use that</p> <p>21 when they come forward. Thank you very much.</p> <p>22 CHAIRMAN:</p> <p>23 Q. Thank you, Mr. Browne. Mr. Hayes.</p> <p>24 MR. HAYES:</p> <p>25 Q. No questions. Thank you for your</p>	<p>1 presentation, Ms. Best.</p> <p>2 CHAIRMAN:</p> <p>3 Q. Mr. Hearn.</p> <p>4 HEARN, Q.C.</p> <p>5 Q. Just a couple of questions, Ms. Best, and</p> <p>6 again thank you for your presentation. You</p> <p>7 alluded to rates in Churchill Falls. Did your</p> <p>8 research indicate what those rates in</p> <p>9 Churchill Falls are?</p> <p>10 A. No, I'm sorry, I couldn't gather that.</p> <p>11 Q. Okay. You mentioned that Labrador had among</p> <p>12 the lowest rates next to Churchill Falls.</p> <p>13 That's why I wondered if you had any direct</p> <p>14 indication.</p> <p>15 A. No concrete evidence, no. It's just</p> <p>16 discussions with householders in Churchill</p> <p>17 Falls that I'm familiar with.</p> <p>18 Q. And what did those anecdotes tell you?</p> <p>19 A. That they have very, very affordable hydro,</p> <p>20 practically nothing.</p> <p>21 Q. Practically non-existent, would that be fair</p> <p>22 to say?</p> <p>23 A. Yes.</p> <p>24 HEARN, Q.C.</p> <p>25 Q. Thank you.</p>
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<p>1 MR. KENNEDY:</p> <p>2 Q. No questions. Thank you.</p> <p>3 COMMISSIONER WHALEN:</p> <p>4 Q. No questions. Thank you very much.</p> <p>5 CHAIRMAN:</p> <p>6 Q. Thank you very much for your presentation, Ms.</p> <p>7 Best. I call upon Mr. Jamie Snook. He's with</p> <p>8 the Combined Councils of Labrador. Good</p> <p>9 morning, Mr. Snook, and welcome, sir. If you</p> <p>10 could take the Bible in your right hand,</p> <p>11 please. Do you swear on this Bible that the</p> <p>12 evidence to be given by you shall be the</p> <p>13 truth, the whole truth, and nothing but the</p> <p>14 truth, so help you God?</p> <p>15 MR. SNOOK:</p> <p>16 Q. I do.</p> <p>17 CHAIRMAN:</p> <p>18 Q. Thank you. When you're ready, you may begin.</p> <p>19 (11:38 a.m.)</p> <p>20 MR. JAMIE SNOOK (SWORN)</p> <p>21 A. On behalf of the Combined Councils of</p> <p>22 Labrador, I would like to thank the Public</p> <p>23 Utilities Board for the opportunity to express</p> <p>24 our opinions on a General Rate Review</p> <p>25 Application put forward by Newfoundland and</p>	<p>1 Labrador Hydro.</p> <p>2 Our position is quite simple. We're</p> <p>3 fully opposed to any increase in rates in any</p> <p>4 Labrador jurisdiction. It is unfair,</p> <p>5 unfortunate, and disappointing. This</p> <p>6 application blatantly puts all regions of</p> <p>7 Labrador at odds with each other.</p> <p>8 Labradorians already pay among the highest</p> <p>9 prices in the country for fuel, groceries, and</p> <p>10 other necessities. Furthermore, an increase</p> <p>11 in the rate has a potential detrimental in</p> <p>12 many of our smaller and most disadvantaged</p> <p>13 communities. Hundreds of Labradorians are</p> <p>14 employed at marginally profitable fish plants</p> <p>15 and many of these jobs will be put in</p> <p>16 jeopardy. The same is true in the mines of</p> <p>17 Labrador West and the troubles of 5 Wing Goose</p> <p>18 Bay are well documented. As long as the</p> <p>19 Churchill Falls power station generates 5400</p> <p>20 megawatts of power, Labradorians can't stand</p> <p>21 for an increase in power rates. There can be</p> <p>22 no good reason why this power is not available</p> <p>23 to us for development, or why profits accrue</p> <p>24 to the Province of Quebec.</p> <p>25 The Royal Commission on Strengthening and</p>

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<p>1 MR. SNOOK:</p> <p>2 Renewing our Place in Canada missed the boat</p> <p>3 when they claimed we should forget about the</p> <p>4 Upper Churchill Falls contract. The Public</p> <p>5 Utilities Board is in a position to recommend</p> <p>6 action be taken to address this contract once</p> <p>7 and for all. We strongly recommend Section</p> <p>8 92(a) of the Canadian Constitution be heavily</p> <p>9 reviewed in conjunction with a non-</p> <p>10 discriminatory per kilowatt hour tax on all</p> <p>11 electrical energy produced in the province,</p> <p>12 whether exported or not. We're confident a</p> <p>13 financial analysis around this proposal would</p> <p>14 more than eliminate the rural deficit. Only</p> <p>15 until we are satisfied that all options have</p> <p>16 been exhausted can a rate increase be</p> <p>17 justified. At this time, we are far from</p> <p>18 satisfied that an honest effort to lower rates</p> <p>19 has been put forward. We are also suggesting</p> <p>20 that federal negotiations take place to</p> <p>21 improve freer trade across Canadian borders.</p> <p>22 Allow me to quote the Atlantic Institute</p> <p>23 of Market Studies, "Ottawa must end the absurd</p> <p>24 situation where Quebec enjoys a stranglehold</p> <p>25 over development of Labrador hydro-electric</p>	<p>1 resources. Electricity is the only form of</p> <p>2 energy that cannot be sold across provincial</p> <p>3 boundaries without the consent of the province</p> <p>4 across whose territory it must move. Quebec</p> <p>5 uses that power to force Newfoundland and</p> <p>6 Labrador to sell any surplus electricity to</p> <p>7 Hydro Quebec which, as the monopoly buyer,</p> <p>8 sets its own price". In quotes, "That's</p> <p>9 absurd". If Alberta puts natural gas in a</p> <p>10 pipeline down for Ontario, that gas doesn't</p> <p>11 have to be sold first to the provinces of</p> <p>12 Saskatchewan, then Manitoba and so on. The</p> <p>13 owner of that gas puts it in the pipeline in</p> <p>14 Alberta and sells it to a buyer in Ontario,</p> <p>15 and pays a reasonable charge to the owner of</p> <p>16 the pipeline for moving the gas to market.</p> <p>17 Because Newfoundland and Labrador is pushing</p> <p>18 electrons down a wire, rather than gas</p> <p>19 molecules down a pipe, the added value that</p> <p>20 Newfoundland might realize from its hydro-</p> <p>21 electric resources is siphoned off by Quebec</p> <p>22 because of an accident of geography. Because</p> <p>23 this is a matter of interprovincial trade,</p> <p>24 Ottawa could assert its jurisdiction if it</p> <p>25 chose, yet the province continues to believe</p>
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<p>1 that the solution to the problem lies, (a) in</p> <p>2 seeking some form of compensation from Ottawa</p> <p>3 for past injustices, and (b) negotiating a</p> <p>4 better deal with Quebec on new generation</p> <p>5 projects. This will not produce results</p> <p>6 because Ottawa feels no need to compensate the</p> <p>7 province for a deal freely arrived at, and</p> <p>8 because Quebec will never voluntarily</p> <p>9 negotiate away the unfair advantage conferred</p> <p>10 on it by Ottawa, St. John's must take a more</p> <p>11 aggressive stance in favour of freer trade at</p> <p>12 the federal provincial bargaining table if any</p> <p>13 progress is to be made.</p> <p>14 Newfoundland and Labrador Hydro has a</p> <p>15 responsibility to explore these options and to</p> <p>16 do its best to provide Labradorians with</p> <p>17 cheaper electricity rates.</p> <p>18 To conclude, we are reasoning with this</p> <p>19 Board to not make Labradorians pay the price</p> <p>20 for consistent and long-standing inaction on</p> <p>21 behalf of Newfoundland and Labrador Hydro. A</p> <p>22 point, I guess, on Labrador City may be</p> <p>23 paying among the lowest rates in Canada for</p> <p>24 hydro, but I don't see that as a problem, and</p> <p>25 as far as we're concerned, all of Labrador</p>	<p>1 should be paying among the lowest rates in</p> <p>2 Canada. That's my presentation.</p> <p>3 CHAIRMAN:</p> <p>4 Q. Thank you, Mr. Snook. Any questions?</p> <p>5 COMMISSIONER WHALEN:</p> <p>6 Q. No questions.</p> <p>7 CHAIRMAN:</p> <p>8 Q. Mr. Browne.</p> <p>9 BROWNE, Q.C.</p> <p>10 Q. So it's the position of the Combined Councils</p> <p>11 of Labrador that there should not be a unified</p> <p>12 rate in the integrated system?</p> <p>13 A. We don't have a position on the integrated</p> <p>14 system. We're saying across the board of all</p> <p>15 of Labrador there shouldn't be any increase in</p> <p>16 rates, and we haven't entered into that debate</p> <p>17 between the integrated system.</p> <p>18 Q. So you don't support an increase in rates for</p> <p>19 Labrador City/Wabush either?</p> <p>20 A. Correct.</p> <p>21 BROWNE, Q.C.</p> <p>22 Q. Thank you.</p> <p>23 MR. HAYES:</p> <p>24 Q. No questions. Thank you, Mr. Snook.</p>

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<p>1 HEARN, Q.C.</p> <p>2 Q. No questions, Mr. Chairman. Thank you, Mr.</p> <p>3 Snook.</p> <p>4 CHAIRMAN:</p> <p>5 Q. Mr. Snook, I don't know when we get to St.</p> <p>6 John's, whether the Newfoundland and Labrador</p> <p>7 Federation of Municipalities will be appearing</p> <p>8 to make a presentation or not. As the</p> <p>9 representative, I guess, of the Combined</p> <p>10 Councils of Labrador, could you just perhaps</p> <p>11 briefly respond to the question what impact</p> <p>12 this will have on municipalities in terms of</p> <p>13 their costs and some of the issues that they</p> <p>14 face, in general?</p> <p>15 MR. SNOOK:</p> <p>16 A. Well, specific to municipalities I can speak</p> <p>17 to it, I guess, from the coast, for example.</p> <p>18 You're going to hear presentations now shortly</p> <p>19 from some of the mayors.</p> <p>20 Q. I appreciate that. I was just referring to</p> <p>21 you as sort of the umbrella group, I suppose,</p> <p>22 representing all councils?</p> <p>23 A. Well, Hydro costs for most of the communities</p> <p>24 on the coast is about one-third of the budget,</p> <p>25 and these municipalities right now simply</p>	<p>1 don't have any money. Any increase in rates</p> <p>2 to these municipalities, I don't see where</p> <p>3 they're going to come up with that extra</p> <p>4 funds, basically. We arrange training for</p> <p>5 some of the municipalities this past two weeks</p> <p>6 ago, and the cost of that training was \$40.00</p> <p>7 and they're claiming that -- I mean, there's</p> <p>8 just no money there for any extra costs on</p> <p>9 behalf of municipalities. That's, I guess,</p> <p>10 part of a bigger issue of about how those are</p> <p>11 funded, but, I mean, right now I would suggest</p> <p>12 a lot of those towns have no idea where the</p> <p>13 extra money is going to come from.</p> <p>14 CHAIRMAN:</p> <p>15 Q. Thank you very much, Mr. Snook. I call upon</p> <p>16 Mayor Gary Bolger. Mayor Bolger is with the</p> <p>17 Town of St. Lewis, but will be making a</p> <p>18 presentation on behalf of that town and the</p> <p>19 Town of Charlottetown. Welcome, Mr. Bolger.</p> <p>20 If you could take the Bible in your right</p> <p>21 hand, please. Do you swear on this Bible that</p> <p>22 the evidence to be given by you shall be the</p> <p>23 truth, the whole truth, and nothing but the</p> <p>24 truth, so help you God?</p> <p>25 MR. BOLGER:</p>
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<p>1 Q. I will.</p> <p>2 CHAIRMAN:</p> <p>3 Q. Thank you. When you're ready.</p> <p>4 (11:48 a.m.)</p> <p>5 MR. GARY BOLGER (SWORN)</p> <p>6 A. My name is Gary Bolger. I'm the Mayor of St.</p> <p>7 Lewis, and I'm also an Executive Director on</p> <p>8 the Combined Councils representing Mary's</p> <p>9 Harbour, St. Lewis, Charlottetown, Williams</p> <p>10 Harbour, and the smaller communities in that</p> <p>11 area. I have two presentations; one that</p> <p>12 Charlottetown requested me to do on their</p> <p>13 behalf, and I also have one from the Town of</p> <p>14 St. Lewis. I'll start with the presentation</p> <p>15 from Charlottetown.</p> <p>16 Ladies and gentlemen, thank you for</p> <p>17 giving the community of Charlottetown the</p> <p>18 opportunity to voice our concerns regarding</p> <p>19 the issue of increased electricity rates. The</p> <p>20 following are some key concerns voiced by the</p> <p>21 residents and businesses in our town.</p> <p>22 Basic utilities for the average household</p> <p>23 exceeds \$200.00 a month. This does not</p> <p>24 include heat. As a result, most homes heated</p> <p>25 with wood furnaces are much higher during the</p>	<p>1 winter months. This is especially difficult</p> <p>2 for the single parents who have to rely on one</p> <p>3 income, and equally difficult for seniors who</p> <p>4 are living on a fixed income. They very often</p> <p>5 have to give up their independence and move in</p> <p>6 with their relatives during these cold months.</p> <p>7 A survey conducted on local business in</p> <p>8 our community show the average commercial</p> <p>9 monthly hydro bill to business is \$1,000.00,</p> <p>10 making it very difficult for these businesses</p> <p>11 to operate. An increase could easily cause</p> <p>12 some of these businesses to close.</p> <p>13 Charlottetown is the home to a state of the</p> <p>14 art shrimp processing facility. The hydro</p> <p>15 cost to operate this plant averages \$8,000.00</p> <p>16 a month. Any increase may pose a threat to</p> <p>17 the continuation of this plant because our</p> <p>18 town cannot afford to pay any more for hydro</p> <p>19 due to the fact that we have a tax agreement</p> <p>20 with the shrimp company. This plant employs</p> <p>21 more than 100 people from Charlottetown and</p> <p>22 the surrounding communities. An increase in</p> <p>23 electricity may cause these people to lose</p> <p>24 their jobs.</p> <p>25 Economic development is essential to all</p>

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<p>1 MR. BOLGER:</p> <p>2 municipalities. Why would we even bother to</p> <p>3 strive and promote our communities when energy</p> <p>4 costs are a clear distinctive to locating and</p> <p>5 remaining here. We are prohibited to attract</p> <p>6 new industry as a result of not enough power</p> <p>7 and the high cost to use what is available to</p> <p>8 us already. At present, we are serviced by</p> <p>9 diesel generated electricity which should be</p> <p>10 in the past. What the Town of Charlottetown</p> <p>11 is proposing to you, as a Utility Board, is</p> <p>12 not to support an increase in electricity</p> <p>13 rates. Newfoundland and Labrador Hydro should</p> <p>14 consider uniform rates across the province for</p> <p>15 all of Labrador, especially those communities</p> <p>16 connected via the new Trans Labrador Highway</p> <p>17 be connected by a grid. It is possible since</p> <p>18 the Labrador Straits is already connected to a</p> <p>19 major power source. An increase in already</p> <p>20 high costs we are paying for electricity is</p> <p>21 totally insulting and unacceptable. How do we</p> <p>22 expect communities such as ours to survive.</p> <p>23 Thank you. That's the presentation on behalf</p> <p>24 of Charlottetown.</p> <p>25 I'll continue on with the presentation</p>	<p>1 from St. Lewis. I want to thank the Public</p> <p>2 Utilities Board members, government officials,</p> <p>3 and MHA's, in particular, our own Yvonne</p> <p>4 Jones, for being here today. On behalf of the</p> <p>5 Town of St. Lewis, I would like to thank you</p> <p>6 for the time you've allowed me to speak on the</p> <p>7 request made by Newfoundland and Labrador</p> <p>8 Hydro for a rate increase.</p> <p>9 It is uncertain times right now for any</p> <p>10 resident or business on the coast. Any</p> <p>11 increase in the rates will be totally</p> <p>12 unacceptable, no matter how insignificant or</p> <p>13 significant. For example, there has been a 40</p> <p>14 percent cut in crab quota for this area,</p> <p>15 meaning the profit margins for the companies</p> <p>16 operating the crab plants along the coast is</p> <p>17 dropped. The power bill for these plants</p> <p>18 right now are an average of \$6,000.00 per</p> <p>19 month. If there is any increase, this will</p> <p>20 mean cutting into their profits which could</p> <p>21 deter them from operating these plants and</p> <p>22 there would be no employment for these towns.</p> <p>23 There are 30 people in St. Lewis who at one</p> <p>24 month before Christmas have no income and</p> <p>25 hasn't had any since the first week in</p>
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<p>1 September, and doesn't qualify for employment</p> <p>2 insurance. Any added burden to these people</p> <p>3 would have a detrimental effect.</p> <p>4 The town's bill for the month of January</p> <p>5 is approximately \$1,300.00, and in August it</p> <p>6 goes up to \$1,639.00 which is when the crab</p> <p>7 plant is in operation. If the Board agrees to</p> <p>8 any rate increase, this will obviously mean</p> <p>9 the town will have to pass on the added costs</p> <p>10 to residents, and how can we possibly expect</p> <p>11 the residents to pay more with the economy the</p> <p>12 way it is. We are constantly being bombarded</p> <p>13 with the rising costs of having to live in</p> <p>14 small communities, that are right now just</p> <p>15 coming off the isolation stage with the</p> <p>16 opening of the Trans Labrador Highway. Things</p> <p>17 were supposed to get easier for us, but to no</p> <p>18 avail. They seem to be getting worse with</p> <p>19 regard to the cost of living. The Town of St.</p> <p>20 Lewis has been under a constant struggle to</p> <p>21 get ahead. Just when we see the light,</p> <p>22 another dark cloud looms over us. Our</p> <p>23 population has dropped to 253 people this</p> <p>24 year, and we have lost one business as is.</p> <p>25 How can we possibly justify another blow to</p>	<p>1 the residents and business by accepting an</p> <p>2 increase and adding again to the already</p> <p>3 struggling economy of rural Newfoundland, and,</p> <p>4 in particular, rural Labrador.</p> <p>5 Newfoundland and Labrador Hydro has</p> <p>6 requested a rate increase which they say is</p> <p>7 desperately needed to offset the cost of</p> <p>8 diesel generated power plants, and I can't sit</p> <p>9 here today and argue that point, we know we're</p> <p>10 being subsidized by 40 or 49 percent from</p> <p>11 other parts of Labrador, I'm sure the whole</p> <p>12 province. The power plant here in St. Lewis</p> <p>13 is a wooden structure that has never been</p> <p>14 upgraded and safety should be considered a big</p> <p>15 issue. Anne Rumbolt, a former councillor, was</p> <p>16 here in 2001, I do believe, and the same</p> <p>17 concern was on her presentation at that time</p> <p>18 also. It could be a hazard to the working</p> <p>19 people in that environment. It is time that</p> <p>20 serious money be put into our plant here to</p> <p>21 bring it on stream with the rest of the</p> <p>22 province. That will prove to the town that</p> <p>23 Hydro is willing to help if we help them. At</p> <p>24 the present time, this is certainly not the</p> <p>25 case.</p>

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<p>1 MR. BOLGER:</p> <p>2 Some options that we could look at. If</p> <p>3 the costs of running diesel generated plants</p> <p>4 are so high, why haven't Newfoundland and</p> <p>5 Labrador Hydro come up with a solution to</p> <p>6 provide the necessary electricity to these</p> <p>7 small towns by other means. I would assume</p> <p>8 that these problems have been looked at</p> <p>9 before. I'm sure that something could be done</p> <p>10 that could provide a more viable outcome. In</p> <p>11 the fall of 2001, a company came to our town</p> <p>12 and I met with them along with our</p> <p>13 councillors. Weston Wind they were called.</p> <p>14 They put a proposal to us that a wind turbine</p> <p>15 could be located in St. Lewis. We have a site</p> <p>16 that is 600 feet above sea level. Hydro lines</p> <p>17 run to that site, and it was the ideal site.</p> <p>18 The cost of putting that turbine there would</p> <p>19 be \$150,000.00 to install. They also</p> <p>20 committed to having a person trained to</p> <p>21 maintain this turbine. This would cost down</p> <p>22 in cost and, importantly, pollutants going</p> <p>23 into the air.</p> <p>24 The advice from the Board at this time to</p> <p>25 Newfoundland and Labrador Hydro should be to</p>	<p>1 provide more ideal proposals for the future in</p> <p>2 the way of cheaper more reliable form of</p> <p>3 electricity to our communities, and the</p> <p>4 existing power operations that cost so much to</p> <p>5 run should be taken out of service. These</p> <p>6 measures are taken out and then it's proven</p> <p>7 that Newfoundland and Labrador Hydro cannot</p> <p>8 meet its potential means to provide these</p> <p>9 services, then and only then should Hydro come</p> <p>10 to the Board and the communities they serve</p> <p>11 with their request.</p> <p>12 In closing, I would like to say once</p> <p>13 again thank you to the Board and officials for</p> <p>14 giving me the opportunity to give you our</p> <p>15 point of view on this request. I hope the</p> <p>16 people respecting the government, the Public</p> <p>17 Utilities Board, and surrounding communities</p> <p>18 will refuse Hydro the rate increase, and I</p> <p>19 would also like to say Hydro foot the bill for</p> <p>20 us to come in here because, as Jamie said</p> <p>21 earlier, \$40.00 or \$50.00 for a councillor to</p> <p>22 get some training which is badly needed, is</p> <p>23 hard to come by, but I'd like to thank Hydro</p> <p>24 for getting us in here to make these</p> <p>25 presentations, but I hope I didn't help your</p>
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<p>1 cause any.</p> <p>2 CHAIRMAN:</p> <p>3 Q. Thank you, Mayor Bolger. Any questions?</p> <p>4 COMMISSIONER WHALEN:</p> <p>5 Q. No questions, Mr. Chair.</p> <p>6 CHAIRMAN:</p> <p>7 Q. Mr. Browne.</p> <p>8 BROWNE, Q.C.</p> <p>9 Q. Yes. Mayor, you use diesel yourself, the</p> <p>10 whole community uses diesel in St. Lewis?</p> <p>11 A. That's correct.</p> <p>12 Q. So you're subject to the life line block, the</p> <p>13 700 kilowatts and the three tier system that's</p> <p>14 now in place. You get the island rate for the</p> <p>15 first 700 kilowatts that you burn?</p> <p>16 A. Yes, we do.</p> <p>17 Q. Are you aware of the proposal that's on the</p> <p>18 table now to increase that life line block so</p> <p>19 it will average, I think, 850 throughout the</p> <p>20 year, but during the winter months you would</p> <p>21 get up to 1000 kilowatts at the island rate?</p> <p>22 A. Yes.</p> <p>23 Q. Are you familiar with that?</p> <p>24 A. Yes, I am familiar with that.</p> <p>25 Q. Do you have any comment on that? Are you</p>	<p>1 favourably disposed toward it, or are the</p> <p>2 residents of St. Lewis favourably disposed</p> <p>3 toward it?</p> <p>4 A. The season in St. Lewis, and all along the</p> <p>5 coast, actually, because it is seasonal</p> <p>6 employment towns along the coast, fishing, and</p> <p>7 if you look at January, February, March,</p> <p>8 December, and you say, well, Hydro is giving</p> <p>9 us \$1,000.00 life line block -- 1000 kilowatt</p> <p>10 hours, sorry, life line block, but the</p> <p>11 consumption of hydro is probably higher during</p> <p>12 the fishing season because of plant</p> <p>13 operations, the water that's being pumped</p> <p>14 through the town's water supply, and people</p> <p>15 working at the plants also use more</p> <p>16 electricity during the summer, in my opinion,</p> <p>17 than they do during the winter. We do not use</p> <p>18 electric heat during the winter. Most people</p> <p>19 use wood. It's a nice offer to have that 1000</p> <p>20 kilowatt block, but I don't think it will be</p> <p>21 any relevance whatsoever.</p> <p>22 Q. You're talking from a commercial perspective.</p> <p>23 What about in your home?</p> <p>24 A. It would apply to that too because there's</p> <p>25 more consumption during the summer than it is</p>

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<p>1 MR. BOLGER:</p> <p>2 during the winter.</p> <p>3 BROWNE, Q.C.:</p> <p>4 Q. In your home?</p> <p>5 A. Sure it would because people are working more,</p> <p>6 they're using their appliances more than they</p> <p>7 would be normally in the winter. So when you</p> <p>8 average out the rate, the life line block and</p> <p>9 the proposed one, I'm not pretending to be an</p> <p>10 expert on this, but this is my opinion that at</p> <p>11 the end of the day people will be paying a lot</p> <p>12 more than they would be if the blocks weren't</p> <p>13 changed.</p> <p>14 Q. So you're not in favour of changing the</p> <p>15 blocks. You'd prefer to keep it the way it is</p> <p>16 now?</p> <p>17 A. The way it is now at 700 for the first 1000,</p> <p>18 then it's - I think I have the prices here in</p> <p>19 front of me. The first 700 kilowatts per</p> <p>20 month, and then it goes to 300 kilowatts per</p> <p>21 month at 9.849 cents. Over 1000, it would be</p> <p>22 13.352. Under the proposed rate structure, we</p> <p>23 would be paying the higher rate year around</p> <p>24 than what we are now, yes. So the 1000 life</p> <p>25 line block, I don't think, would be any</p>	<p>1 benefit.</p> <p>2 Q. Even if it averages -- if they put an average</p> <p>3 of 850, it averages 850 year around you would</p> <p>4 get at the Newfoundland Power rate, that's</p> <p>5 still of no advantage to you, to the</p> <p>6 residents?</p> <p>7 A. I don't think so.</p> <p>8 Q. How much electricity do you burn yourself in</p> <p>9 your house? Can you comment on that?</p> <p>10 A. Actually, I put a request into Newfoundland</p> <p>11 and Labrador Hydro to have a copy of my bills</p> <p>12 for a full twelve months, but I didn't get it</p> <p>13 in time to bring it to this, but my average</p> <p>14 power bill would be around \$120.00 a month.</p> <p>15 Q. \$120.00 a month. So you're burning more than</p> <p>16 700 kilowatts?</p> <p>17 A. Oh, most definitely.</p> <p>18 Q. Are you up past 1000 more often than not, and</p> <p>19 you're paying the 13 cents?</p> <p>20 A. Like I said, I requested to have the bill, and</p> <p>21 I wouldn't want to guess, you know, without</p> <p>22 some evidence to put in front of you. I would</p> <p>23 say yes that we are, the average household</p> <p>24 burns more than 1000 kilowatts per month.</p> <p>25 Q. Have you, as mayor, had a discussion with the</p>
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<p>1 residents of St. Lewis in reference to this</p> <p>2 particular issue, and have you gotten a</p> <p>3 reaction from them?</p> <p>4 A. No, I haven't. We talk about it around the</p> <p>5 council table, but a lot of people, they don't</p> <p>6 appreciate the seriousness of what could</p> <p>7 happen to their hydro bills, but, no, I</p> <p>8 haven't had a public meeting or talked to a</p> <p>9 lot of the general public regarding this, no.</p> <p>10 Q. I'm sure the Board or Hydro, or the experts we</p> <p>11 have wouldn't want to impose something on you</p> <p>12 that you didn't particularly want. Are you</p> <p>13 speaking representatively for all the</p> <p>14 residents of St. Lewis when you're making</p> <p>15 these comments?</p> <p>16 A. Yes, I am. We are a council that I run this</p> <p>17 by and we're voted in there to represent the</p> <p>18 people, and I speak on behalf of the town.</p> <p>19 Q. In terms of the Newfoundland Power rate,</p> <p>20 you're aware that it's also part of the</p> <p>21 proposal that there will be an overall 9</p> <p>22 percent increase in your rates for the first</p> <p>23 700, in any case. Are you aware of that?</p> <p>24 A. Yes. I did some figuring out, and I know</p> <p>25 there's an increase. The proposed scheme,</p>	<p>1 when you average it out, is of no advantage.</p> <p>2 The rate is higher for the first 1000</p> <p>3 kilowatts, however you look at it.</p> <p>4 Q. Are you aware there's going to be an increase</p> <p>5 in your rates anyway if Newfoundland Hydro's</p> <p>6 proposal goes forward? If Hydro's proposal</p> <p>7 goes forward, there will be an increase in</p> <p>8 rates because you're going to be paying the</p> <p>9 island rate, and the proposal is that</p> <p>10 Newfoundland Power's customers will be paying</p> <p>11 a portion, over 9 percent, in the rate</p> <p>12 increase, so that first 700, you're going to</p> <p>13 be subject to a rate increase, in any case.</p> <p>14 Are you aware of that?</p> <p>15 A. Yes, I am.</p> <p>16 Q. And you're opposed to that?</p> <p>17 A. Yes, of course.</p> <p>18 Q. You mentioned in your evidence concerning a</p> <p>19 proponent came forward for a wind turbine to</p> <p>20 have installed and can you detail that for us</p> <p>21 a little more?</p> <p>22 A. Like I said earlier, a company came to our</p> <p>23 town to show us their business and a proposal,</p> <p>24 and we actually went to a site. There's</p> <p>25 certain wind turbines you can buy that can,</p>

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<p>1 MR. BOLGER:</p> <p>2 you know, offset the cost of diesel power, and</p> <p>3 depending on the usage, you can have different</p> <p>4 size turbines. They had some facts and</p> <p>5 figures from Newfoundland and Labrador Hydro,</p> <p>6 this company did, and they had the usage of</p> <p>7 St. Lewis. Now I don't have that in front of</p> <p>8 me, but that would cut down half of the diesel</p> <p>9 generated power. What would happen is when</p> <p>10 the strain come on the diesel motors, this</p> <p>11 turbine would be interconnected to the hydro</p> <p>12 plant, and it would benefit that way.</p> <p>13 BROWNE, Q.C.:</p> <p>14 Q. So it would supplement diesel, but you'd still</p> <p>15 require the diesel?</p> <p>16 A. Yes, you would require diesel. If there was</p> <p>17 no wind on a particular way, weather</p> <p>18 permitting, it would have to supplement the</p> <p>19 diesel.</p> <p>20 Q. Where did you go with this proposal? Did you</p> <p>21 go to Hydro with it?</p> <p>22 A. There was a delegation, I wasn't a part of it,</p> <p>23 that went to Montreal, I think, and our MHA</p> <p>24 was a part of it, so when she does her</p> <p>25 presentation -- I think there was a fair bit</p>	<p>1 of thought put into this, yes, but as a town,</p> <p>2 no, we did not go to Hydro.</p> <p>3 BROWNE, Q.C.</p> <p>4 Q. Thank you very much.</p> <p>5 MR. HAYES:</p> <p>6 Q. Just one question, Mayor Bolger. I thought I</p> <p>7 understand you to say, and correct me if I'm</p> <p>8 wrong, I may have heard you wrong, but I</p> <p>9 thought I understood you to say that the</p> <p>10 town's electric bill was significantly higher</p> <p>11 in August than it was in January, is that</p> <p>12 correct?</p> <p>13 A. That's correct.</p> <p>14 Q. I wonder if you could just explain why that</p> <p>15 is?</p> <p>16 A. That is the simple reason that we are a</p> <p>17 seasonal working community due to the fishery,</p> <p>18 and when the fish plant is in operation, our</p> <p>19 town water supply goes directly to the plant</p> <p>20 and we have it pumped, and our pumps are</p> <p>21 constantly cutting in and drives the cost up.</p> <p>22 MR. HAYES:</p> <p>23 Q. Thank you very much.</p> <p>24 CHAIRMAN:</p> <p>25 Q. Any questions, Mr. Hearn?</p>
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<p>1 HEARN, Q.C.</p> <p>2 Q. No questions, Mr. Chairman, thank you.</p> <p>3 MR. KENNEDY:</p> <p>4 Q. No questions, Mr. Chair.</p> <p>5 CHAIRMAN:</p> <p>6 Q. Thank you very much, Mayor Bolger, and could</p> <p>7 you express on our behalf thanks to the Town</p> <p>8 of Charlottetown for their presentation as</p> <p>9 well. Thank you, sir, very much. I call upon</p> <p>10 Betty Sampson, who's with the Town of Port</p> <p>11 Hope Simpson, please. Good afternoon, Ms.</p> <p>12 Sampson, good to see you again. Take the</p> <p>13 Bible in your right hand, please. Do you</p> <p>14 swear on this Bible that the evidence to be</p> <p>15 given by you shall be the truth, the whole</p> <p>16 truth, and nothing but the truth, so help you</p> <p>17 God?</p> <p>18 MS. SAMPSON:</p> <p>19 Q. Yes, I do.</p> <p>20 CHAIRMAN:</p> <p>21 Q. Thank you. When you're ready.</p> <p>22 (12:06 p.m.)</p> <p>23 MS. BETTY SAMPSON (SWORN)</p> <p>24 A. I'm glad somebody else found it warm. I just</p> <p>25 thought it was menopause. Ladies and</p>	<p>1 gentlemen, Public Utilities Board, government</p> <p>2 officials, other town representatives and</p> <p>3 MHA's, we thank you again for this opportunity</p> <p>4 to address your board and speak for a moment</p> <p>5 on the request by Newfoundland and Labrador</p> <p>6 Hydro for a rate increase. My name is Betty</p> <p>7 Sampson, and I'm from the community of Port</p> <p>8 Hope Simpson, Labrador.</p> <p>9 As you are aware, a community such as</p> <p>10 ourselves depend on diesel generated power for</p> <p>11 electricity. We are not connected to a grid</p> <p>12 or to any other power line, simply to diesel.</p> <p>13 We're not an example where you get more for</p> <p>14 less, or you buy in bulk at discount prices,</p> <p>15 but rather the more we use, the more we pay.</p> <p>16 Is this a fair approach, or is this the</p> <p>17 reality of a monopoly or the absence of</p> <p>18 another option? Does Newfoundland and</p> <p>19 Labrador Hydro have to get 100 percent plus</p> <p>20 return immediately rather than looking at a</p> <p>21 long term return for their investment.</p> <p>22 This fall my husband and I renovated a</p> <p>23 building, and the two important items apart</p> <p>24 from the actual structure was that of hooking</p> <p>25 into town water and sewer, and electricity.</p>

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<p>1 MS. SAMPSON:</p> <p>2 Two very important services. The cost to us</p> <p>3 to install electricity to that little building</p> <p>4 far outweighed the cost of the town's water</p> <p>5 and sewer installation. Then on the other</p> <p>6 hand, over the life of that building,</p> <p>7 Newfoundland and Labrador Hydro will get much</p> <p>8 greater return from us for that electricity</p> <p>9 than the town council of Port Hope Simpson</p> <p>10 will for that water and sewer, but don't tell</p> <p>11 the town that because they'll increase our</p> <p>12 rates. Both of them are very essential modern</p> <p>13 commodities. The need for electricity will</p> <p>14 remain as long as there is a population, and</p> <p>15 the fear of losing a customer except to the</p> <p>16 grave is nil, and the fear of one going to</p> <p>17 another provider is nil. It's a monopoly, and</p> <p>18 we the residents of Port Hope Simpson, through</p> <p>19 our petition to your Board members, request</p> <p>20 your support to see that the necessity</p> <p>21 commodity of electricity in the year 2003 is</p> <p>22 not beyond affordability.</p> <p>23 The Port Hope Simpson Town Council has</p> <p>24 taken out municipal loans to provide safe</p> <p>25 drinking water. It costs the customer</p>	<p>1 approximately 50 cents a day. Aliant provides</p> <p>2 telephone service in Port Hope Simpson,</p> <p>3 roughly \$22.00 a month, less than \$1.00 a day.</p> <p>4 Then they got special long distance rates</p> <p>5 based on usage. You can do the 15 cents per</p> <p>6 minute, all day, every day, or you can go with</p> <p>7 the 1200 base line minutes for \$24.00 per</p> <p>8 month. I'm sure that if any company cries out</p> <p>9 about the cost of the investment it's the</p> <p>10 Aliant as they struggle to provide their</p> <p>11 customers with e-mail, high speed internet,</p> <p>12 etc. They have invested and continue to</p> <p>13 invest in the future and into their customers.</p> <p>14 The majority of our population in Port Hope</p> <p>15 Simpson is living on a fixed income. There's</p> <p>16 very little industry. The economic based in</p> <p>17 Port Hope Simpson with the majority of the</p> <p>18 working adults working seasonally. There are</p> <p>19 employment opportunities at the shrimp plant</p> <p>20 in Charlottetown or at the crab plant in</p> <p>21 Mary's Harbour. Those sites draw some to</p> <p>22 travel to those seasonal employment</p> <p>23 facilities. Then we realize that the fishery</p> <p>24 sector is in jeopardy with over utilization,</p> <p>25 and the future of the crab and the fish is</p>
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<p>1 constantly being scrutinized. Our seniors</p> <p>2 live on social services income that's very</p> <p>3 firm and very fixed.</p> <p>4 It's sad to say, yes, that we have</p> <p>5 individuals and families on social services,</p> <p>6 which is a condition for many beyond their</p> <p>7 control. The majority of the families in Port</p> <p>8 Hope Simpson can be referred to as the working</p> <p>9 poor, living on, some below, the poverty line.</p> <p>10 These families would ask that their financial</p> <p>11 reality would be the dominating factor in your</p> <p>12 discussions and your deliberations. People of</p> <p>13 Labrador have always been the giver in</p> <p>14 resources, allowing for opportunities to</p> <p>15 others to earn a living along with themselves.</p> <p>16 The fishery brought many Newfoundland families</p> <p>17 to fish off Labrador coastline. The</p> <p>18 construction of our Trans Labrador Highway</p> <p>19 provided more jobs to non-residents of</p> <p>20 Labrador than Labradorians. Labrador waters</p> <p>21 harnessed into hydro is bypassing our</p> <p>22 communities and going at basement bargain</p> <p>23 prices to other areas, the states.</p> <p>24 The political dynamics of all those</p> <p>25 decisions are out of your hands and out of my</p>	<p>1 hands, but the reality of Labrador resources</p> <p>2 can be evaluated by us all. This past year</p> <p>3 we've been challenged by "Our Place in</p> <p>4 Canada", but today many Labradorians would ask</p> <p>5 what's our place in the Province of</p> <p>6 Newfoundland and Labrador when we are left</p> <p>7 with the highest electric power bills in the</p> <p>8 province of Newfoundland and Labrador.</p> <p>9 I urge you, members of this Public</p> <p>10 Utility hearing, to be very sensitive to the</p> <p>11 economic and the realities of living in Port</p> <p>12 Home Simpson and other rural coastal</p> <p>13 communities, and any increase of any amount</p> <p>14 will hurt and will be felt, not only by moms</p> <p>15 and dads, but it will be felt by the school</p> <p>16 kids because there's lesser money for the</p> <p>17 family and juggling of the essentials will</p> <p>18 cause something to go. Again to say that</p> <p>19 children's activities and items will be the</p> <p>20 first on the family chopping block.</p> <p>21 The factor of the rate of diesel</p> <p>22 generated power is not only expensive to the</p> <p>23 family unit, but think of the industrial</p> <p>24 development. If an individual or a company</p> <p>25 wanted to construct a hotel, garage, or</p>

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<p>1 MS. SAMPSON:</p> <p>2 supermarket, or whatever, with the attraction</p> <p>3 of the Trans Labrador Highway, or within a</p> <p>4 community, one of the factors, the same as my</p> <p>5 husband and I thought about, was that of</p> <p>6 electricity, and then to heat the building.</p> <p>7 In researching the realities and the costs</p> <p>8 that a business venture would have to have</p> <p>9 second thoughts and face the reality that a</p> <p>10 large chunk of that would-be profit is into</p> <p>11 hydro, and stove oil remains the heating</p> <p>12 option. The cost of a local sawmill and</p> <p>13 upgrade, and electric motors to run that</p> <p>14 sawmill industry, is attached, and I don't</p> <p>15 have them -- I've got different ones, but not</p> <p>16 the sawmill one, but I will get them. The</p> <p>17 community hall, our town hall, \$561.00 a</p> <p>18 month. A hotel in Port Hope Simpson,</p> <p>19 \$1,529.00 a month, the one that I have. A</p> <p>20 restaurant, \$1,515.00 a month. The</p> <p>21 restaurant, \$1,936.00. So you see that what</p> <p>22 would-be profit is gone.</p> <p>23 Are we forever slotted as gatherers of</p> <p>24 wood because of the option of electric heat is</p> <p>25 beyond our means along this stretch of</p>	<p>1 Labrador coastline. Families, business</p> <p>2 development, social development, and</p> <p>3 communities connected to diesel generated</p> <p>4 electricity are held back simply because of</p> <p>5 the fact the more you use, the more you pay.</p> <p>6 Think on this, members, and I'm confident</p> <p>7 that you will return with a decision of not</p> <p>8 supporting the request of Newfoundland and</p> <p>9 Labrador Hydro rate increase. I stop to think</p> <p>10 what would be the reaction of Newfoundland and</p> <p>11 Labrador Hydro if municipalities across the</p> <p>12 province petitioned that the utility tax be</p> <p>13 increased from 2.5 percent to whatever, but</p> <p>14 then perish that thought because that extra</p> <p>15 cost to Hydro would in turn be passed on to</p> <p>16 the customer.</p> <p>17 In closing, I say to Dennis, you are our</p> <p>18 provincial watchdog. Thank you, and we</p> <p>19 commend you for your battles, and some of them</p> <p>20 that may be won with increase in the baseline,</p> <p>21 and some of them you may lose. To the Public</p> <p>22 Utilities Board, we're glad that this process</p> <p>23 is in place, and this is good. To</p> <p>24 Newfoundland and Labrador Hydro, your services</p> <p>25 are a necessary commodity, but please never</p>
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<p>1 become one that is out of reach, or become the</p> <p>2 monthly curse when Air Labrador brings in the</p> <p>3 light bills. In these financially difficult</p> <p>4 times, I trust that the Board will agree with</p> <p>5 me and others and have your request denied.</p> <p>6 Thank you.</p> <p>7 CHAIRMAN:</p> <p>8 Q. Thank you, Mrs. Sampson. Mr. Browne.</p> <p>9 BROWNE, Q.C.</p> <p>10 Q. Mrs. Sampson, in reference to the proposal for</p> <p>11 the increase in the life line block, are you</p> <p>12 familiar with that proposal?</p> <p>13 A. I'm somewhat aware of it. I'm trying to</p> <p>14 figure out, like, if the rate was 926 at 700,</p> <p>15 I'm trying to figure out what would be the set</p> <p>16 rate at the 1000 kilowatt. Is the rate</p> <p>17 changing or only the baseline changing?</p> <p>18 Q. The baseline will change. You'll get</p> <p>19 Newfoundland Power's island rate for the</p> <p>20 months of --</p> <p>21 A. What is the rate? What would the rate be is</p> <p>22 what I'm trying to understand.</p> <p>23 Q. Well, the rate right now on the island, the</p> <p>24 rate you're paying for the first 700 right now</p> <p>25 is what, 7 --</p>	<p>1 A. 9.261 cents.</p> <p>2 Q. You're paying 9.261 cents for the first 700?</p> <p>3 A. No, this is the commercial. That's</p> <p>4 commercial.</p> <p>5 Q. Oh, commercial.</p> <p>6 A. I didn't take a residential one with me.</p> <p>7 Q. Okay. I guess I'm talking in terms of</p> <p>8 residential, but you would pay the island rate</p> <p>9 which is 7.1 cents effectively right now for</p> <p>10 an average 850 -- your usage of 850 kilowatts</p> <p>11 on average throughout the year, but it will be</p> <p>12 just a two tier system. Right now you're</p> <p>13 paying a three tier system. You go from 700</p> <p>14 to 1000, and after 1000, you pay a third rate.</p> <p>15 A. It seems like it depends on what you are</p> <p>16 because I've got one here that got 700</p> <p>17 kilowatts at 7.116. Then 300 kilowatt hours</p> <p>18 at 9.864 cents, and then 1394 kilowatts hours</p> <p>19 at 13.372 cents.</p> <p>20 Q. Okay. Under the new system, there will be two</p> <p>21 rates, okay. That last rate would be the</p> <p>22 highest rate, but on average you would pay the</p> <p>23 island rate for the months of December,</p> <p>24 January, and February. You would get 1000</p> <p>25 kilowatts at the island rate.</p>

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<p>1 MS. SAMPSON: 2 A. Which is 7. 3 BROWNE, Q.C.: 4 Q. 7.1 cents right now. Then for the months of 5 November, March, and April, you would receive 6 900 kilowatts at the island rate, and for May, 7 June, and October, 800 kilowatts at the island 8 rate, and then for July, August, and 9 September, 700 kilowatts would apply. I think 10 that's accurate, is it, Ms. Greene? 11 GREENE, Q.C. 12 Q. I actually didn't think you gave out the 13 numbers correctly. 14 BROWNE, Q.C. 15 Q. Maybe you can give us the numbers then. Maybe 16 you can tell us what they are. 17 GREENE, Q.C. 18 Q. I said in the opening statement I thought it 19 was at 800, Mr. Browne, which is incorrect. 20 It's 1000 kilowatt hours per month proposed 21 for January, February, and December; 900 in 22 March, April, October, and November, and 700 23 for the other months in the year. That's 24 kilowatt hours per month for the Domestic 25 customer.</p>	<p>1 A. At what rate? 2 Q. It would be at the life line block rate. So 3 the current rate for that -- the energy charge 4 is 7.185 cents per kilowatt hour. 5 A. And the new rate would be? 6 Q. If the proposal before the Board is accepted, 7 that would be on average increase by 6.5 8 percent. The 7.185 cents per kilowatt hour 9 would be increased by 6.5 percent as 10 Newfoundland Power flows it through to their 11 customers, and we, in turn, charge what 12 Newfoundland Power charges for the first 13 either 700, 900, or 1000 kilowatt hours per 14 month. So the current rate is 7.185. If our 15 proposal is accepted exactly as we have it 16 before the Board, we are estimating that will 17 change by, on average, 6.5 percent. 18 A. It will change, but what will it be? 19 Q. So 6.5 percent of 7.185 is -- 20 HEARN, Q.C. 21 Q. That would be approximately 7.6 cents roughly. 22 Is my math correct, Ms. Greene? 23 GREENE, Q.C. 24 Q. I didn't bother to do it. I never do math 25 without a calculator.</p>
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<p>1 A. I would say, Dennis, to go back to your 2 question, that the intent was good. Now I 3 don't know what it would go into in math, and 4 what the actual cheque or money order would be 5 to the families, you know. The intent of 6 bringing up the baseline from 700 to 1000 is 7 good. Figuring out what impact it will have 8 on the family's cheque book or the family's 9 money order, have to figure that one out. 10 BROWNE, Q.C. 11 Q. It would depends on each family, I guess, and 12 how much they use. 13 A. It would depend on what the cheque is, yeah. 14 I'm sure that most families is going to 15 consume 1000 kilowatt hours, yes, easily. 16 Q. So it's your opinion it should be implemented 17 if it gives any advantage. Is that a fair 18 comment? 19 A. It's a fair comment, yeah. 20 Q. We just heard Mayor Bolger from St. Lewis 21 saying he didn't think it would be a good 22 thing. 23 A. And I'm a little hesitant too because I can't 24 see -- like, I'd have to see it to 25 understand, like, what it would mean. Right</p>	<p>1 now when I write off my light bill at the 700 2 baseline is "x" number of dollars, and then - 3 I'm kind of slow - and then you do it off on 4 1000 kilowatts. 5 Q. I don't think you're slow at all. 6 A. You know what I mean, like, I'd have to see it 7 to compare it and then I know, like, you know, 8 if I was easily led down the road just because 9 we changed the numbers, but did really the 10 rate ever change. 11 Q. You want to see what the final outcome would 12 be? 13 A. Yes. 14 Q. Because there's an increased proposed anyway. 15 Even if it stayed the same, Hydro has a 16 proposal of an increase which will ultimately 17 see a 9 percent increase in your -- 18 A. So that would shoot the purpose of the 1000 19 kilowatts. 20 GREENE, Q.C. 21 Q. No. 22 A. No? What was the gain of the 100 kilowatts if 23 your rate is going to increase to bring it 24 back up, anyway?</p>

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<p>1 CHAIRMAN:</p> <p>2 Q. I think it might help the process here. I've</p> <p>3 concluded that this is a fairly confusing</p> <p>4 issue, and certainly any other subsequent</p> <p>5 witnesses, Mr. Browne may wish to query them</p> <p>6 as well and certainly get whatever evidence on</p> <p>7 the table, but I think from our perspective,</p> <p>8 we will likely be writing communities and</p> <p>9 asking them to have a closer look at this, and</p> <p>10 get back specifically with comments as to</p> <p>11 whether they support the proposal or not. I</p> <p>12 think that may be the best way to do it, allow</p> <p>13 you to review the details, I guess. I'm sure</p> <p>14 Hydro would answer any questions that you may</p> <p>15 have on it to try and understand it a little</p> <p>16 bit further, and specifically get back to the</p> <p>17 Board perhaps in writing. So we'll probably</p> <p>18 undertake to do that in the very next little</p> <p>19 while.</p> <p>20 MS. NEWMAN:</p> <p>21 Q. Chair, can I also mention that Hydro has</p> <p>22 kindly provided a copy of, I guess, a summary</p> <p>23 explanation sheet as to the seasonal life line</p> <p>24 block proposal, and I'd like to -- I know</p> <p>25 people are referring to it, but why don't we</p>	<p>1 just identify that now as information Item</p> <p>2 #21.</p> <p>3 GREENE, Q.C.</p> <p>4 Q. Mr. Chair, as I mentioned in my opening</p> <p>5 statement, this explanation of the change and</p> <p>6 how it would impact bills have been sent by</p> <p>7 Hydro last week to the presenters that we were</p> <p>8 aware of as of that time to give them some</p> <p>9 information with an explanation on how it</p> <p>10 would actually impact the bill as well. So</p> <p>11 that is in this information sheet. So</p> <p>12 possibly if the people did have the</p> <p>13 opportunity to review it in more detail, as</p> <p>14 you suggested, it would be helpful.</p> <p>15 CHAIRMAN:</p> <p>16 Q. We'll undertake to do that. We'll get a</p> <p>17 letter out with this accompanying information</p> <p>18 sheet as well. I think it's fair you want to</p> <p>19 see the bottom line.</p> <p>20 A. Yeah, like, if you get an increase in your</p> <p>21 baseline, but you get an increase in the rate,</p> <p>22 what did you gain?</p> <p>23 GREENE, Q.C.</p> <p>24 Q. Well, I guess you would be better off than if</p> <p>25 you didn't get an increase in the life line</p>
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<p>1 block and there was an increase in the rates</p> <p>2 as well.</p> <p>3 A. Six of one, half dozen of the other. What is</p> <p>4 the cheque?</p> <p>5 CHAIRMAN:</p> <p>6 Q. Thank you very much, Mrs. Sampson.</p> <p>7 MS. NEWMAN:</p> <p>8 Q. I understand that Mrs. Sampson has provided a</p> <p>9 copy of her presentation, so we'll undertake</p> <p>10 to get copies of that made and circulated. In</p> <p>11 the meantime, we'll identify it as BS #1.</p> <p>12 (PRESENTATION OF MRS. SAMPSON IDENTIFIED AND MARKED AS</p> <p>13 BS NO. 1)</p> <p>14 CHAIRMAN:</p> <p>15 Q. I think I'll proceed now, if everybody is in</p> <p>16 agreement, to call upon Nina Pye, who's the</p> <p>17 mayor of the Town of Mary's Harbour, please.</p> <p>18 Good afternoon, Mayor Pye, and welcome. Would</p> <p>19 you take the Bible in your right hand, please.</p> <p>20 Do you swear on this Bible that the evidence</p> <p>21 to be given by you shall be the truth, the</p> <p>22 whole truth, and nothing but the truth, so</p> <p>23 help you God?</p> <p>24 MS. PYE:</p> <p>25 Q. I do.</p>	<p>1 CHAIRMAN:</p> <p>2 Q. Thank you. You can begin when you're ready.</p> <p>3 (12:25 p.m.)</p> <p>4 MRS. NINA PYE (SWORN)</p> <p>5 A. Good evening, ladies and gentlemen. My name</p> <p>6 is Nina Pye, and I am Mayor of Mary's Harbour.</p> <p>7 Mary's Harbour is a small community with a</p> <p>8 population of about 450 people in southeastern</p> <p>9 Labrador. The only source of electricity</p> <p>10 available to Mary's Harbour is provided by</p> <p>11 Newfoundland and Labrador Hydro through diesel</p> <p>12 generators. The cost of electricity to our</p> <p>13 town is outrageous.</p> <p>14 The Town Council of Mary's Harbour have</p> <p>15 five sewer pumping stations, each station</p> <p>16 equipped with two pumps; a water pumping</p> <p>17 station equipped with three pumps; a</p> <p>18 recreation centre, a fire hall, 20 street</p> <p>19 lights and a water meter building. We are</p> <p>20 presently paying .09389 for the first 700</p> <p>21 kilowatt hours, and .20035 for each additional</p> <p>22 kilowatt hour. Over the period of one year we</p> <p>23 pay approximately \$60,000.00 for electricity</p> <p>24 costs alone. In our last adopted budget which</p> <p>25 was for 2003, our revenue from taxation was a</p>

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<p>1 MS. PYE:</p> <p>2 mere \$182,293.00. About 33 percent of our</p> <p>3 taxation revenue was spent on electricity.</p> <p>4 Electricity is our single most extravagant</p> <p>5 expense. Because of the high electricity</p> <p>6 cost, expansion in our town has been hindered.</p> <p>7 Our residents pay the highest mil rate for</p> <p>8 property tax and business tax in all of</p> <p>9 Labrador. It is unfair to tax our residents</p> <p>10 more than they are already paying. A cheaper</p> <p>11 electricity rate would enable us to install</p> <p>12 more water and sewer services and create a</p> <p>13 much needed new subdivision. Who knows, maybe</p> <p>14 we could even look at paving our town roads?</p> <p>15 Right now last year we couldn't even afford to</p> <p>16 put calcium on our roads to control the dust</p> <p>17 because it costs \$5,000.00.</p> <p>18 I am begging you to put yourself in our</p> <p>19 shoes. Is it fair for us to pay these</p> <p>20 enormous electricity costs, and someone in</p> <p>21 Central Labrador or the island portion of the</p> <p>22 province pays significantly less? Should we</p> <p>23 be penalized because we live in coastal</p> <p>24 Labrador? I think it's time that all people</p> <p>25 of Newfoundland and Labrador be treated equal.</p>	<p>1 When I say "treated equal", I don't mean that</p> <p>2 we want Labrador West to be rose to our level</p> <p>3 and to pay more. We just want to be brought</p> <p>4 down to their level, and there are options</p> <p>5 available. I'm sure there's wind power,</p> <p>6 there's harnessing of rivers, there's a grid</p> <p>7 line. I'm sure that some other option could</p> <p>8 come into play other than pitting our town</p> <p>9 against the towns of Goose Bay and Labrador</p> <p>10 City over uniform rates.</p> <p>11 I heard a lady from Lab West was here a</p> <p>12 bit earlier, and she was telling about the</p> <p>13 rates for a home in Lab City, a seven person</p> <p>14 dwelling, and what they were paying for</p> <p>15 electricity costs in one year. Well, I just</p> <p>16 brought just a sample of my electricity bills</p> <p>17 from my home, and it's just myself, my</p> <p>18 husband, and two children, and we live in a</p> <p>19 single dwelling home, and we burn wood. We</p> <p>20 don't burn electric heat. These are examples</p> <p>21 of the bills; 201, 193, 202, 226, 173, and it</p> <p>22 goes on throughout the year. I would also</p> <p>23 like to point out that when an essential</p> <p>24 service such as Hydro raises electricity</p> <p>25 rates, the rate just isn't solely on the</p>
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<p>1 electricity bill. For example, if our town is</p> <p>2 raised 7 percent, then we have to collect that</p> <p>3 on the backs of the taxpayers also. So their</p> <p>4 town taxes go up because the rates snowball</p> <p>5 over into every aspect of the town. Town</p> <p>6 taxes will go up. I seen a few years ago when</p> <p>7 we had to raise taxes that the Credit Union</p> <p>8 raised interest rates and mortgage rates. The</p> <p>9 businesses have to tax on grocery items. So</p> <p>10 everything goes up in the town, not just a</p> <p>11 person's electricity bill.</p> <p>12 I'd also like to say that in the last few</p> <p>13 years our town has been hit hard because of</p> <p>14 the crab industry - the quota in the crab</p> <p>15 being changed, because that's our main</p> <p>16 industry. In 1999/2000, we had a 30 percent</p> <p>17 cut, and just this year we had a 40 percent</p> <p>18 cut. So the people in our town are hurting as</p> <p>19 it is without having to have the burden of</p> <p>20 extra taxes put on them.</p> <p>21 Just on a final note, I would like to</p> <p>22 commend our MHA, Yvonne Jones, for being here</p> <p>23 to realize that this is a very important</p> <p>24 aspect to living in Labrador, and I must say</p> <p>25 that I was disappointed that the other three</p>	<p>1 MHA's haven't presented to Hydro in the last</p> <p>2 few days, because this is a real concern to</p> <p>3 the people, and the Minister from Labrador has</p> <p>4 also been here two days and hasn't bothered to</p> <p>5 appear to the proceedings. So I just had to</p> <p>6 point out that I was really disappointed in</p> <p>7 that. I would like to thank you for listening</p> <p>8 to my views, and I sincerely hope that</p> <p>9 consideration will be given to lower our rates</p> <p>10 to be in line with the rest of the province,</p> <p>11 or at the very least, keep our rates the way</p> <p>12 they are. Thank you.</p> <p>13 CHAIRMAN:</p> <p>14 Q. Thank you, Mayor Pye.</p> <p>15 GREENE, Q.C.</p> <p>16 Q. No questions, Chair.</p> <p>17 CHAIRMAN:</p> <p>18 Q. Mr. Browne.</p> <p>19 BROWNE, Q.C.</p> <p>20 Q. Mayor Pye, are you familiar with the proposal</p> <p>21 we were talking about previously in reference</p> <p>22 to the increase in the life line block?</p> <p>23 A. Yes, I am.</p> <p>24 Q. And are you in favour of the proposal?</p> <p>25 A. I'm in favour of increasing the life line</p>

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1 MS. PYE:
 2 block because, yes, that will be some savings,
 3 but will it be a saving with Hydro increase.
 4 That's my question also. For example, you're
 5 raising it from 700 to 1000. In my household,
 6 I burn anywhere between 1400 and 1700
 7 kilowatts, depending on the time of year. So
 8 it would be a bit of savings to my household,
 9 but with the rate increase, I don't think it
 10 would be.
 11 BROWNE, Q.C.:
 12 Q. We heard evidence previously from a presenter
 13 concerning the internet, and I heard you say
 14 you have kids. Do you have a computer in your
 15 house?
 16 A. Yes, we do.
 17 Q. And do you have internet access?
 18 A. Yes.
 19 Q. And how reliable is that on the diesel system?
 20 Do you find it --
 21 A. It's slow. We're not connected at a very high
 22 speed. I'm not sure if that's the Hydro or
 23 the telephone lines, but it is fairly
 24 reliable, if you have a new computer, of
 25 course.

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1 water in our community. The pumps are
 2 continually going to pump water, and in the
 3 summer when the plant starts up, as Gary
 4 Bolger mentioned, there is a really high rate
 5 in the summer because the pumps are going.
 6 Q. One of the main elements of that is the
 7 electricity in relation to the pumps to supply
 8 water to the fish plant, is that correct?
 9 A. Yes, and not only the water pumps, but also
 10 the sewer pumps. In the winter time, the
 11 sewer pumps make up for the water pumps in the
 12 summer because in the winter time people are
 13 bleeding their lines so that their water won't
 14 freeze, so that's going into our sewer system
 15 and our sewer pumps are continually going
 16 then.
 17 Q. How much of that \$60,000.00 bill go toward
 18 both of those, the sewer pumps and the water
 19 pumps, roughly?
 20 A. Probably about 60 percent. I'm not sure. I'm
 21 just guessing because we have buildings and we
 22 have street lights.
 23 Q. So it could be 50 to 60 percent?
 24 A. Yes.
 25 CHAIRMAN:

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1 Q. How reliable is the diesel system, period?
 2 Are there many outages with it, or brief
 3 outages?
 4 A. Yes, there is. Like, I have a fax machine in
 5 my office and each time the power goes I get
 6 this little slip of paper come out of it, and
 7 there are times when I've went in in the
 8 morning and there'd be, like, thirteen slips
 9 of paper out of my fax machine. So I know
 10 that the power went thirteen times during the
 11 night. So it is hard on -- I know people have
 12 lost appliances, televisions, because of the
 13 diesel generators.
 14 BROWNE, Q.C.
 15 Q. Thank you, Mayor.
 16 CHAIRMAN:
 17 Q. Mayor, you mentioned \$60,000.00 is spent on
 18 electricity of your total, \$182,000.00 budget.
 19 Did I understand that correctly?
 20 A. Yes.
 21 Q. What would that \$60,000.00 go toward? For
 22 example, would there be any treatment of
 23 water, or could you just --
 24 A. No, it's solely on our pumps, as I mentioned
 25 in my report. We don't have gravity flow of

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1 Q. Thank you very much.
 2 BROWNE, Q.C.
 3 Q. Can I just ask Mayor Pye a question?
 4 CHAIRMAN:
 5 Q. Sure.
 6 BROWNE, Q.C.
 7 Q. When you said in the winter people are --
 8 people are running water, are they, so it
 9 won't freeze?
 10 A. Yes.
 11 Q. And, therefore, your pumps are --
 12 A. Our sewer pumps are kicking in.
 13 Q. Are kicking in more?
 14 A. Yes.
 15 Q. And there's no way of addressing that, is it?
 16 A. No, because our system is 20 years old, and if
 17 people don't bleed their lines, they've had
 18 problems with it freezing. So what people
 19 normally do is just run a line from their
 20 water line right into their sewer line so that
 21 the water is continually flowing. Then in the
 22 spring we advise them to cancel that.
 23 BROWNE, Q.C.
 24 Q. Thank you, Mayor.

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<p>1 CHAIRMAN:</p> <p>2 Q. Thank you, Mayor, very much. It is 12:35. We</p> <p>3 have four presenters left, including Ms.</p> <p>4 Jones, the MHA for the area. So I want to</p> <p>5 afford the opportunity for everybody to take</p> <p>6 whatever time they need to make their</p> <p>7 presentations. So I'm advocating now that we</p> <p>8 take an hour for lunch, and if you could try</p> <p>9 and be back shortly after 1:30 would be fine.</p> <p>10 Thank you.</p> <p>11 (RECESS AT 12:33 P.M.)</p> <p>12 (RESUME AT 1:50 P.M.)</p> <p>13 CHAIRMAN:</p> <p>14 Q. Perhaps we could get started. Can I have your</p> <p>15 attention, please? I trust everybody had a</p> <p>16 reasonable lunch and it wasn't too rushed. I</p> <p>17 probably could have allowed an hour and</p> <p>18 fifteen, or an hour and a half, but one never</p> <p>19 knows. Before we do get started this</p> <p>20 afternoon, I think Ms. Newman has an item to</p> <p>21 address.</p> <p>22 MS. NEWMAN:</p> <p>23 Q. Yes, I do, Chair, thank you. Jamie Snook has</p> <p>24 provided a copy of his presentation, and we'll</p> <p>25 make copies and provide them to the parties,</p>	<p>1 and it will be identified as JS #1.</p> <p>2 (PRESENTATION OF JAMIE SNOOK IDENTIFIED AND MARKED AS</p> <p>3 JS NO. 1)</p> <p>4 CHAIRMAN:</p> <p>5 Q. Thank you. Good afternoon, Ms. Jones, good to</p> <p>6 see you again.</p> <p>7 MS. JONES:</p> <p>8 Q. Thank you, Mr. Noseworthy.</p> <p>9 CHAIRMAN:</p> <p>10 Q. Would you take the Bible in your right hand</p> <p>11 before you start, please. Do you swear on</p> <p>12 this Bible that the evidence to be given by</p> <p>13 you shall be the truth, the whole truth, and</p> <p>14 nothing but the truth, so help you God?</p> <p>15 MS. JONES:</p> <p>16 Q. Yes, I do.</p> <p>17 CHAIRMAN:</p> <p>18 Q. When you're ready, please.</p> <p>19 (1:51 p.m.)</p> <p>20 MS. YVONNE JONES (SWORN)</p> <p>21 A. Thank you. Good afternoon, Mr. Chairman,</p> <p>22 Commissioners, Mr. Noseworthy, President</p> <p>23 Wells. I guess this is my fourth time before</p> <p>24 the Public Utilities Board on the rate</p> <p>25 increase for my area, but the third time as</p>
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<p>1 the elected member for that particular</p> <p>2 district, and when I was preparing the</p> <p>3 presentation for this particular forum almost</p> <p>4 ten years later than the first time I was</p> <p>5 here, I probably could have just took the</p> <p>6 submission right from the folder, one of</p> <p>7 either of the last three, and passed it</p> <p>8 forward because the issue certainly has not</p> <p>9 changed for the people in the south coast of</p> <p>10 Labrador. The issue for us has always been</p> <p>11 the fact that we're on diesel generated power,</p> <p>12 and, therefore, feel very helpless when it</p> <p>13 comes to being able to control cost or to be</p> <p>14 able to increase availability of power for</p> <p>15 people in that area.</p> <p>16 I think already today you've heard some</p> <p>17 very elegant presentations by two of the</p> <p>18 majors from my district, Mayor Pye and Mayor</p> <p>19 Bolger, and also from Betty Sampson in Port</p> <p>20 Hope Simpson. They focused directly on what</p> <p>21 the impacts of future increases will mean for</p> <p>22 their municipalities, and for the people in</p> <p>23 those communities. I think that you would</p> <p>24 gather from their presentations that we're</p> <p>25 very conservative people in that area, as they</p>	<p>1 are in Northern Labrador, and we're not as</p> <p>2 extravagant in our lifestyle and in the way we</p> <p>3 live. When you hear of costs for</p> <p>4 municipalities that are escalating to</p> <p>5 \$5,000.00 a month for just to generate</p> <p>6 electricity for water and sewer, I think it's</p> <p>7 very outrageous when you have small budgets,</p> <p>8 and I'd like to add to that by saying that</p> <p>9 also if you look at what this means to people</p> <p>10 in low income and on social assistance, in</p> <p>11 most cases one-third of their monthly income</p> <p>12 is going to cover just the cost of electricity</p> <p>13 to their homes.</p> <p>14 For businesses, of course, which is in a</p> <p>15 whole different rate structure altogether, I</p> <p>16 think they pay almost 19 cents a kilowatt hour</p> <p>17 right now, and for small businesses, people,</p> <p>18 for example, with hotels and restaurants that</p> <p>19 have, you know, less than 16 rooms, that have</p> <p>20 a 60 percent occupancy on an annual basis, and</p> <p>21 just to put electricity to those businesses,</p> <p>22 they're paying anywhere from \$1,500.00 to</p> <p>23 \$2,000.00 a month. That doesn't include the</p> <p>24 heating cost. The heating cost would probably</p> <p>25 equal to about the same amount. So there is a</p>

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<p>1 MS. JONES:</p> <p>2 huge price tag when it comes to being able to</p> <p>3 operate any kind of business or have any kind</p> <p>4 of an adequate lifestyle in communities that</p> <p>5 depend upon diesel generated power.</p> <p>6 I'm not going to talk a lot about the</p> <p>7 particular examples, I guess, in the</p> <p>8 communities. I did that in the last three</p> <p>9 presentations that I did to the Public</p> <p>10 Utilities Board, but today I would like to</p> <p>11 share with the Board, I guess, the vision of</p> <p>12 my constituents and ask the Board to reflect</p> <p>13 upon certain aspects as I go through because I</p> <p>14 think that one of the things that we have to</p> <p>15 be able to focus on and ask Newfoundland and</p> <p>16 Labrador Hydro to focus on is how they</p> <p>17 increase their revenue as a corporation, and</p> <p>18 not just how they continue to cut costs and</p> <p>19 have cost recovery through the generation of</p> <p>20 power to certain customers. So when I go</p> <p>21 through my presentation, I want you to reflect</p> <p>22 on matters such as downsizing on the backs of</p> <p>23 frontline workers within the corporation. I</p> <p>24 want you to consider the creativity in energy</p> <p>25 development and planning. Our commitment to</p>	<p>1 the Kyoto Accord and the potential of the</p> <p>2 Lower Churchill, the contribution of energy</p> <p>3 supply by Labrador, both provincially,</p> <p>4 nationally, and internationally. The</p> <p>5 importance of low cost reliable energy to all</p> <p>6 regions of Labrador, and I'd also like you to</p> <p>7 consider the opportunity for Newfoundland and</p> <p>8 Labrador Hydro to be a real contributor as a</p> <p>9 crown corporation that's owned by the people.</p> <p>10 I believe that this discussion is necessary to</p> <p>11 address what I feel is the failure by</p> <p>12 Newfoundland and Labrador Hydro to develop and</p> <p>13 implement a long term strategy to benefit its</p> <p>14 shareholders, while maintaining economic</p> <p>15 stability.</p> <p>16 I want to talk about downsizing first.</p> <p>17 Over the past few years downsizing of the</p> <p>18 frontline workers and Isolated systems has</p> <p>19 negatively affected communities in my district</p> <p>20 and throughout the province. We believe that</p> <p>21 these same efficiencies could be realized as</p> <p>22 senior management was reorganized. As Hydro</p> <p>23 is a crown corporation, we believe that the</p> <p>24 economic stability and growth should be a part</p> <p>25 of the corporation's mandate, especially in</p>
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<p>1 rural remote communities. Further, we believe</p> <p>2 that downsizing on the frontline jeopardizes</p> <p>3 reliability and unnecessarily increases</p> <p>4 unemployment in communities which cannot</p> <p>5 afford to lose even one job.</p> <p>6 I would like to relate a story to this</p> <p>7 Board, actually, a couple of stories which</p> <p>8 demonstrates the lack of real planning by</p> <p>9 Hydro, costing jobs, and creating additional,</p> <p>10 what I feel would be additional cost to the</p> <p>11 corporation in the long run. For example,</p> <p>12 there is one employee in my district who had</p> <p>13 nearly 30 years of employment with</p> <p>14 Newfoundland and Labrador Hydro, and they had,</p> <p>15 I think it was, three years left for</p> <p>16 retirement. In two years this individual has</p> <p>17 been relocated three times by Newfoundland and</p> <p>18 Labrador Hydro to different positions, and</p> <p>19 they tried to -- they've offered this new</p> <p>20 employee program where they try and fit people</p> <p>21 that were linesmen into being plant operators</p> <p>22 and maintenance people, and meter readers and</p> <p>23 everything else. I guess, the all around good</p> <p>24 Hydro employee that you can put anywhere and</p> <p>25 do any job. This individual was part of this</p>	<p>1 program, and as a result of it, has been</p> <p>2 uprooted from a community where they were</p> <p>3 providing a valuable service on behalf of the</p> <p>4 corporation to being moved three times in two</p> <p>5 years, them and their family, and I think they</p> <p>6 have one year left now and they'll retire from</p> <p>7 the corporation. In the meantime, after this</p> <p>8 person was moved out of that particular</p> <p>9 region, Newfoundland and Labrador Hydro flew</p> <p>10 in other personnel to do the same job on a</p> <p>11 regular basis. I don't have the records in</p> <p>12 terms of how many times a year the individuals</p> <p>13 were flown in and put up in hotels, and in the</p> <p>14 particular regions to do the same job, but in</p> <p>15 my mind, I could not see a cost savings for</p> <p>16 the corporation in those kinds of actions. I</p> <p>17 think it also shows a lack of respect, and a</p> <p>18 lack of regard for the employees that are on</p> <p>19 the front lines of the corporation.</p> <p>20 I have another case in my district, and</p> <p>21 I'll just cite these two so I won't take up a</p> <p>22 lot of time. Another individual who was</p> <p>23 working as a meter reader providing the</p> <p>24 service to seven communities in a region, they</p> <p>25 were the lowest paid probably employee with</p>

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<p>1 MS. JONES:</p> <p>2 Newfoundland and Labrador Hydro in the entire</p> <p>3 region. Because they felt that they could</p> <p>4 reduce this position to part-time, or take it</p> <p>5 out altogether and have the job done by other</p> <p>6 staff within the plant, they would save</p> <p>7 themselves about \$28,000.00 on an annual</p> <p>8 basis. This particular individual and his</p> <p>9 family was relocated to another area of the</p> <p>10 province, and a very difficult transition for</p> <p>11 them, I might add, and at the same time in</p> <p>12 order to fulfil that responsibility for that</p> <p>13 meter reader, they had to go out, and to my</p> <p>14 knowledge, they had to hire a pickup truck for</p> <p>15 employees to do the same job because this</p> <p>16 individual was prepared to use their own</p> <p>17 vehicle to do the work, and the other</p> <p>18 individual was not, and to my knowledge,</p> <p>19 there's still a rental agreement in place and</p> <p>20 that vehicle is still being rented today. The</p> <p>21 other issue was that most of the people that</p> <p>22 were expected to do the meter readers were</p> <p>23 already full-time employees with Newfoundland</p> <p>24 and Labrador Hydro, getting paid at a much</p> <p>25 higher rate, over \$24.00 an hour, and most of</p>	<p>1 the meter reading that they did was overtime.</p> <p>2 So they were getting paid up closer to \$30.00</p> <p>3 an hour before it was all done to do the same</p> <p>4 job that this other individual was doing.</p> <p>5 It's not the end of the year yet, so I know I</p> <p>6 can't get the cost breakdown of what was</p> <p>7 actually sove or wasn't sove, but I think if</p> <p>8 this is the answer, you know, being able to</p> <p>9 cause this kind of upheaval, I guess, in the</p> <p>10 lives of individuals who work on the</p> <p>11 frontlines for the corporation, I don't think</p> <p>12 it's a response to streamlining operation, and</p> <p>13 again I don't think it shows any respect to</p> <p>14 the people that are employed with the company.</p> <p>15 We've learned over the past year that</p> <p>16 reliability is the most important</p> <p>17 consideration of an energy producer and a</p> <p>18 supplier, and without reliability and complete</p> <p>19 control of the system, we are without a</p> <p>20 moments notice vulnerable to costly and</p> <p>21 dangerous blackouts. Maintenance of the</p> <p>22 system must not be undermined, and we believe</p> <p>23 that unless Hydro discontinues its practice of</p> <p>24 achieving minimal savings through reduction in</p> <p>25 the frontlines, that we may be subject to a</p>
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<p>1 system which will fail.</p> <p>2 I also want to talk about creative energy</p> <p>3 planning and implementation. I guess for many</p> <p>4 years I've been fortunate enough to represent</p> <p>5 the people in southern Labrador. I pursued</p> <p>6 the potential of alternative energy supply to</p> <p>7 diesel, and my district has great potential in</p> <p>8 river development, with potential for hundreds</p> <p>9 of megawatts of power. We've asked for</p> <p>10 Hydro's participation in researching and</p> <p>11 developing wind energy, as well as other types</p> <p>12 of electricity, and I feel that we have not</p> <p>13 had the interest and the engagement of the</p> <p>14 corporation that we would have liked to have</p> <p>15 had to look at these alternatives.</p> <p>16 We believe energy plans are essential and</p> <p>17 they must be used by Hydro in order to</p> <p>18 eliminate continuing problems in supply and</p> <p>19 cost. Energy plans must seek to look ahead at</p> <p>20 least 20 years and factor all potentials of a</p> <p>21 region in the whole system. If Hydro</p> <p>22 continues to hobble haphazardly through</p> <p>23 hearings with a limited long term vision, we</p> <p>24 will perpetually function in an unsatisfactory</p> <p>25 environment, and that's exactly where we are</p>	<p>1 right now.</p> <p>2 As a region, our communities in Labrador</p> <p>3 must use all the tools that are at their</p> <p>4 disposal to plan the future. We go out and we</p> <p>5 ask our development associations, and our</p> <p>6 municipal leaders, and our zone boards and so</p> <p>7 on, to do long term plans in order to survive,</p> <p>8 in order for the communities to grow, and be</p> <p>9 able to have stability in decades to come,</p> <p>10 and, you know, we expect that same kind of</p> <p>11 long term planning, the same time as</p> <p>12 innovative and creative thinking from our</p> <p>13 energy corporation as well. If we can tell</p> <p>14 potential industry and business that there's</p> <p>15 100 megawatts of cheap reliable power that</p> <p>16 will be on stream in five to ten years, then</p> <p>17 we can market our communities globally. Not</p> <p>18 just provincially, but globally, and equally,</p> <p>19 if we cannot guarantee that we have a</p> <p>20 reasonable price stable energy to those same</p> <p>21 corporations, well, we're really asking them</p> <p>22 to go elsewhere and to take their business</p> <p>23 elsewhere.</p> <p>24 We are the true north, and as such, we</p> <p>25 should be utilizing our experts to build</p>

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<p>1 MS. JONES:</p> <p>2 business in areas such as transmission. We</p> <p>3 should compete with Hydro Quebec for global</p> <p>4 opportunities in this area. The sharing of</p> <p>5 our expertise will bring revenues to our</p> <p>6 company by doing the things that we do every</p> <p>7 day; namely, transmission in a northern</p> <p>8 environment.</p> <p>9 In the course of expanding into this</p> <p>10 area, we can increase marketing, respecting</p> <p>11 our own energy potential, and attract</p> <p>12 potential energy and businesses to our</p> <p>13 communities. We must involve ourselves more</p> <p>14 in research and development, and partner with</p> <p>15 private firms with interest in alternative</p> <p>16 energy, and access 100's of millions in</p> <p>17 research and development funds from the</p> <p>18 federal and provincial governments.</p> <p>19 We only got to look at Voisey's Bay right</p> <p>20 here in Labrador, and INCO, and, you know,</p> <p>21 they have received over \$200,000,000.00 to</p> <p>22 develop processing techniques for their</p> <p>23 companies and to streamline their operations,</p> <p>24 and to look at new and innovative</p> <p>25 technologies. I think that Hydro should open</p>	<p>1 its facilities more to the general public and</p> <p>2 take advantage of those types of initiatives</p> <p>3 and projects that are there, as well as take</p> <p>4 advantage of other initiatives, and I think of</p> <p>5 tourism, for example, and somebody might say</p> <p>6 how is tourism connected to hydro rates and</p> <p>7 increasing hydro rates in Labrador and so on,</p> <p>8 but, I mean, we have seen these kinds of</p> <p>9 initiatives in Quebec where Hydro Quebec has</p> <p>10 invested heavily in tourism related options</p> <p>11 and they've broadened the spokes of their</p> <p>12 corporation to a certain degree.</p> <p>13 You know, you look at what's been</p> <p>14 happening in James Bay and where they've</p> <p>15 certainly developed a resource in that area,</p> <p>16 but they've also been able to capture the</p> <p>17 aboriginal culture in that area, and be able</p> <p>18 to capitalize on this particular industry from</p> <p>19 a different perspective. You know, the</p> <p>20 campgrounds and the tourism infrastructure</p> <p>21 that's built around that whole hydro</p> <p>22 development project in that area is just</p> <p>23 phenomenal, and I look at the Upper Churchill</p> <p>24 and Labrador as probably one of the unofficial</p> <p>25 wonders of the world in terms of the kind of</p>
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<p>1 development that is there, and I think we need</p> <p>2 to focus our efforts a little bit more to</p> <p>3 those types of things. When I look at the</p> <p>4 role that Labrador plays just in the North</p> <p>5 American market in being able to develop and</p> <p>6 provide clean energy to the North American</p> <p>7 market -- I mean, we in ourselves have some</p> <p>8 great potential and some great opportunities</p> <p>9 that we need to look at to generate new</p> <p>10 revenues, even outside of the corporation as</p> <p>11 it exists today.</p> <p>12 We must take pride in our technological</p> <p>13 and engineering feats and share rather than</p> <p>14 hide them. This, in turn, would help the</p> <p>15 region of Labrador promote its potential. We</p> <p>16 must look to increase revenues and</p> <p>17 opportunities instead of just accepting the</p> <p>18 status quo, and using a regulated environment</p> <p>19 to ensure profitability. I think that we have</p> <p>20 already seen over the last decade in this</p> <p>21 province that using the regulated environment</p> <p>22 that Hydro is now in is not serving to be</p> <p>23 profitable for them, as a corporation, but</p> <p>24 neither is it serving to be profitable for us</p> <p>25 as consumers, especially here in the north and</p>	<p>1 south coast of Labrador.</p> <p>2 In other words, look outside the Domestic</p> <p>3 rate payers as the only source of revenue, and</p> <p>4 I've asked this of Hydro and the Public</p> <p>5 Utilities Board in previous presentations that</p> <p>6 I've done here, and it's not acceptable any</p> <p>7 more to just look at the Domestic rate payer</p> <p>8 as the solution and the source of revenue</p> <p>9 forever and an eternity to continue to run the</p> <p>10 corporation.</p> <p>11 One such opportunity is the Kyoto Accord,</p> <p>12 and as Canada has now ratified the Accord, now</p> <p>13 is the time to promote our opportunities in</p> <p>14 Labrador. We should seek to enter</p> <p>15 partnerships with our neighbouring provinces</p> <p>16 and reap the benefits of clean energy supply</p> <p>17 for our nation's future. In Cartwright,</p> <p>18 L'Anse Au Clair, we have great potential for</p> <p>19 future supply in both wind and hydraulic</p> <p>20 energy. In Labrador, some estimate that 15</p> <p>21 percent of our nation's commitment respecting</p> <p>22 the Accord could be produced here in Labrador.</p> <p>23 I was part of a government that sought to</p> <p>24 develop the Lower Churchill, and from that</p> <p>25 explore other potentials. This would have provided</p>

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<p>1 MS. JONES:</p> <p>2 alternative energy supply to Labrador, and had</p> <p>3 the potential of eliminating fossil fuels for</p> <p>4 our regions. Unfortunately, the cooperation</p> <p>5 was not there from key directors of our Hydro</p> <p>6 Board, and instead of trying to improve any</p> <p>7 potential negotiations that were ongoing, some</p> <p>8 of them walked away from the table or</p> <p>9 abstained from voting. I think this certainly</p> <p>10 showed the lack of ability by these</p> <p>11 individuals as part of that corporation to be</p> <p>12 able to move forward and look at future</p> <p>13 direction.</p> <p>14 The federal government is now in a</p> <p>15 position to receive proposals from any group</p> <p>16 respecting Kyoto, and our Hydro Corporation</p> <p>17 should be front and centre to create and take</p> <p>18 advantage of the opportunities. It is no</p> <p>19 longer acceptable to simply claim that a</p> <p>20 population is too small to develop significant</p> <p>21 hydraulic potential. We must look outside of</p> <p>22 the immediate population and seek national and</p> <p>23 international markets and partners.</p> <p>24 Cartwright, L'Anse Au Clair, has the ability</p> <p>25 to produce all the clean energy it requires</p>	<p>1 for its foreseeable future and the ability to</p> <p>2 assist in the provision of clean energy for</p> <p>3 other jurisdictions. The determination of the</p> <p>4 viability of a river development must now</p> <p>5 include the potential sale outside of the</p> <p>6 immediate region.</p> <p>7 We expect Hydro to work with us to find</p> <p>8 ways to promote and develop our energy</p> <p>9 potentials over the coming decades. We also</p> <p>10 believe Hydro should be directed to use some</p> <p>11 of its revenues from Labrador Power for such</p> <p>12 research, marketing, and development. This,</p> <p>13 in turn, will help to address future revenue</p> <p>14 needs. It is not acceptable for our region to</p> <p>15 rely in the future on diesel powered energy</p> <p>16 that will continue to see the escalating cost</p> <p>17 of delivery and restricted economic growth.</p> <p>18 I want to talk a little bit about the</p> <p>19 Lower Churchill Development. Over the next</p> <p>20 decade emphasis must be placed on this</p> <p>21 critical development. The Lower Churchill</p> <p>22 represents a significant resource for this</p> <p>23 region, and one of the most important</p> <p>24 initiatives for Canada. Since the 1980's, the</p> <p>25 National Energy Board has referred to this</p>
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<p>1 resource as the best remaining hydro-electric</p> <p>2 project in the country. We believe this is</p> <p>3 the case and feel that the corporation could</p> <p>4 place more emphasis on this potential. The</p> <p>5 options for this development are varied and</p> <p>6 significant. We believe the time is now right</p> <p>7 for Canada to contribute to this</p> <p>8 infrastructure as our partner. With Kyoto now</p> <p>9 signed, we have a responsibility as a nation</p> <p>10 to do our share, and some of the past</p> <p>11 impediments of financing and transmission</p> <p>12 infrastructure should be relieved by our</p> <p>13 federal government.</p> <p>14 We expect Hydro to play a significant</p> <p>15 role in marketing the resource to Canada to</p> <p>16 ensure that Newfoundland and Labrador receives</p> <p>17 maximum benefit from Kyoto opportunities.</p> <p>18 Then there is a question of diesel reliance</p> <p>19 versus cost effective clean and reliable hydro</p> <p>20 energy. The time has come for the communities</p> <p>21 of Labrador, including my district, and</p> <p>22 especially in the northern Labrador</p> <p>23 communities, to benefit from this bountiful</p> <p>24 resource. We must find ways to make the</p> <p>25 transmission to the coast cost effective, and</p>	<p>1 also outline a plan to develop the potential</p> <p>2 to interconnect. We must be part of the</p> <p>3 system in order to reap the rewards of the</p> <p>4 resource. We believe the development of the</p> <p>5 Lower Churchill with these objectives is the</p> <p>6 way of our future and a way to rid ourselves</p> <p>7 of a reliance on diesel.</p> <p>8 Our prices are out of our control as</p> <p>9 evidenced by the deficit currently experienced</p> <p>10 by Hydro under the rate stabilization</p> <p>11 initiative. Hydro prices are in our control,</p> <p>12 and the reason Hydro is showing a profit at</p> <p>13 all. The Lower Churchill can provide</p> <p>14 significant employment opportunity and allow</p> <p>15 us once again to demonstrate our ability to</p> <p>16 build significant energy infrastructure. We</p> <p>17 should use this opportunity to market our</p> <p>18 professional staff to other jurisdictions.</p> <p>19 Hydro must work aggressive to provide a</p> <p>20 reasonable proposal to government on this</p> <p>21 resource. I ask the Board to support our</p> <p>22 request to impress upon the Hydro Corporation</p> <p>23 the need to develop these opportunities.</p> <p>24 Labrador's contribution to the energy</p> <p>25 sector. As we sit here today, it is important</p>

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<p>1 MS. JONES:</p> <p>2 that we recognize Labrador's contribution to</p> <p>3 the North American energy sector. We power</p> <p>4 industries in New York, Quebec, and in some</p> <p>5 respects, the island of Newfoundland. Our</p> <p>6 ability to show profit in our group of</p> <p>7 companies depends on the power of the Upper</p> <p>8 Churchill. We subsidize island industries by</p> <p>9 contributing to the general revenue in the</p> <p>10 province. This will continue to grow over the</p> <p>11 next few decades. It is time for Labrador to</p> <p>12 be the beneficiary of a percentage of the</p> <p>13 wealth. As infrastructure is growing in</p> <p>14 transportation, mining, forestry, fishing, and</p> <p>15 other resource sectors, so too must be the</p> <p>16 ability to provide cost effective reliable</p> <p>17 energy. As bad as the contract is on the</p> <p>18 Upper Churchill, the contract still provides</p> <p>19 revenues and the project is an example of what</p> <p>20 our resources and people are capable of</p> <p>21 accomplishing. The time has come for</p> <p>22 Labrador, and rather than standing in front of</p> <p>23 the PUB every few years begging for a break on</p> <p>24 power rates, we should be standing before you</p> <p>25 discussing how the money will be spent and</p>	<p>1 invested. Hydro has demonstrated a mentality</p> <p>2 that Labrador does not matter and is something</p> <p>3 which registers only on the books in St.</p> <p>4 John's. I am here to tell you that, I guess,</p> <p>5 the analogy that the tail wags the dog, but</p> <p>6 this time we're the dog and we're pretty</p> <p>7 annoyed in Labrador, and have been for some</p> <p>8 time because we have not seen any real effort</p> <p>9 and any real progress to deal with the</p> <p>10 significant escalating cost of diesel power in</p> <p>11 our communities.</p> <p>12 Energy is the life blood of Labrador and</p> <p>13 our people, and the Iron Ore Company of Canada</p> <p>14 is a very good example of that. If it</p> <p>15 important to note that this industry has</p> <p>16 contributed to the upkeep and the development</p> <p>17 of our energy infrastructure, and, as such,</p> <p>18 has contributed to the economy overall in</p> <p>19 Newfoundland and Labrador.</p> <p>20 In Goose Bay this morning we heard a</p> <p>21 presentation by Dennis Peck, and very, I</p> <p>22 guess, significant in terms of what it means</p> <p>23 to this particular community, but it's</p> <p>24 certainly the difference between being able to</p> <p>25 market the airport and the defence facilities,</p>
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<p>1 or seeing them fall flat as a part of the</p> <p>2 local economy. I want to be on the record</p> <p>3 today saying that we support the other regions</p> <p>4 of Labrador in their attempt to block the</p> <p>5 proposed increase to rates, both industrial</p> <p>6 and residential. We in Labrador support our</p> <p>7 neighbours to the east and the west and the</p> <p>8 north to reduce the proposed massive increases</p> <p>9 that are now on the table for power rates,</p> <p>10 especially in places like Labrador West,</p> <p>11 because these historical rates should be</p> <p>12 maintained as an enticement for people to</p> <p>13 raise their families, to work, and to retire</p> <p>14 in a northern region. I don't support the</p> <p>15 strategy of Hydro to divide and conquer. I</p> <p>16 don't think it's the right approach, and I</p> <p>17 don't support allowing one region of Labrador</p> <p>18 to be pitted against another. To the</p> <p>19 contrary, we expect other regions in Labrador</p> <p>20 to receive stability in their rates over time,</p> <p>21 and we also expect to see reductions in our</p> <p>22 rates as well as more available power to our</p> <p>23 communities by looking at other alternatives.</p> <p>24 I think it's pretty easy to be able to fall</p> <p>25 into a trap where you have one region of</p>	<p>1 Labrador competing against another, and I</p> <p>2 think that's unfortunate because I could have</p> <p>3 very easily come in here today and supported a</p> <p>4 uniform rate for Labrador or supported</p> <p>5 increasing rates in other regions of Labrador</p> <p>6 to help subsidize diesel rates in the north</p> <p>7 and south coast, but that is not a solution,</p> <p>8 and it's not answer to the problem today, nor</p> <p>9 will it be the answer to our problem in the</p> <p>10 years to come.</p> <p>11 I think the sooner that we all understand</p> <p>12 and we all realize that we can only generate</p> <p>13 good affordable accessible power to all the</p> <p>14 people in Labrador by looking at the</p> <p>15 alternatives that are available to us and</p> <p>16 changing from diesel to other means of</p> <p>17 electricity. And if we don't do that, we're</p> <p>18 only going to kid ourselves. I've lived in</p> <p>19 Labrador all my life and I know what it means</p> <p>20 to the economy and to Lake Melville area to be</p> <p>21 able to promote low energy cost and I can</p> <p>22 guarantee you that it does nothing for the</p> <p>23 north and south coast to have the base in</p> <p>24 Goose Bay close up, or to have the economy of</p> <p>25 this area being torn apart or that of Labrador</p>

<p style="text-align: right;">Page 165</p> <p>1 MS. JONES: 2 West. We don't build our communities by 3 trying to take another community down. We 4 build it by trying to support one another and 5 by trying to encourage alternatives, and 6 that's what I'm here to do today. And I could 7 have spent a full half hour talking about 8 rates and talk about what it's going to mean 9 to my light bill and to other people's light 10 bills in my district, but it's not going to 11 fix the problem and we've really got to get 12 serious about what needs to happen. I've 13 proposed on many occasions alternatives that 14 we need to look at in the north and south 15 coast of Labrador, and I mean, I know that 16 right now we're being heavily subsidized by 17 Newfoundland and Labrador Hydro, probably I 18 think in my district, maybe even to the tune 19 about \$7 million on an annual basis to a very 20 small area of the province. And that cost is 21 not going to go down. It's going to continue 22 to go up and for the people that live there, 23 it's not affordable today, so it can't be 24 affordable after this particular increase if 25 it goes ahead, it's not going to be affordable</p>	<p style="text-align: right;">Page 166</p> <p>1 in five years from now. And I mean, the 2 industry in that area is so vulnerable and, I 3 mean, you just can't continue to promote and 4 draw new business when you don't have the 5 power supply to be able to do it. And, so 6 when you get asked the question, can you 7 afford the increase? No, we can't. We can't 8 afford the rates that we're paying today. 9 We've got businesses down in southern Labrador 10 and I just refer to Charlottetown, for 11 instance, because we have only one shrimp 12 processing plant on the coast of Labrador and 13 there's a number of reasons for that. In 14 building that plant just a few years ago, you 15 know, it took a significant investment by 16 Newfoundland and Labrador Hydro just to put 17 power to one processing facility. The 18 availability of power was not in these 19 communities to be able to run any kind of a 20 scale of business or any kind of a 21 manufacturing operation. And it's only 22 because it was the people's company and the 23 people's own investment that they were able to 24 stick it out and keep at it and keep at it 25 until they were able to get this first and</p>
<p style="text-align: right;">Page 167</p> <p>1 only shrimp processing facility up and running 2 in the coast of Labrador, and mind you, this 3 is an area of the province that probably takes 4 more shrimp quota per capita than anywhere 5 else in the world in terms of the amount of 6 allocation that's out there. And we looked at 7 forestry development in Port Hope Simpson. I 8 had an operator who wanted to put in a sawmill 9 operation. I think he was almost two years 10 before he could get three-phase power and 11 availability of power to be able to put in the 12 sawmill operation. Today, he employs about 26 13 people, but what does it do? It puts a burden 14 on the community because they're using up all 15 the power. There's no more power available in 16 that community. If we wanted to go in there 17 tomorrow and put in another addition to the 18 forestry development sector there, we're not 19 able to do it, we don't have the availability 20 of power to be able to do it. So we're very 21 much restricted, so it's two issues. It's one 22 about affordability and one about 23 accessibility and these things will not go 24 away. They have to be dealt with and they 25 have to be dealt with appropriately.</p>	<p style="text-align: right;">Page 168</p> <p>1 We believe that the vision of 2 Newfoundland and Labrador Hydro must be 3 expanded. It is time that Hydro plays just a 4 significant role in rural development as it 5 plays in using our resources to generate 6 revenue and profit for the corporation. We 7 believe that Hydro needs to review its plans 8 and modify its direction to seek revenue in 9 other development areas as well and I alluded 10 to that earlier. We believe that Hydro must 11 find efficiencies in other areas such as the 12 senior management and the pursuit of 13 purchasing assets which will reduce cost to 14 the consumers. This must include an active 15 role in analyzing the purchase of Newfoundland 16 Power to streamline management and duplicated 17 assets. And I know there was an independent 18 review completed for the Department of Mines 19 and Energy and I guess taking over 20 Newfoundland and Labrador Power, Newfoundland 21 Power as part of Newfoundland and Labrador 22 Hydro. I don't think it was a document that 23 was released to the public or at least I don't 24 think so, but you know, from what I 25 understand, I guess as being a member of the</p>

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<p>1 MS. JONES:</p> <p>2 previous government that it does show that</p> <p>3 there is some real potential in reducing the</p> <p>4 cost to the consumer, if that was to happen</p> <p>5 and, you know, I don't know, maybe Mr. Browne</p> <p>6 might be able to speak to it moreso than I</p> <p>7 can, certainly my knowledge of it is somewhat</p> <p>8 limited but, you know, I think that any</p> <p>9 options that relieves the burden on consumers</p> <p>10 and customers that depend upon electricity in</p> <p>11 the province, it has to be looked at. And</p> <p>12 maybe that particular analysis that was</p> <p>13 completed should be a public document so that</p> <p>14 it can be debated publicly with a great deal</p> <p>15 more knowledge and a great deal more facts</p> <p>16 with regard to the issue.</p> <p>17 We believe that Hydro can reduce costs by</p> <p>18 placing service facilities within our region,</p> <p>19 rather than expense of fly-in programs, and I</p> <p>20 say that because my district right now, most</p> <p>21 of the services are coming out of the Northern</p> <p>22 Peninsula. We're being serviced under the</p> <p>23 Port Saunders office and many of the personnel</p> <p>24 that do the work in the district are flown in</p> <p>25 or they travel by road on a weekly basis. I</p>	<p>1 know one morning in particular I was coming</p> <p>2 from the airport in Blanc Sablon and I passed</p> <p>3 five Hydro trucks going to the ferry on a</p> <p>4 Friday morning, and you know, it might have</p> <p>5 been one or two employees in every truck and</p> <p>6 they were heading back home for the weekend.</p> <p>7 So I think that this kind of servicing to</p> <p>8 areas like mine has got to be costly. Fly-in</p> <p>9 programs are not cheap, no doubt, and neither</p> <p>10 is the travel that's associated with it and I</p> <p>11 think that there needs to be some real</p> <p>12 consideration to the relocating of some of</p> <p>13 these personnel into southern Labrador and I</p> <p>14 also think the whole particular office in the</p> <p>15 Port Saunders area needs to be assessed and</p> <p>16 looked at a little bit more closely in terms</p> <p>17 of how the people in that particular region</p> <p>18 can better service the customers that they're</p> <p>19 supposed to be servicing. And, I mean, there</p> <p>20 is no rural remote diesel plants left in that</p> <p>21 particular area and so therefore, I think the</p> <p>22 personnel should be located where the job is</p> <p>23 and I want to leave that with you.</p> <p>24 We believe that recently asked by Hydro</p> <p>25 have increased costs while negatively</p>
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<p>1 impacting our communities. We believe that</p> <p>2 Hydro must spearhead and support efforts to</p> <p>3 access revenue for research and development</p> <p>4 and the implementation of the Kyoto Accord.</p> <p>5 We believe that maintenance must be used to</p> <p>6 reduce expenditure as it has the potential of</p> <p>7 producing extremely costly and dangerous</p> <p>8 consequences.</p> <p>9 We believe that Hydro should maintain its</p> <p>10 commitment to Labrador West and assist other</p> <p>11 regions in reducing costs to play a role in</p> <p>12 economic development. We believe that Hydro</p> <p>13 should market our expertise globally to</p> <p>14 increase potential revenue and raise the</p> <p>15 awareness of our resources to a global</p> <p>16 marketplace. We also believe that Hydro</p> <p>17 should take advantage of the success of Quebec</p> <p>18 Hydro and implement new strategies to</p> <p>19 diversify the corporation. Note the expansion</p> <p>20 into transmission expertise being exported</p> <p>21 around the world and we have this expertise</p> <p>22 that we can do that, causing increase benefits</p> <p>23 for shareholders of Hydro Quebec and the</p> <p>24 people and they have shown that that has</p> <p>25 worked for them.</p>	<p>1 We believe that Hydro has a</p> <p>2 responsibility to develop local awareness of</p> <p>3 our assets and resources through open access</p> <p>4 and tourism initiatives. We believe that</p> <p>5 Hydro must strengthen its relationship with</p> <p>6 Labrador through increased communications and</p> <p>7 cooperation with our development groups, our</p> <p>8 municipalities and economic councils. We</p> <p>9 believe that Hydro must recognize the value of</p> <p>10 Labrador assets and treat the residents with</p> <p>11 more than a passing interest and occasional</p> <p>12 notice of increase of rates.</p> <p>13 We also believe that Hydro must</p> <p>14 immediately review the potential in</p> <p>15 Cartwright, L'anse-au-Clair with respect to</p> <p>16 Hydro and wind options. We are a region that</p> <p>17 is growing economically every year and we also</p> <p>18 have a growing energy problem that will not go</p> <p>19 away, and a subsidy by Hydro will continue to</p> <p>20 climb. It is time to be more serious about</p> <p>21 the exploration of new energy options for this</p> <p>22 region and the north coast region of Labrador.</p> <p>23 Before I conclude, I just to say to the</p> <p>24 Public Utilities Board, first of all, to thank</p> <p>25 you for your time and your interest and to</p>

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<p>1 MS. JONES: 2 invite you, as I did in 2001, for your next 3 hearings to come to southern Labrador, but 4 nevertheless, I'm very cooperative and that's 5 why I'm here today. But again, I extend that 6 invitation to you for another time. But also 7 to leave with you that I feel as a Public 8 Utilities Board you also have a responsibility 9 to force the hands of Hydro to look at some 10 real solutions to the problems that the 11 corporation is having, and not just to 12 continue to look to the taxpayer to fix the 13 burdening problems that are arising within the 14 corporation and I want to emphasize that and 15 leave that with you. So thank you very much 16 for the opportunity to be here today.</p> <p>17 CHAIRMAN: 18 Q. Thank you, Ms. Jones, very much for your 19 presentation. Any questions, Ms. Greene?</p> <p>20 GREENE, Q.C.: 21 Q. No questions, thank you, Ms. Jones.</p> <p>22 CHAIRMAN: 23 Q. Mr. Browne?</p> <p>24 BROWNE, Q.C.: 25 Q. Ms. Jones, you mention that there's sources of</p>	<p>1 hydrology in Southern Labrador, in your 2 district, small rivers that could be 3 developed. Can you expand upon that?</p> <p>4 MS. JONES: 5 A. Actually there is an assessment that was 6 completed by Newfoundland and Labrador Hydro 7 Corporation, I think it was in 1973, Bill? 8 I'm not sure, but '73 I believe it was, that 9 looked at the potential power that could be 10 generated on a number of these rivers. I 11 think the Eagle River was assessed, the Alexis 12 River, the St. Lewis River, the St. Mary's 13 River, Gilbert's River at the time, and based 14 on the assessments that were done then and 15 keeping in mind that, I mean, technology has 16 changed a lot since that time, certainly we 17 can develop more effectively, more efficiency 18 and probably generate a lot more power than 19 even those assessments showed, but those 20 assessments did show that there was more than 21 adequate power probably on any one of those 22 rivers to be able to supply hydro power to 23 southern Labrador communities. Actually, most 24 of the rivers, if developed, would have 25 generated an excess of power, more than we</p>
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<p>1 could consume as a particular region, even the 2 whole district, take in the Labrador Straits 3 and putting it on the same service with the 4 south coast, as opposed to being on the Lake 5 Robertson system which it is now. There would 6 still be an excess power, so there would have 7 to be another customer for the power and I 8 perfectly understand that. But I also 9 understand that that customer is not going to 10 be there if we don't do the work, if we don't 11 promote it, if we don't make it a priority to 12 look at options like that. The other issue, I 13 guess, that we run up against in our 14 discussions with Hydro in the past with regard 15 to developing hydro power on the coast, one is 16 where do we go with the excess power? The 17 other one was the cost of building a 18 transmission line through southern Labrador, 19 but I think if you look at an amortization 20 period, the subsidies are continuously 21 growing. As I said earlier in my district 22 alone, I think it's costing well over \$7 23 million a year now on an annual basis for 24 subsidies. That's going to continue to 25 increase. It's not going to go down and I</p>	<p>1 think we need to look at those subsidies in 2 the context of what the corporation is paying, 3 in the context of what the consumer is paying 4 and how it's affecting growth in the area and 5 how it's stagnating business development, and 6 I think if you weigh it all out at the end of 7 the day, it has to be much more cost effective 8 to look at alternatives than to leave things 9 as they are.</p> <p>10 Q. Mayor Bolger when he was on mentioned the wind 11 power proposal. Do you have any familiarity 12 with that?</p> <p>13 MS. JONES: 14 A. Yeah, we've been engaged with a company-- 15 they're actually out of Belgium. They operate 16 under a parent company called Weston Wind but 17 they also operate under a subsidiary company 18 called CEDCI, Clean Energy Development 19 Corporation International. But they're a 20 company that have developed wind power 21 projects in lots of remote areas around the 22 world. They do work in Belgium, in France, in 23 Canada. Two sites they looked at in Canada, 24 actually one was in Southern Labrador and 25 Northern Labrador, and the other one was on</p>

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<p>1 MS. JONES:</p> <p>2 the Quebec North Shore and we've been engaged</p> <p>3 with them for probably about two and a half</p> <p>4 years now and they have done assessments in, I</p> <p>5 think it was eight communities in the North</p> <p>6 and South Coast of Labrador. I did set up</p> <p>7 meetings with Hydro, they had met with</p> <p>8 Newfoundland and Labrador Hydro to look at</p> <p>9 what funds would be available, what the cost</p> <p>10 would be, what revenues they could generate as</p> <p>11 opposed to--by developing clean energy for the</p> <p>12 company and so on. They've been engaged with</p> <p>13 the Department of Mines and Energy, I think</p> <p>14 that was well over a year and a half ago.</p> <p>15 There's a representative here from Mines &</p> <p>16 Energy now. And I think one of the</p> <p>17 impediments that they found was the cost of</p> <p>18 putting the infrastructure there as a private</p> <p>19 company. As I understand now, they will be</p> <p>20 looking to the Kyoto Agreement to try and</p> <p>21 raise capital for the investment of</p> <p>22 infrastructure and as I understand how the</p> <p>23 Kyoto system works, the capital may not</p> <p>24 necessarily come from a Canadian generated</p> <p>25 source, it could come from an international</p>	<p>1 source, like the UK, for instance, and I think</p> <p>2 even with their investments in Europe, they</p> <p>3 could still retain credits towards Kyoto, so,</p> <p>4 you know, it's raising capital is the problem</p> <p>5 right now. Even with a wind generated power</p> <p>6 source, we would not see the price per</p> <p>7 kilowatt hour drop below what it is today,</p> <p>8 okay? What it would -</p> <p>9 BROWNE, Q.C.:</p> <p>10 Q. Why would that be?</p> <p>11 MS. JONES:</p> <p>12 A. Because it's still the cost of generating the</p> <p>13 power and based on the financial assessments</p> <p>14 that I've seen done, one thing it could do is</p> <p>15 it would ensure stability in the cost of</p> <p>16 generating power. It would give us more</p> <p>17 power, an excess of power if our lines could</p> <p>18 transmit it, that would be the other issue.</p> <p>19 But it wouldn't necessarily see a reduction in</p> <p>20 price because there is still a price tag</p> <p>21 attached with the infrastructure and</p> <p>22 maintaining the system and keeping it going.</p> <p>23 So while there's some benefits in terms of</p> <p>24 accessibility and clean energy, there wouldn't</p> <p>25 be any real affordable gains, other than</p>
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<p>1 creating some stability for the long run. And</p> <p>2 again, their entire proposals would be based</p> <p>3 around, or I guess their profitability would</p> <p>4 be based around how much power Newfoundland</p> <p>5 and Labrador Hydro would buy from them, okay,</p> <p>6 at the end of the day. And my understanding</p> <p>7 is that they would buy up to seventy percent,</p> <p>8 I think, was it? I can't remember the numbers</p> <p>9 but I think it was up to seventy percent,</p> <p>10 don't quote me on that, but they would still</p> <p>11 have to maintain a back-up diesel system</p> <p>12 because there's no guarantees, of course, with</p> <p>13 wind power. So there's still an added cost</p> <p>14 there from the diesel side of it, the diesel</p> <p>15 perspective, so, you know, wind power is an</p> <p>16 option and it would create some stability, but</p> <p>17 I still firmly believe that hydro power is the</p> <p>18 better option and I think it's the one that we</p> <p>19 should be pursuing more aggressively.</p> <p>20 Q. Are you getting more tourism into the area now</p> <p>21 in Southern Labrador over the summer months</p> <p>22 and is that causing any kind of consumption in</p> <p>23 the hotels and restaurants that are there?</p> <p>24 Can you comment on that?</p> <p>25 MS. JONES:</p>	<p>1 A. Oh definitely. You know, the tourism</p> <p>2 statistics in our area has grown by 28, 29</p> <p>3 percent annually over the last six, seven</p> <p>4 years. We have went from carrying about</p> <p>5 30,000 tourists on the Strait of Bell Isle</p> <p>6 Ferry Services in 1997/'98 to this year we</p> <p>7 will carry, I think our stats will show this</p> <p>8 year about 120,000 people.</p> <p>9 Q. 120,000 people are coming into Southern</p> <p>10 Labrador?</p> <p>11 MS. JONES:</p> <p>12 A. Yes, some of them are locals, some of them are</p> <p>13 from Lake Melville and Western Labrador</p> <p>14 because of the new configuration of marine</p> <p>15 services, which you probably heard about, but</p> <p>16 our numbers have increased a great deal. The</p> <p>17 other thing, you know, one of the more</p> <p>18 notables that, I guess, that's telling you how</p> <p>19 many people we carry, but one of the more</p> <p>20 notable stats is those that are recorded by</p> <p>21 the Department of Tourism and as I said, they</p> <p>22 showed 28, 29 percent increase in tourism</p> <p>23 traffic. The other thing is the amount of</p> <p>24 coach tours that we book on an annual basis.</p> <p>25 We're booking right now about 180 tours a year</p>

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<p>1 MR. JONES:</p> <p>2 in Southern Labrador and this is bus tours</p> <p>3 that is coming in. So we have actually</p> <p>4 doubled the bus tour industry in the past six,</p> <p>5 seven years.</p> <p>6 BROWNE, Q.C.:</p> <p>7 Q. Do many of the bus tours stay overnight or -</p> <p>8 MS. JONES:</p> <p>9 A. Oh, of course they do, yes. Most of the bus</p> <p>10 tours that we get are from the United States</p> <p>11 and Central Canada and when they come into the</p> <p>12 province, we're part of a package in Southern</p> <p>13 Labrador which we weren't until a few years</p> <p>14 ago. And now, of course, we're promoting the</p> <p>15 rest of Labrador as part of that package and</p> <p>16 we just had people at a coach tour show in</p> <p>17 Quebec City two weeks ago. But these people</p> <p>18 are spending an average of two nights in</p> <p>19 Labrador in my district now when they come.</p> <p>20 So, you know, it's a significant increase in</p> <p>21 the tourism traffic and for hotel owners, I</p> <p>22 mean, that's why we've seen such an expansion</p> <p>23 in the hotel industry and in the restaurant</p> <p>24 industry and so on in the past few years. But</p> <p>25 it's very hard for them to maintain a</p>	<p>1 competitive business and to be profitable</p> <p>2 because the season is such a short season and</p> <p>3 that's why I say the occupancy is only around</p> <p>4 sixty percent at best because you still have</p> <p>5 four or five months out of a year where you</p> <p>6 don't generate a lot of traffic and business</p> <p>7 is very slow, but you still have the same cost</p> <p>8 of, you know, hydro power and so on, so it's</p> <p>9 still very expensive, even in the off season.</p> <p>10 Q. You mentioned about a meter reader, is there</p> <p>11 any problems that you pick up in your district</p> <p>12 with Hydro reading meters or do you get any</p> <p>13 complaints there in reference to that aspect</p> <p>14 of the service?</p> <p>15 MS. JONES:</p> <p>16 A. Yeah, we get a lot of complaints but it's</p> <p>17 nothing that we haven't been able to fix and</p> <p>18 deal with in an appropriate manner and</p> <p>19 sometimes it's really not anybody's</p> <p>20 responsibility, it's out of the control of the</p> <p>21 corporation and I understand that, but just</p> <p>22 the normal logistical things that happens when</p> <p>23 you're dealing with the public.</p> <p>24 Q. You've heard of a proposal for the change in</p> <p>25 the lifeline block. Do you have any comments</p>
Page 183	Page 184
<p>1 in reference to that?</p> <p>2 MS. JONES:</p> <p>3 A. Well it's really ironic because if you look at</p> <p>4 the presentation I did to the Board in '96 and</p> <p>5 2001, I asked for increases in the lifeline</p> <p>6 block. At the time, it wasn't very well</p> <p>7 received by Newfoundland and Labrador Hydro</p> <p>8 and so I was surprised when I saw it this time</p> <p>9 that there would be an increase, but I think</p> <p>10 the increases really is just to justify the</p> <p>11 rate increase and basically that's how I look</p> <p>12 at it. You know, you take the lifeline block</p> <p>13 and these are customers that don't burn</p> <p>14 electric heat, so, you know, their light bills</p> <p>15 aren't going to fluctuate a whole lot between,</p> <p>16 you know, April month and March month, in</p> <p>17 terms of, your know, where the lifeline falls.</p> <p>18 So I think if you average it out, I don't</p> <p>19 know, maybe there would be savings, but if you</p> <p>20 were going to bring in a lifeline block, what</p> <p>21 I would support is a lifeline block that would</p> <p>22 be applied right across the board, so if it's</p> <p>23 going to be 1000 kilowatts per hour that's</p> <p>24 going to be applied as a lifeline block, then</p> <p>25 it's applied over a 12-month period, and I</p>	<p>1 think that would be where the most savings for</p> <p>2 the customer would be.</p> <p>3 Q. So you'd just sooner see if they are going to</p> <p>4 give more in the lifeline, you'd sooner see it</p> <p>5 averaged out over the entire year?</p> <p>6 MS. JONES:</p> <p>7 A. Oh yes, because other than that, I can't see</p> <p>8 how the consumer comes out winning. If you</p> <p>9 average it out, you might gain in two months,</p> <p>10 January and February, you might gain, but</p> <p>11 you're going to lose in the other months</p> <p>12 because I live in Mary's Harbour where Major</p> <p>13 Pye is from and I know what I burn in a month,</p> <p>14 you know, is pretty similar to what she's</p> <p>15 burning, you know, you're burning about 1400,</p> <p>16 1500 kilowatts of electricity in a month.</p> <p>17 Q. Each and every month?</p> <p>18 MS. JONES:</p> <p>19 A. Well you fluctuate, you know, your light bills</p> <p>20 fluctuates from, I'd say mine is in a range</p> <p>21 from about \$150 to \$160 a month to about \$200.</p> <p>22 Hers is a little bit more, I'm gone a lot, but</p> <p>23 I mean, the thing is, I can't really say, I</p> <p>24 mean, you'd have to sit down and work out the</p> <p>25 math on it to see if there's going to be any</p>

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<p>1 MS. JONES: 2 real savings. If the lifeline block was 3 increased and applied at the current rates 4 that are there now, then obviously there would 5 be savings for the consumer because they're 6 getting so much electricity at a reduced rate. 7 But with an increased rate, increasing the 8 lifeline, you know, it's still going to be an 9 increase in their overall light bill on an 10 annual basis, basically that's what it comes 11 down to. 12 BROWNE, Q.C.: 13 Q. Thank you, Ms. Jones. 14 CHAIRMAN: 15 Q. Any other questions? 16 HEARN, Q.C.: 17 Q. I'd just like to congratulate Ms. Jones on her 18 recent re-election. 19 MS. JONES: 20 A. Thank you. 21 CHAIRMAN: 22 Q. Any questions? I have a couple, Ms. Jones, 23 just one of the things you mentioned first in 24 your presentation was the issue of, I think 25 you mentioned brown outs and I know that was</p>	<p>1 the quality of service and brown outs was 2 mentioned before the last Hydro hearing in 3 this very room, actually, in terms of the 4 service to the coast. I think Hydro were 5 asked or directed, I guess, as a result of 6 that certainly to look into that. We've 7 received a subsequent report. I haven't heard 8 much in the way by way of presentation about 9 difficulties with the service or difficulties 10 surrounding the quality of the service. Has 11 there been, in your opinion, because certainly 12 the information that we--that is apparent to 13 us and I guess certainly apparent to Hydro is 14 that the situation has improved a fair bit 15 since the last hearing. Is that your sense of 16 it or not? 17 MS. JONES: 18 A. There has been some investments in some of the 19 Hydro plants in my district and no doubt it 20 had to be to be able to accommodate the 21 additional infrastructure that went in 22 communities, but, you know, we still have 23 problems with overloads on the system. I 24 mean, whenever we've got sawmills in 25 operations, whenever we've got plants at peak</p>
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<p>1 period and stuff like that, I mean, it does 2 affect the load that's on the system because 3 she's not able to be able to carry it all. So 4 then, of course, you always have problems, but 5 you know, I think the black outs for us has 6 just become one of those things that you learn 7 to live with, so you become so used to it that 8 you don't notice it as much anymore or you 9 just become accustomed to it, which is a very 10 unfortunate scenario, but, you know, I don't 11 get a lot of calls in terms of it becoming a 12 major problem like it was back some years ago 13 and I'm sure a lot of it has to do with the 14 additional infrastructure and some additional 15 capacity on some of the systems. 16 Q. So in your view, the reliability is going in 17 the right way in any event. 18 MS. JONES: 19 A. For the most part. 20 Q. The other question, I guess, relates more to 21 some of the broader issues that you raise and 22 certainly, I suppose, if you look at the 23 responsibility of the regulator here, 24 certainly our methodology in going through 25 these rate hearings, not to say we're confined</p>	<p>1 and restricted to that, but methodology we 2 pursue basically is to look at Hydro's cost in 3 terms of the cost of the service they provide, 4 see how reasonable they are, to look at how 5 those costs are assigned, frankly, in terms of 6 the system and what's a fair and equitable 7 assignment of those costs, and to look at what 8 revenue Hydro needs to offer a fair return and 9 really to pay for the service that it's 10 providing and certainly to derive rates around 11 that and see who pays for what, in terms of 12 rates. And we have a responsibility as well 13 in relation to ensure that there's an adequate 14 supply in the service overall, looking into 15 the future. You've talked today about the 16 role of the Board in terms of alternatives 17 really with a view to expanding alternatives, 18 not only to talk about meeting the provincial 19 supply, you also talked about export 20 alternatives in relation to the Upper 21 Churchill. You talked about economic 22 development and I may be wrong, but I think 23 you mentioned the regulator and the Board in 24 relation to supporting a vision for Hydro in 25 relation to that. You talked also about the</p>

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<p>1 CHAIRMAN:</p> <p>2 Board supporting the vision of Hydro in</p> <p>3 relation to things like the Kyoto Accord, for</p> <p>4 example. How do you see the role of the</p> <p>5 regulator or those things manifesting itself,</p> <p>6 I guess, in terms of the role of the</p> <p>7 regulator? I don't see anything necessarily</p> <p>8 in the Legislation that we have to account for</p> <p>9 that at the present time. I'm not arguing one</p> <p>10 way or another, but I'm inquiring as to how</p> <p>11 you see that manifesting itself over time and</p> <p>12 how that works, essentially.</p> <p>13 MS. JONES:</p> <p>14 A. Well no doubt as a Public Utilities Board</p> <p>15 maybe you don't have the mandate to be able to</p> <p>16 make certain requests or ask for certain</p> <p>17 obligations to be met by the corporation. I</p> <p>18 guess my point is to leave with the commission</p> <p>19 the thought of other ways, other means in</p> <p>20 which Newfoundland and Labrador Hydro should</p> <p>21 be performing as a corporation and I guess</p> <p>22 moreso it's for your own consideration as you</p> <p>23 make your deliberations on whether a rate</p> <p>24 increase is warranted and necessary at this</p> <p>25 particular time. And basically to question</p>	<p>1 what the efforts of the corporation has been</p> <p>2 to deal with their own problems and their own</p> <p>3 issues, both internally and externally in</p> <p>4 terms of power generation. And that's the</p> <p>5 objective of me making those particular points</p> <p>6 with the Commission. And I firmly believe</p> <p>7 that we can take a very narrow-minded</p> <p>8 perspective and it's important as well to</p> <p>9 raise these issues, like what it will cost to</p> <p>10 the individual, what it will cost to business,</p> <p>11 what it will cost to a region and so on, but</p> <p>12 we have to have a very broader perspective on</p> <p>13 where we're going with utilities, not just in</p> <p>14 Labrador, but in the province as a whole. And</p> <p>15 I live in an area of this province where I see</p> <p>16 some of the greatest potential for hydro</p> <p>17 development than is anywhere else in Canada</p> <p>18 today and yet, I have to represent a district</p> <p>19 that have the highest rates in the country, in</p> <p>20 my opinion, and I mean, maybe there is in</p> <p>21 Alberta or B.C., but I'm not sure, but our</p> <p>22 rates are significantly high in proportion to</p> <p>23 what most Canadians pay and that should not be</p> <p>24 the case. And that's why I talked about</p> <p>25 things like the Lower Churchill and the Kyoto</p>
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<p>1 Accord and developing clean energy and so on.</p> <p>2 And I sincerely and honestly think that it's</p> <p>3 going to be that broader perspective that we</p> <p>4 take that will give the corporation more</p> <p>5 stability and more profitability in the</p> <p>6 future, but at the same time, it will relieve</p> <p>7 a great deal of burden on areas like the one</p> <p>8 that I represent. And other than that, I</p> <p>9 can't see us ever fixing the problem that we</p> <p>10 have in Labrador right now. Uniform rates is</p> <p>11 not going to do it. It's an easy nonchalant</p> <p>12 route to be able to take and it may be</p> <p>13 sellable to some people, it's just not</p> <p>14 sellable to me. I don't see it as a solution.</p> <p>15 I want to be where they are, I don't want them</p> <p>16 to be where we are in terms of what you pay</p> <p>17 for utilities.</p> <p>18 Q. Do you see that as a role for a regulator</p> <p>19 versus public policy?</p> <p>20 MS. JONES:</p> <p>21 A. I don't know, I mean, maybe it isn't the role</p> <p>22 for the regulator, but the way the system is</p> <p>23 designed at this particular time, you guys are</p> <p>24 going to make the decision as to whether the</p> <p>25 rates go up or whether they go down. And it's</p>	<p>1 my job to leave those questions in your mind</p> <p>2 as you continue with your deliberations.</p> <p>3 There's no doubt public policy has a role in</p> <p>4 what happens with regard to a public utility</p> <p>5 and what direction it will take in the future,</p> <p>6 and I mean, I think everybody realizes that</p> <p>7 and I certainly do, but again, you can only</p> <p>8 try and shape that policy within that form,</p> <p>9 just as I'll try and leave information in this</p> <p>10 form for you guys to consider as you make your</p> <p>11 decision, so -</p> <p>12 Q. Thank you very much. I want to congratulate</p> <p>13 you as well on your re-election. I call upon</p> <p>14 Tony Woolfrey with the Town of Rigolet,</p> <p>15 please.</p> <p>16 (2:50 p.m.)</p> <p>17 MR. TONY WOOLFREY (SWORN)</p> <p>18 A. I don't have nothing on paper here, just</p> <p>19 directions from my council.</p> <p>20 CHAIRMAN:</p> <p>21 Q. Fair enough, just take your time, you go right</p> <p>22 ahead.</p> <p>23 MR. WOOLFREY:</p> <p>24 A. There's only a couple of things that they</p> <p>25 would like to leave in your minds why there</p>

<p style="text-align: right;">Page 193</p> <p>1 MR. WOOLFREY:</p> <p>2 shouldn't be an increase in rates. I mean, as</p> <p>3 you know, Northern Labrador we pay the highest</p> <p>4 rates for almost anything that comes in our</p> <p>5 communities. I mean, we pay the highest rates</p> <p>6 for our food and when you put the rates up on</p> <p>7 Hydro, you're putting--you're taking money</p> <p>8 away from the individual, you're taking food</p> <p>9 away, you might as well say from them or some</p> <p>10 of it. If you put it up, say \$20.00 a month,</p> <p>11 that's \$20.00 they're not going to have for to</p> <p>12 buy pampers or food for their kids. I'll give</p> <p>13 you an example, last year there was a family</p> <p>14 in Rigolet who couldn't pay their power bill</p> <p>15 because they wasn't getting no income. And</p> <p>16 either to keep their power on or to buy</p> <p>17 groceries for their child, what do you think</p> <p>18 they would do? I mean, they had no choice but</p> <p>19 to cut off their power. I mean, this is the</p> <p>20 situation of what we're in in Rigolet.</p> <p>21 There's like 80 to 85 percent unemployment</p> <p>22 rate and an increase would hurt the community</p> <p>23 largely. They just told me to come in and</p> <p>24 just say that we don't want an increase. And</p> <p>25 another thing too, I didn't know we were being</p>	<p style="text-align: right;">Page 194</p> <p>1 subsidized by Upper Lake Melville and Lab</p> <p>2 West. You don't see it on your bill, you</p> <p>3 certainly don't see it on your bill. I mean,</p> <p>4 if it showed, then I thank them very much. I</p> <p>5 mean, that's another \$50 or \$60 a month that</p> <p>6 we would have had to pay and we just can't do</p> <p>7 it. That's all I got to say.</p> <p>8 CHAIRMAN:</p> <p>9 Q. Thank you, thank you very much, sir.</p> <p>10 Questions?</p> <p>11 GREENE, Q.C.:</p> <p>12 Q. I have no questions, but I think we should</p> <p>13 clarify for the record that the subsidy is</p> <p>14 paid not only by Labrador West and Happy</p> <p>15 Valley-Goose Bay, but also by Newfoundland</p> <p>16 Power customers, so I guess you should also</p> <p>17 thank Newfoundland Power's customers.</p> <p>18 CHAIRMAN:</p> <p>19 Q. Mr. Browne?</p> <p>20 BROWNE, Q.C.:</p> <p>21 Q. When you said that someone got their power cut</p> <p>22 off, can you expand upon that a little? Is</p> <p>23 that a regular occurrence, people getting</p> <p>24 their power cut off?</p> <p>25 MR. WOOLFREY:</p>
<p style="text-align: right;">Page 195</p> <p>1 A. It's just that sometimes they don't--they</p> <p>2 can't pay their bill and to put food on the</p> <p>3 table, you got to either leave something out.</p> <p>4 You have to have food to live and you can put</p> <p>5 a fire on to keep warm, right, like you can</p> <p>6 light a candle for light, but you can't eat</p> <p>7 your bills.</p> <p>8 Q. And are people doing that, are people not</p> <p>9 paying their bill -</p> <p>10 MR. WOOLFREY:</p> <p>11 A. It happened now this past year.</p> <p>12 Q. With one particular household or -</p> <p>13 MR. WOOLFREY:</p> <p>14 A. Well it happens to people that, say you can't</p> <p>15 pay this, this month, you'll put it off until</p> <p>16 next month and it's not only with the power</p> <p>17 bill, but it's with everything else. People</p> <p>18 don't have no phones and stuff like that</p> <p>19 because they can't afford it.</p> <p>20 Q. But it wouldn't be during the winter months?</p> <p>21 MR. WOOLFREY:</p> <p>22 A. No.</p> <p>23 Q. Hydro is not known to cut anyone off during</p> <p>24 the winter months in Rigolet or anywhere else,</p> <p>25 right, so that's correct, right?</p>	<p style="text-align: right;">Page 196</p> <p>1 MR. WOOLFREY:</p> <p>2 A. Oh they're not supposed to, but they certainly</p> <p>3 will threaten to do it.</p> <p>4 Q. So this person, this household you're talking</p> <p>5 about, that was during the summer or</p> <p>6 something, was it?</p> <p>7 MR. WOOLFREY:</p> <p>8 A. The spring, as soon as the snow is gone.</p> <p>9 Q. And have they got their power back now?</p> <p>10 MR. WOOLFREY:</p> <p>11 A. Yeah.</p> <p>12 Q. Thank you very much, sir.</p> <p>13 CHAIRMAN:</p> <p>14 Q. Thank you, Mr. Browne. Any questions? Are</p> <p>15 you on the council, Mr. Woolfrey?</p> <p>16 MR. WOOLFREY:</p> <p>17 A. Yes, I am.</p> <p>18 Q. Are you the major or -</p> <p>19 A. Deputy major.</p> <p>20 Q. Thank you very much, sir, for your</p> <p>21 presentation.</p> <p>22 MR. WOOLFREY:</p> <p>23 A. Thank you.</p> <p>24 CHAIRMAN:</p> <p>25 Q. I call upon Leroy Metcalf now of the Labrador</p>

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1 CHAIRMAN:
 2 Inuit Association please.
 3 (2:56 p.m.)
 4 MS. NEWMAN:
 5 Q. Chair, the clerk is passing around a copy of
 6 the presentation for Leroy Metcalf. We'll
 7 name that LM No. 1. I also would like to
 8 indicate that we've been provided copies of
 9 presentations that were made earlier today and
 10 I'll identify them now for the record.
 11 There's a copy of the presentation of Gary
 12 Bolger on behalf of the Town of St. Lewis and
 13 we'll call that GB No. 1. And there's a copy
 14 of a presentation again by Mr. Bolger in
 15 relation to the Town of Charlottetown and
 16 we'll call that GB No. 2, and we've also been
 17 provided with a copy of the presentation by
 18 Nina Pye and that will be NP No. 1, and we'll
 19 circulate copies of these to the parties
 20 later.
 21 CHAIRMAN:
 22 Q. Thank you, Ms. Newman. Good afternoon, Mr.
 23 Metcalf.
 24 MR. METCALF:
 25 A. Good afternoon.

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1 heat their homes. We also pay the highest
 2 rates for home heating fuel. Typical heating
 3 bills for those burning oil range from 5 to
 4 \$600.00 per month. This, coupled with high
 5 cost of food, leave our most disadvantaged,
 6 struggling each month to provide basic
 7 necessities, comforts which most of you would
 8 take for granted. Elders, widows, single
 9 mothers and others on fixed incomes are
 10 plagued with making decisions that nobody
 11 should have to make. Decisions like do I pay
 12 my Hydro bill or do I buy food for my child?
 13 Decisions like, do I pay my Hydro bill or do I
 14 put extra oil in my tank.
 15 On the North Coast of Labrador we are
 16 faced with the longest coldest winters, yet
 17 many Inuit live in older non-energy efficient
 18 homes. With Innu having an average income of
 19 less than \$10,000 a year, the rate increase
 20 requested by Hydro places another weight on
 21 the shoulders of our people. That burden of
 22 coming up with more money for the same service
 23 shows no regard for our hardships. It is more
 24 like we are being kicked when we are down.
 25 We ask why pay more for electricity? The

1 MR. LEROY METCALF (SWORN)
 2 Q. Begin when you're ready sir.
 3 MR. METCALF:
 4 A. Good afternoon everybody. As has been said,
 5 my name is Leroy Metcalf and I'm here today on
 6 behalf of the Labrador Inuit Association or
 7 LIA. LIA represents approximately 5,300
 8 Labrador Inuit who live mainly in the
 9 communities of Nain, Hopedale, Makkovik,
 10 Postville, Rigolet and the Upper Lake Melville
 11 Area. LIA has sent me here today with a very
 12 simple message, but a very important one. Our
 13 message is: enough is enough, no more rate
 14 hikes for Newfoundland and Labrador Hydro.
 15 The reasons for our opposition to the General
 16 Rate Application are simple. Our people
 17 cannot afford to put more money into Hydro's
 18 chauffeurs. The majority of LIA's members
 19 live on the North Coast of Labrador where
 20 electricity rates and the cost of living in
 21 general are the highest in the province.
 22 Rates are so high, people cannot afford to
 23 heat their homes with electricity. In fact,
 24 most of our people, especially those residing
 25 in Nain and Hopedale, rely on bringing oil to

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1 service we get is less reliable. We can only
 2 use enough electricity to provide light and
 3 use some electricity for cooking. It's a very
 4 sad sight to watch a widow walk around Nain on
 5 a cold damp fall morning pushing a
 6 wheelbarrow, trying to scrounge enough scraps
 7 of wood to light a fire to warm her home.
 8 It's especially hard to watch that happen when
 9 you know that if Hydro rates weren't already
 10 excessive for her budget, she could simply go
 11 to her thermostat and turn her heat up a few
 12 degrees.
 13 Another factor we worry about when we
 14 hear about Hydro rate hikes, are the
 15 associated tax increases we pay to the
 16 Provincial Treasury. For example, if a
 17 household in St. John's consumes 3500 kilowatt
 18 hours, their bill to Hydro would be \$250.00.
 19 An additional \$37.50 flows for taxes. In
 20 Nain, if a household consumes 3500 kilowatt
 21 hours, they'll pay \$412.00 to Hydro, and an
 22 additional \$61.80 in taxes. In our opinion we
 23 are residents of this province, but we feel as
 24 though we are being treated unfairly. We do
 25 not know why we are expected to pay higher

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1 MR. METCALF:
 2 taxes for the same amount of service.
 3 In closing, I ask you to put yourselves
 4 in the shoes of some of the Labrador Inuit.
 5 Imagine for a minute that you had to chose
 6 between paying your monthly electrical bill
 7 and putting food on your family's table. Now
 8 imagine how you would feel when a utility
 9 company asked you for more money without
 10 providing you a better service. While you're
 11 thinking about that, think about our message:
 12 enough is enough, no more rate hikes for
 13 Newfoundland and Labrador Hydro. Thank you.
 14 CHAIRMAN:
 15 Q. Thank you, Mr. Metcalf. Questions?
 16 GREENE, Q.C.:
 17 Q. No questions, Mr. Chair.
 18 CHAIRMAN:
 19 Q. Mr. Browne?
 20 BROWNE, Q.C.:
 21 Q. Mr. Metcalf, where do you live, in which
 22 community?
 23 MR. METCALF:
 24 A. I live here in Goose Bay.
 25 Q. You live here in Goose Bay. And are you

1 familiar with the lifeline rate that we've
 2 been talking about here?
 3 MR. METCALF:
 4 A. Yes, as of today, yes.
 5 Q. As of today, so you're not familiar with what
 6 the proposal is.
 7 MR. METCALF:
 8 A. Well I know essentially what it means is that
 9 for the first 700 kilowatt hours or so, you
 10 pay a certain rate and once you go over that
 11 particular amount, you pay a different rate,
 12 depending where you live. When I hear about
 13 the proposal that's put forward this morning
 14 regarding the--is it lifeline?
 15 BROWNE, Q.C.:
 16 Q. Yes.
 17 MR. METCALF:
 18 A. There's nothing in that to cause any
 19 excitement for anybody in Northern Labrador.
 20 The reasoning behind that is right now the
 21 current lifeline rate is you pay, I think
 22 somewhere in the order of seven cents for the
 23 first 700 kilowatt hours, nine for the next
 24 300 and then thirteen for anything that's
 25 above 1000. My understanding and correct me

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1 if it's wrong, but from this morning I heard
 2 that it would be seven cents for the first
 3 1000 and then thirteen cents for anything over
 4 1000. So the only difference I see between
 5 the current situation and what's proposed is
 6 for that middle 300, which would have been
 7 nine cents before, so nothing that causes any
 8 excitement for us.
 9 Q. In your opinion, do members of your
 10 association know about the proposal or have
 11 they been informed of it?
 12 MR. METCALF:
 13 A. In my opinion, it's probably not the highest
 14 thing on the radar screens for many of our
 15 members. When we're talking the difference in
 16 nickels and dimes that would flow from that
 17 proposal, it doesn't mean a lot when people
 18 are more worried about how they are going to
 19 meet their monthly bills and how they are
 20 going to feed their families.
 21 Q. Would you rather see a proposal that has the
 22 same rate for the lifeline for the 12 months
 23 of the year, be it 800 or 850 if it were
 24 increased?
 25 MR. METCALF:

1 A. From our perspective, the actual differences
 2 that people would see on their bottom lines in
 3 their Hydro bills, it doesn't make much
 4 difference.
 5 Q. And would it be absorbed by the increase Hydro
 6 is looking for in any case, perhaps?
 7 MR. METCALF:
 8 A. I can't answer that.
 9 BROWNE, Q.C.:
 10 Q. Thank you very much, Mr. Metcalf.
 11 CHAIRMAN:
 12 Q. Questions?
 13 COMMISSIONER WHALEN:
 14 Q. I have no questions.
 15 CHAIRMAN:
 16 Q. Thank you very much, Mr. Metcalf. The final
 17 presenter is Glenn Sheppard from the Town of
 18 Postville. Good afternoon, Mr. Sheppard.
 19 (3:03 p.m.)
 20 MR. GLENN SHEPPARD (SWORN)
 21 A. I don't have anything on paper like Tony
 22 Woolfrey, same as his presentation. I might
 23 make mention that I've been on the road for
 24 the widows (phonetic) the last two weeks and I
 25 guess for the sake of the panel of

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<p>1 MR. SHEPPARD:</p> <p>2 questionnaires that when it comes to the</p> <p>3 actual figures and dollars or what have you,</p> <p>4 I'm a bit green on it today. I can answer</p> <p>5 some of your questions, no doubt, but when it</p> <p>6 comes to the actual dollars or figures--as I</p> <p>7 was sitting there listening ever since this</p> <p>8 morning at 9:30, there has been a strong</p> <p>9 message sent out from Labrador overall. You</p> <p>10 know, the message is and I don't think I have</p> <p>11 to add a whole lot to it today, the message is</p> <p>12 loud and clear that Labrador does not want to</p> <p>13 see any Hydro rate increases. It was stated</p> <p>14 from mayors, representatives from the North</p> <p>15 Coast, Leroy Metcalf, the difficulties this</p> <p>16 could cause and is presently causing.</p> <p>17 What's disturbing in my community and as</p> <p>18 mayor of my community, when I see people,</p> <p>19 elderly people, has to go and knock on</p> <p>20 somebody's door to find dollars to pay their</p> <p>21 light bill, that disturbs me. And more</p> <p>22 disturbing is to hear tell of another Hydro</p> <p>23 rate increase for overall Labrador. We pay</p> <p>24 the highest gas prices in the province, the</p> <p>25 most highest postal rates, we pay the most</p>	<p>1 highest prices for groceries. You know, where</p> <p>2 else do we go? What else do we do? We're</p> <p>3 continuously, in Labrador in particular, on</p> <p>4 the coastal Labrador, fighting an uphill</p> <p>5 battle. It was stated this morning by Mayor</p> <p>6 Bolger, as the sun starts to shine over the</p> <p>7 coast of Labrador, a cloud begins to hover and</p> <p>8 sort of stalls and you continuously find</p> <p>9 yourself fighting an uphill battle.</p> <p>10 In conclusion, as mayor of Postville and</p> <p>11 I'd like to be, I guess, sort of a voice for</p> <p>12 Northern Labrador where there's only two</p> <p>13 representatives here today, myself and Tony</p> <p>14 Woolfrey from Rigolet, I'd like to state quite</p> <p>15 clearly and I would like to be heard loud and</p> <p>16 clear that we strongly oppose any Hydro rate</p> <p>17 increase for Labrador in general. Thank you.</p> <p>18 CHAIRMAN:</p> <p>19 Q. Thank you very much.</p> <p>20 GREENE, Q.C.:</p> <p>21 Q. No questions, Mr. Chair.</p> <p>22 CHAIRMAN:</p> <p>23 Q. Mr. Browne?</p> <p>24 BROWNE, Q.C.:</p> <p>25 Q. In Postville you mentioned a situation where</p>
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<p>1 people were going around looking for money in</p> <p>2 order to pay their bill, is that -</p> <p>3 MR. SHEPPARD:</p> <p>4 A. Yes, sir, you wouldn't find a half a dozen</p> <p>5 cases in a week or maybe a dozen cases a</p> <p>6 month, but it's happening. Now, you get the</p> <p>7 individual maybe on a monthly basis, maybe the</p> <p>8 same individual time after time, but at the</p> <p>9 same time, it's disturbing.</p> <p>10 Q. In terms of the way you're billed, your bill</p> <p>11 comes in the mail, does it?</p> <p>12 MR. SHEPPARD:</p> <p>13 A. Yes.</p> <p>14 Q. And how do you pay your bill, through the</p> <p>15 mail?</p> <p>16 MR. SHEPPARD:</p> <p>17 A. Through the mail by money order.</p> <p>18 Q. By money order. Is there any problems with</p> <p>19 that, with paying on time or getting your bill</p> <p>20 on time or Hydro getting its money on time?</p> <p>21 There was some talk of that during the last</p> <p>22 hearing that there was problem with mails.</p> <p>23 MR. SHEPPARD:</p> <p>24 A. At times it can be due to weather and again,</p> <p>25 if somebody's check is not here on time and</p>	<p>1 your date on your bill is whether it's the</p> <p>2 20th of the month or whatever and you don't</p> <p>3 get your money there, well you don't get your</p> <p>4 discount, what's taken off, so you know,</p> <p>5 eventually it's going to increase, increase as</p> <p>6 the months go by.</p> <p>7 Q. Do most people try to get their discount?</p> <p>8 MR. SHEPPARD:</p> <p>9 A. Who can afford it.</p> <p>10 Q. Who can afford it, so if you got the money at</p> <p>11 the time, you'll try to get the discount;</p> <p>12 otherwise, you'll have to wait.</p> <p>13 MR. SHEPPARD:</p> <p>14 A. Yes.</p> <p>15 BROWNE, Q.C.:</p> <p>16 Q. Okay, thank you very much, sir.</p> <p>17 CHAIRMAN:</p> <p>18 Q. Thank you very much, Mayor Sheppard. That</p> <p>19 brings to a conclusion the presentations for</p> <p>20 today. I am advised that the Town Council of</p> <p>21 Hopedale have submitted a letter and</p> <p>22 unfortunately, they cannot appear today and</p> <p>23 they have asked that it be read into the</p> <p>24 record, so I'll ask, I believe, Ms. Newman -</p>

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<p>1 MS. NEWMAN:</p> <p>2 Q. Yes, I'll read it in. It does prefer to be in</p> <p>3 the first person, and of course, they're not</p> <p>4 here to do it, so we'll apply the author of</p> <p>5 the report and the actual presentation doesn't</p> <p>6 name the author, so I can't advise who</p> <p>7 specifically sent it to us, other than it's</p> <p>8 officially from the Town Council of Hopedale.</p> <p>9 "On behalf of the Town of Hopedale, I am</p> <p>10 pleased to make this presentation to the</p> <p>11 public hearings for proposed Hydro increase.</p> <p>12 We know that the call for the ownership and</p> <p>13 control of the Hydro electric resource is a</p> <p>14 long standing one and one that has been a</p> <p>15 common sentiment by Labrador residents for a</p> <p>16 long time. There is clearly a great deal of</p> <p>17 concern amongst Labradorians about having an</p> <p>18 invaluable natural resource through the Lower</p> <p>19 Churchill and getting very little benefits.</p> <p>20 There is a desire to see this change so that</p> <p>21 the benefits are extended to those living in</p> <p>22 Labrador.</p> <p>23 On Here and Now, it was reported that the</p> <p>24 Royal Commission on Strengthening Newfoundland</p> <p>25 and Labrador's Place in Canada commented on</p>	<p>1 the Lower Churchill and felt that there should</p> <p>2 be a change in the way business is conducted</p> <p>3 so that Newfoundlanders and Labradorians would</p> <p>4 benefit most from that resource. That very</p> <p>5 much echoes the popular opinion of Northern</p> <p>6 Coastal residents. Hopefully the</p> <p>7 recommendations of the Royal Commission will</p> <p>8 result in action which favourably affects the</p> <p>9 high Hydro rates that we now pay. We live in</p> <p>10 a very exciting time because self-government</p> <p>11 is closer to reality now more than it has ever</p> <p>12 been before, but despite this, the reality is</p> <p>13 that we live in a part of Labrador which has</p> <p>14 the highest prices relating to the cost of</p> <p>15 living and where the majority of people rely</p> <p>16 on income support. The Town has long publicly</p> <p>17 expressed its outrage over the high cost of</p> <p>18 hydro electricity for the North Coast. And</p> <p>19 how does Hydro respond? It proposes to</p> <p>20 increase the rates. This is totally</p> <p>21 unacceptable. We live in a community where</p> <p>22 there are regular power outages and we</p> <p>23 understand that with a diesel system such as</p> <p>24 the one in Hopedale, this is the nature of the</p> <p>25 system. Well we suggest that Newfoundland and</p>
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<p>1 Labrador Hydro invest in a more reliable</p> <p>2 system and spend money to maintain this</p> <p>3 system. We can provide this panel with</p> <p>4 example after example of the hardships that</p> <p>5 power outages have caused. One example was</p> <p>6 that the power outage was announced to be for</p> <p>7 one hour, well that was the longest hour we</p> <p>8 ever experienced because it lasted into the</p> <p>9 wee hours of the morning in the most severest</p> <p>10 of winter conditions.</p> <p>11 One home which has a furnace operated</p> <p>12 wood fuel stove had no heat and the children,</p> <p>13 ages 5 and 2, were dressed in warm winter</p> <p>14 clothes with comforters, but there were others</p> <p>15 who were not as fortunate to have warm winter</p> <p>16 clothes or comforters. Extended periods of</p> <p>17 power outages are particularly difficult</p> <p>18 situations for the elderly, the ill, the very</p> <p>19 young and the physically vulnerable. In</p> <p>20 difficult times, the answer is not always to</p> <p>21 go to someone else's house because of</p> <p>22 overcrowding, comfort level issues, et cetera.</p> <p>23 Although the clinic, the RCMP and individual</p> <p>24 business may have generators for emergency</p> <p>25 power, for the most part, power outages mean a</p>	<p>1 shut down of the local Foodtown, the post</p> <p>2 office and visiting professionals such as the</p> <p>3 dentist, close their services. On top of</p> <p>4 that, in the coastal communities, diesel is</p> <p>5 the most expensive of anywhere in the</p> <p>6 Province. According to the Petroleum Pricing</p> <p>7 Products Commission, coastal Labrador North</p> <p>8 and South pay 103.3 for diesel fuel compared</p> <p>9 to 86.2 for Happy Valley-Goose Bay and 78.9</p> <p>10 for the Avalon Peninsula. In diesel generated</p> <p>11 plants in isolated communities, after using</p> <p>12 1000 kilowatts of power, we get charged more</p> <p>13 than anyone else in the Province. The</p> <p>14 explanation usually is that the cost of flying</p> <p>15 in qualified diesel mechanics to do different</p> <p>16 repairs is very high, but many communities now</p> <p>17 have qualified diesel plant operators already</p> <p>18 working in the community.</p> <p>19 The winter before last, there were</p> <p>20 ongoing outages due to line slaps (phonetic),</p> <p>21 power surges and mechanical problems. And</p> <p>22 although the lines have been upgraded</p> <p>23 somewhat, there are still power outages</p> <p>24 occurring.</p> <p>25 We live in a community where some people</p>

<p style="text-align: right;">Page 213</p> <p>1 MS. NEWMAN:</p> <p>2 experience hard times. As one councillor said</p> <p>3 at a council meeting during this winter,</p> <p>4 people are burning clothes for heat. When</p> <p>5 fuel or wood costs become prohibitive and</p> <p>6 cardboard boxes are gone, clothes become the</p> <p>7 only accessible source of heat. Fuel costs</p> <p>8 are the highest in the Northern and Southern</p> <p>9 Coastal Labrador. One example of a regular</p> <p>10 hydro bill in a three bedroom home housed by</p> <p>11 two adults and two children is between \$210</p> <p>12 and \$250 a month. We have cases where</p> <p>13 families have their hydro cut off and this has</p> <p>14 created serious water and sewage problems.</p> <p>15 Pipes freeze and bust and cause potential</p> <p>16 problems for the main water lines and if</p> <p>17 there's no sewage, waste disposal becomes a</p> <p>18 town as well as a public concern.</p> <p>19 We have given you just a glimpse of the</p> <p>20 realities that we live with daily. Hydro</p> <p>21 electricity is a necessity, not a luxury, but</p> <p>22 the cost calls for major complaint,</p> <p>23 particularly because of the lack of service we</p> <p>24 get. We are asking Newfoundland and Labrador</p> <p>25 Hydro to work with us in trying to find more</p>	<p style="text-align: right;">Page 214</p> <p>1 cost-effective ways of receiving a necessary</p> <p>2 service. Maybe we can look at investing more</p> <p>3 monies into the proper care and maintenance of</p> <p>4 the present system. Maybe we can look at</p> <p>5 installing wind generation and using the power</p> <p>6 line already up on the old site on the hill.</p> <p>7 Hopedale certainly does have sufficient wind</p> <p>8 to make the case for a wind generated power</p> <p>9 site. These are some initial suggestions, but</p> <p>10 in the long term, Newfoundland and Labrador</p> <p>11 Hydro should be looking at working with the</p> <p>12 towns to decrease rates for hydro electric</p> <p>13 power. I thank you for your attention to</p> <p>14 these issues."</p> <p>15 CHAIRMAN:</p> <p>16 Q. Letter of comment, Ms. Newman?</p> <p>17 MS. NEWMAN:</p> <p>18 Q. Yes, we'll file that as such.</p> <p>19 CHAIRMAN:</p> <p>20 Q. That brings a conclusion to today's</p> <p>21 proceedings. I'd just like to thank everybody</p> <p>22 for attending and a special thanks indeed to</p> <p>23 the presenters. As I've said, I think, on</p> <p>24 every occasion before the conclusion of the</p> <p>25 day that this is really not necessarily about</p>
<p style="text-align: right;">Page 215</p> <p>1 facts and figures, but how the application</p> <p>2 indeed affects people's lives and certainly I</p> <p>3 think that was expressed today through</p> <p>4 municipal councils and those people they</p> <p>5 represent and certainly from the economic</p> <p>6 development boards and associations that have</p> <p>7 presented here today. I'd like to thank those</p> <p>8 who have travelled in from the coast and taken</p> <p>9 the time to do that, and I'd also like to</p> <p>10 thank Hydro for supporting their opportunity</p> <p>11 to do that financially. I'd also like to</p> <p>12 thank Labrador City Wabush, I know attended</p> <p>13 yesterday and indeed took the time to attend</p> <p>14 here today. Thank you for that. I would</p> <p>15 reiterate the opportunity still exists for</p> <p>16 letters of comment to be forwarded to the</p> <p>17 Board prior to the close of the hearing and</p> <p>18 should anybody wish more information on this,</p> <p>19 they may see Ms. Blundon. And that's about</p> <p>20 it, I think. I don't have any other notes</p> <p>21 here, so thank you to presenters for your</p> <p>22 contribution and indeed, I extend my</p> <p>23 appreciation to the parties as well for the</p> <p>24 last four days, a fairly hectic schedule and</p> <p>25 thank you very much for your tolerance and</p>	<p style="text-align: right;">Page 216</p> <p>1 patience throughout that process. Thank you.</p> <p>2 Upon concluding at 3:14 p.m.</p>

1 CERTIFICATE

2 I, Judy Moss Lauzon, hereby certify that the
3 foregoing is a true and correct transcript in the
4 matter of Newfoundland and Labrador Hydro's 2003
5 General Rate Application for approval of, among
6 other things, its rates commencing January, 2004,
7 heard on the 27th day of November, A.D., 2003 at
8 Happy Valley-Goose Bay, Newfoundland and Labrador
9 and was transcribed by me to the best of my ability
10 by means of a sound apparatus.

11 Dated at St. John's, Newfoundland and Labrador
12 this 30th day of November, A.D., 2003
13 Judy Moss Lauzon