

FROM PROVINCE HOUSE TO HOME

On September 15th, Nova Scotia Power announced it had reached a deal that resulted in an average 9.4% increase in 2009 for most customers. Along with referring to NSP as the provincial utility we also need to add the word "powerful"(no pun intended!) Yes, we did have a backroom deal well before the opposition parties and Charlotte MacKeeman, a senior from New Glasgow area made their presentations to the Utility and Review Board. I am not convinced that the provincially appointed consumer and small business advocate, John Merrick, gave us the strongest representation. He seemed to explain his lack of impact by saying that it was not surprising that discussions to reach the deal on the eve of a public hearing was just fine. Mr. Merrick went so far as to say that it would be inappropriate to have the negotiations conducted with full media coverage. I think this essential service for a rate increase should get the widest review and scrutiny possible.

The most recent rate increase announced is likely to remain, even though many Nova Scotians wrote numerous letters of protest. I urge the Utility and Review Board to give further consideration to the deal despite the parties that have given their consent to the latest deal. The reaction that I have registered over the last two weeks is that Nova Scotians would have preferred a contested hearing to the compromise deal that was reached. This arrangement is likely to become the norm and Nova Scotians may not receive the best outcome.

The most recent rate increase will be the 5th in seven years. These increases have meant over 30% more power rates for residential customers. Drilling down a little closer reveals that there has been a 28.9% since April 2005. There is every indication that we will face another next year. This cycle is not sustainable for Nova Scotia companies or residents. We need to move away from non-renewable volatile energy sources such as coal, oil and gas, as they will continually give us these increases if we maintain the status quo.

A number of constituents have informed me that the increase will add more than an average of about \$14 to the monthly cost of heating homes with electricity that NSP claims. One local residents has calculated that his monthly bill will go up by \$40 to \$50 based on a three year average of heating his home. The power utility said it based its \$14. a month calculation on a home consuming 15,500 kilowatt hours per year. 50,000 to 60,000 Nova Scotians have electric baseboard heating and most will pay considerably more than the \$14.00 monthly increase talked about at the hearing. One person who chatted to me about this issue said they have a 1200 ft sq home and they expect their annual costs to rise by \$600-\$700.

As the annual increase (four years in succession) is paraded forward we should keep a few points in mind about our private utility. Nova Scotia Power have a board approved allowable profit margin. This is set at 9.3% to 9.8%. Although the annual payout may fluctuate from year to year the current range allows for roughly \$105 million earnings. Nova Scotia Power has earned \$89 million in the first two quarters of this year. There are also outstanding questions surrounding not just executing salaries but the appropriateness of executive incentive-based bonuses. Maybe that's why we are still waiting for NSP to launch a conservative program that will be a model for the country. What about the Point Tupper Terminal that has become a white elephant and is now being paid for by you and I, only about a \$30 million bill that needs to be cleaned up. Many residents have asked me about NSP, most recent announcements to construct a new corporate office building in downtown Halifax. You know very well who is going to pay for cost overruns.

Our Caucus was pleased to see government answer our call for enhancements to the heating assistance rebate program and the Good Neighbour Energy program. However, no government can continue to rely on expensive enhancements every year and allow increases without any adjustments in long term energy policies. We need to more move away from non-renewable energy and our government has done nothing to move us away from this path. Today and the last five years has been the culmination of ten years of inaction from our government and Nova Scotia Power.

I leave this issue disappointed by a settlement agreement being reached prior to due process that would occur with a fall hearing. There are many questions that we the public deserve to have answers to that will not be discussed in an open and transparent forum like the hearing that just passed us by.

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