



230 Park Avenue Mount Pearl, NL A1N 1L1

January 18, 2018

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, PO Box 21040
St. John's, NL A1A 5B2
Attn: Ms. Cheryl Blundon

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BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES

JAN 18 2018

ST. JOHN'S, NL

Rate Mitigation Options and Impacts Review

Dear Ms. Blundon:

The International Brotherhood of Electrical Workers (IBEW) Local 1615 represents the unionized workers of Newfoundland and Labrador Hydro and assets associated with the Labrador-Island Link and Muskrat Falls Power Plant that falls under the Power Supply Division of Nalcor Energy. We have had this jurisdiction for nearly 50 years.

IBEW Local 1615 would like to thank the Board Chair and members for the opportunity to respond to the first phase report of the Liberty Consulting Group.

IBEW has been involved in a number of reviews, privatization/nationalization efforts over the past 30 years but nothing as politically motivated or as emotionally charged environment that we find ourselves in today. While we understand the issue of rate mitigation and how important it is to rate payers, we believe a cautious approach is needed. The Muskrat Falls project has caused a great deal of negativity in the province on a lot of fronts, in fact Premier Ball stated quite recently that one of the reasons that oil and gas is moving to its own entity is to get it out of the negativity of Nalcor.

But Nalcor is much more than the building of Muskrat Falls and the Labrador-Island Link. The working women and men of NL Hydro and Power Supply are persistent in their efforts to maintain and service the electrical needs of the province and are dedicated to the rate payers. There is no doubt that groups and individuals see this as an opportunity in this hostile environment to further their own causes but I believe it is the Board's responsibility to ensure that a level playing field is established here and while cost is a very important factor, it is not the only one.

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Before we address individual issues in the report, we find that this report has little regard for union's collective agreements or jurisdictions which is our right under legislation enshrined through Acts and Regulations of the Province of Newfoundland and Labrador.

NF Power vs. NL Hydro: Changing Responsibility for Retail Service Operations

This section could have been written by Fortis Inc. if one looks at the lack of balance in the discussion and argument.

The fragmented nature of distribution within the province can be explained by looking at history. NL Hydro, or its predecessors, provided power and electrified areas of the province where private companies had no interest. At least no interest until it was built and then in the mid-sixties the Government of the day turned over much of the distribution in the province for a nominal fee of \$1.00 per community, to private utilities which merged to become what is now NF Power.

IBEW Local 1615 believes that the distribution areas do not overlap and a review of the map and knowledge of geography and operations of the companies proves it. Also, you could argue that if increased efficiencies could be found it could be beneficial for NL Hydro to take over the distribution of NF Power, maybe they would transfer the assets back for a nominal fee of \$1.00 per community, with all profits going to one shareholder, the people of the province.

I started out by talking about the lack of balance in the discussion and argument. This report makes the argument that NF Power is the main distributor of electricity so therefore they should have all distribution. Yet the report is deafeningly silent on areas where Power Supply/NL Hydro is overwhelmingly dominant in generation and transmission. The bias is alarming. IBEW Local 1615 takes great exception to the suggestion that if all distribution was transferred to NF Power the service quality would be improved, this attacking of the employees of either company adds nothing to the real point of the PUB's reference question.

One final observation IBEW Local 1615 suggest is that with this recommendation, Liberty has gone outside the mandate given to the Board by the Government, especially reference question one (1) which is to review internal opportunities within Nalcor Energy and subsidiaries.

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The fact is this recommendation will do nothing for rate mitigation; in fact it will take money from the Government as shareholders of NL Hydro and line the pockets of the shareholders of NF Power, many who have nothing to do with the province. The Board should cull this out early since it provides no potential to help in rate mitigation and is outside the Government's direction.

Temporary Employees

The report states that there are 297 temporary FTEs and also questions the use and effectiveness of the workers. I can only speak on this from the IBEW Local 1615 member perspective, we have about 100 temporary workers who work approximately six (6) to eight (8) months per year which would work out to be around 60 to 70 FTEs. They are invaluable to operating and maintenance of the electrical system and certainly increasing temporary employees is much cheaper and cost effective way to perform work than the massive amount of contracting out purported in this report. Another positive to temporary employees is around succession planning, where you have well trained employees who can fill vacancies seamlessly.

Contracting Out

The amount of contracting out suggested in this report is alarming. The section on optimizing employee/contractor resources talks about matching expensive resources for expensive work. Our collective agreement has 13 pay groups, there is 100% difference from group 1 to group 13, so for the most part, and we have the process that matches "expensive" resources to expensive work. However, it is not always about cost, other factors such as safety of workers come in play here.

IBEW Local 1615 maintains, and have so for years, that our permanent workforce supplemented by temporary employees at certain time of year is the most effective way of performing work from a cost perspective and certainly from quality and performance perspective.

Re-integrating of Nalcor Energy

IBEW Local 1615 never did agree with the current model and if it is necessary it was only needed for and should have been limited to the construction of Muskrat Falls and the Labrador-Island Link. As for regulated versus non-regulated, that model has been operating for years under the Hydro Group of Companies with NL Hydro being regulated and CFLco non-regulated.

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With the divestiture of oil and gas and Bull Arm, IBEW Local 1615 believes the remainder should return to a new entity named "Hydro Group of Companies" including all regulated and non-regulated assets. IBEW Local 1615 will work with all parties to make this work over a reasonable period of time for the benefit of the rate payers and shareholders of the province.

In summary, notwithstanding the Muskrat Falls project, IBEW Local 1615 believes the Hydro Group of Companies model is the best model to generate, transmit and distribute power in the province and return the dividends to the shareholders, ourselves.

IBEW Local 1615 look forward to the Board's intern report to the Government and ask that you consider the points we have made in this submission. We will continue to follow and be involved in this process through 2019 and until the final report in January 2020.

Yours truly,

Jabez Lane
Business Manager