SUBMISSION TO N.B. ENERGY AND UTILITIES BOARD

Regarding N.B. Power's Application for Rate Increases (Matter 541)

By David Thompson

Rampant inflation has taken place in the last few years. The cost of living including the essential basics such as food, heat, housing and medications have all risen dramatically in price. The result is that many New Brunswickers find it difficult to maintain their health and wellbeing and keep a roof over their heads. A rise in residential electricity rates would be another burden. Therefore, I request that the New Brunswick Energy and Utilities Board recommend against the residential electricity rate increases requested by N.B. Power (in Matter 541).

If the residential electricity rates were to go ahead, as requested by N.B. Power, such an increase could force many New Brunswick families, already in financial difficulty, to make choices between warmth and good nutrition , medications, and home maintenance.

For many New Brunswickers with modest homes who heat with electricity, their yearly electrical costs could rise by $300 to $400 with increased electricity rates and taxes, which have been requested by N,B. Power (in Matter 541).

My wife and I live in a modest bungalow of about 1100 square feet, built in the 1960s. We do not heat with electricity. We have all LED lighting which we use sparingly, we dry our laundry on clothes lines and we keep the electric hot water tank temperature fairly low. We estimate that for families in similar circumstances who do not heat with electricity, it could cost about $150 more per year in increased rates and taxes if electricity rates were raised as N.B. Power has requested.

Why is N.B. Power asking for these electricity rate increases as requested (in Matter 541)?

Why does N.B. Power have a debt of billions, nearly $5 billion dollars? And how did they amass such a huge debt?

It seems that most of N.B. Power's debt accumulated from the refurbishment of the Point Lepreau Nuclear Generating Station, due to huge cost and time overruns and the poor performance and many lengthy outages of the nuclear station after the refurbishment until the present time.

In 2002, after 3 weeks of public hearings, the New Brunswick Public Utilities Board, predecessor of the New Brunswick Energy and Utilities Board, recommended that refurbishment of the Point Lepreau Nuclear Station <u>was not in the public interest</u>, due to financial uncertainties. However, the Utility Board's recommendation <u>not</u> to refurbish the nuclear station was rejected by N.B. Power, who proceeded with the refurbishment.

In making its report on the completed review of the application for the refurbishment of the Point Lepreau Nuclear Generating Station, the New Brunswick Public Utilities Board issued the following statement:

"The Board, as a result of its evidence in relation to the capacity factor and the cost of capital, finds that there is no significant economic advantage to the proposed refurbishment project. In addition, the board considers that there are other significant aspects of the refurbishment option for which the economic impact is uncertain. These aspects create additional economic risk which leads the Board to conclude that the refurbishment of Point Lepreau, as outlined in the

evidence, is not in the public interest. The Board, therefore, will recommend to the Board of Directors of N. B Power that it not proceed with the refurbishment of Point Lepreau."

Since the time of the Point Lepreau Nuclear Station refurbishment until now, a number of large, foolhardy adventures by N.B. Power have added to their huge debt load.

- After spending several hundred million dollars to refurbish and convert the Coleson Cove Generating Station to burn a fuel called Orimulsion, N.B. Power failed to sign a contract with the proposed supplier in Venezuela and were never able to secure a supply of this fuel.
- Next, N.B. Power decided to buy a solid fuel, petroleum coke, a waste product from oil refineries which refine heavy and low grade crude oils. N.B. Power would mix this petroleum coke in a 1 to 5 ratio with the bunker oil which they had previously been burning for fuel at Coleson Cove. The petroleum coke required a huge storage building facility at the Port of Saint John and transportation to Coleson Cove as well as infrastructure and equipment there (at Coleson Cove) to handle, store and prepare for burning at the Coleson Cove plant. N.B. Power stopped importing petroleum coke last year and does not intend to burn that fuel in the future. The public has never been told the total cost of this project.
- N.B. Power also invested over $13 million and unknown other costs in the Joi Hydrogen experiment in Florida to produce hydrogen from sea water. This was a questionable project of smoke and mirrors which failed to produce any meaningful results. N.B. Power continued to invest money until the premier

of New Brunswick stepped in and ordered them to halt their involvement in the Joi Project.

A number of low-cost renewable energy opportunities exist to produce electricity in New Brunswick.

- However, most recently, N.B. Power has become involved with two companies proposing to build two different types of what are being called Small Modular Nuclear Reactors, although they are not that small. One design would produce 100 megawatts and the other would produce 300 plus megawatts of electricity. These reactors are currently in the design stage and each would have a different type of fuel, one with enriched uranium, the other with plutonium possibly extracted from spent Candu reactor fuel waste.

The companies which are proposing to build these reactors say they could be operative by 2030. Well known independent experts say the reactors could take 20 or 30 years. The two reactors in the design stage have no commercial operating record. Furthermore, most independent experts predict that building these projects will be a very expensive way to produce electricity compared to current well-developed and operating renewable energy technologies. A number of renewable energy sources such as wind could be constructed NOW and producing electricity and a cash flow within 3 to 4 years at a cost of 3 to 4 cents per kilowatt hour.

SOMETHING MUST BE DONE! All of these matters of poor decision making which have brought about the huge debt now being carried by N.B. Power need to be examined by a public enquiry before any electricity rate increases in New Brunswick can be considered.

Until improved decision making regarding future electricity generation and sound financial management are brought into place, residential customers and families in New Brunswick should not be expected to bear the burden of electricity rate increases.

I request that the rate increase request by N.B. Power (Matter 541) NOT be approved.

David Thompson
Saint John, NB
(506)635-1297
email: marymilander@hotmail.com