

PUB Hearings

February 5th, 2007

College of the North Atlantic- Labrador West

Hyron Corp. 2007

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- The Hyron Board would like to thank you for the opportunity to present our objection to the proposed rate hike for 2008-2011



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Realities of Labrador West Life...

- Climate Conditions
- One-Industry Town phenomenon
- Demographic Changes



Rate Increase Effect on...

- Small & Medium Enterprise
- Large Industry
- Recruitment & Retention
- Not-for-profit sector
- Services & Amenities
- Economic Growth Opportunities



Climate Conditions

- Harsh Climate
- Long Winters (8 months)
- Large Snowfalls – Avg. 12 feet
- Primary Home Heating Method: Electricity
- Isolated location





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One Industry Town Phenomenon

- Twin Communities Labrador City & Wabush are one industry towns: Iron Ore Mining
- Wabush Mines: 500 workers
- IOC: 1700 workers
- Large industrial supply service sector supports the mining activities of major industry
- Hydro Subsidies from employers



Demographic Changes

- Retiree Retention at an all time high
- Increasing number of senior residents
- Senior Residents = fixed income
- Anticipated retirement rate: 65% in the next 2-3 years
- Young, skilled workforce
- Increasing Competition among Industries, Companies and Communities for skilled workers



Effect On: SME

- Increased overhead costs affect price
- Increased price affects the consumer
- High prices will reduce competitiveness
- Too much competition will eventually lead to SME closures



Effect on : Large Industry

- Increasing hydro costs affect the bottom line of major industry
- During periods of high global demand for ore mining companies may be able to sustain major increases
- During periods of low global demand for ore, increasing hydro rates could be detrimental to major industry and residents

Note: Industry first established the system we currently use



Effect on: Recruitment & Retention

- Changing demographics
- New workers are seeking the 'full package'
- Increasing competition for skilled workers
- Rising costs of living are hampering recruitment and business attraction efforts



Effect on: Not-for-Profits

- Already experiencing negative effects from previous hydro increases
- Many NFPs are unable to sustain operations and services at previous levels
- Not-for-profits are experiencing funding cuts
- Fundraising activities are taking the place of core services and program delivery



Effect on: Economic Growth Opportunities

- Labrador West is currently positioned for further business development opportunities
- Affordable, available power is essential for new business ventures
- Diversification of the local economy is the key to long-term sustainability



Rate Increase- unfounded

- Electrical energy consumed in Labrador West costs NLH ¼ cent per kilowatt hour
- Lab West resident are paying 11 times that cost
- LIS users are carrying the burden of rural electricity rates in areas serviced by diesel generation
- Hyron support's the Town of Labrador City's suggestion of applying a per kilowatt hour tax both Provincially and on Export



Conclusion

- The Hyron Board, on behalf of the residents of Labrador West strongly oppose the proposed rate increases form 2008-2011
- Residents of Labrador West will be paying rates that are greater than the cost to service the region
- Industries, municipalities, residents and community groups can work with Hydro to ensure that the region is able to capitalize on all of its opportunities



THANK YOU

