

JUST SAY NO!



**WE CAN'T SELL OUT
TO HYDRO QUEBEC!**

The MOU Truth: Read the MOU and Decide for Yourself

In the MOU HQ Sub is actually NB Power, and owned by HQ. Any mention of charges or costs associated with HQ sub, will be charged to New Brunswick rate payers.

Upgrades, repairs and decommissioning costs will be financed by Quebec but paid by NB rate payers (with interest). All costs will ultimately be paid by the NB power users. All profit will go to Quebec share holders.

According to the NB auditor general, the NB Gov generates \$100 million/yr profit from NB Power in taxes and fees. The NB Government (pass, present, and future) has used this money to pay for programs and services; including health care and education. Where is a future government going to get \$100 million per year to replace this revenue loss?

The NB Government today has 5 ways to create revenue for programs and services.

- Federal Government transfer Payments
- Taxes
- NB Power Revenue
- NB Liquor Profits
- Fees and Levies

If NB Power is sold there will only be 4 ways left to generate revenue. The Federal Government isn't likely to give us any more handouts and the government can't make us drink more (unless we want). So, future governments will have to increase taxes and fees. If they do not increase taxes or fees they will have to reduce services or increase the provincial debt again (without NB Power assets to back up the new debt).

Watch the Power Rates increases after year 5! Currently we have in-province power usage that exceeds the 14 TWH heritage pool by 0.25 TWH. A conservative cost of the market rate for this power is in the range of \$20 million/yr. This cost assumes 2009 rates and no residential or industry growth. If there is growth, the cost will be higher. The government set a heritage pool usage cap that does not allow for economical future growth!

The Power rates after year 5 will be determined by adding all the following together:

- Cost of replacement power above heritage pool value plus interest (\$20 million minimum/yr)
- Cost of upgrades and repairs to NB Power equipment plus interest
- Increases in the NB CPI for the year. On average @1.8%/yr (This alone is already 62% of the 2.9% NB Power charges)
- NB Government cost for the decommissioning of the thermal stations. Est. @ \$100 Million

Add these up and you can see that the yearly rate increase (after year 5) will be a lot more than the 2.9% NB Power currently works within (more likely in the range of 7% to 9.5%).

A couple of independent media links that tell the truth about the deal!

<http://www.cbc.ca/canada/new-brunswick/story/2009/11/27/nb-nbpower-savings.html>

<http://www.cbc.ca/canada/new-brunswick/story/2009/11/05/nb-nbpower-industry-figures.html>

<http://www.youtube.com/watch?v=OVMvcp-iI8M>

<http://www.youtube.com/watch?v=H2-yakKHn-M>

<http://www.youtube.com/watch?v=s8qSldwNSCo>

JUST SAY NO!



WE CAN'T SELL OUT TO HYDRO QUEBEC!

The MOU Truth: Read the MOU and Decide for Yourself

Power rates went up 24% from 2003 to 2008 when inflation over that time frame was 10.9% but don't forget when the situation was the other way. From 1987 to 1992 inflation was 22.2% and power rates only went up 4.6%.

ADD IT UP: From 1987 to 2008 power rates went up 52.2% while inflation was 51%. (from NB Power annual reports).

HQ sub will recoup any extra costs for power above heritage pool supply. MOU Section 2.2B II, "to the extent that the demand for electricity by Residential customers exceeds the Residential HPS, the incremental cost of supplying that excess demand will be deferred and recovered through adjusted Residential rates, with interest, after the fifth anniversary of the closing."

The current government has been saying this won't happen but MOU says it will.

The loss of carbon tax credits for thermal plants NB Power still owns. MOU section 4.1 E, "All emission allowances relating to Belledune and Colson Cove will accrue to the benefit of HQ, including any revenue from any such allowances".

They don't want the plants, but take our tax credits. Credits that can be sold across North America to the highest bidder for the benefit of Quebec; more NB revenue lost.

NB Power debt is getting worse, False. NB Power has paid down over \$1.3 billion total over the last 5 yrs. Credit rating has gone from a 4s down to the 3's.

This is on top of the \$100 Million/yr reported to have been given to the government for programs and services like health care and education.

MOU section 7.1 – "HQ Sub will not be required to make payments in lieu of income or capital taxes to NB". This means Quebec has been given a pass on all taxes paid on revenues in NB. Maybe if NB Power had been given such a break, a 3% increase could be avoided.

Increases will be controlled by EUB – Some of them!

Read the MOU section 3.1B "The regulatory framework governing the generation, transmission and distribution of electricity in NB will be altered to conform to the framework currently in effect in Quebec."

So all the rate increases agreed to in the MOU will be uncontrollable as listed above.

The only increase the EUB will control is the increases to upgrades and repairs, everything else was agreed to in MOU and therefore the EUB will not control.

The NB Government says this will be controlled by the EUB on a "FAIR AND REASONABLE" rate of increase.

Well, if HQ SUB does spend \$100 million on replacement power, along with millions on upgrades and repairs of NB Power equipment; would it not be "FAIR AND REASONABLE" for them to be compensated with interest?

In addition if HQ adds their agreed upon CPI increase as stated in the MOU, and the NB Government (of the day) exercises their right to recoup decommissioning costs; would it not be "FAIR AND REASONABLE" for them to be compensated?

Do not forget that Quebec will want profit for their share holder which is something NB Power has never looked to generate. Expect 7.5% to 9.5% per year in years 6, 7, 8, 9, onward.

We are giving Pointe Lepreau away. It has been estimated that Lepreau will earn over \$6 billion in profits over the next 25 yrs, assuming no increase in power rates.

Even with a second refurbishment (\$2 Billion) the profit would be over \$ 4 Billion.

Pensions! Over the next 10 years NB Power expects 1500 employees to retire. Any employee hired after April 1st 2010 will not go into the current pension plan but rather a new plan created by Hydro Quebec.

This means there will be no new NB Power employees paying into the current fund. With no new employees paying into the fund it will become burden on New Brunswick Tax payers.

We are presenting facts as reported by various news agencies and the MOU signed by NB and Quebec governments. We are presenting these facts as concerned New Brunswickers who are NOT affiliated with any political party.

We are against this deal because we can see it is bad for the long term future of the people in New Brunswick (our children). Big business may benefit, but no one else!

There is a better deal out there for New Brunswickers. Contact your MLA and tell them what you think of this deal: PC and Liberals: egpcmla@gnb.ca and leplibmla@gnb.ca