

REES' Pieces

Follow the money, not government actions

If you wish to get an insight into where things are headed, the age-old adage, "follow the money" still exists today. Doesn't make any difference if you are thinking about the outcome of an election or if you're wondering which business decision you should make.

Two days prior to the opening of the Energy East pipeline hearings opened, with its first hearings in Saint John, Irving Oil announced it had bought a 57,000 barrel refinery in Ireland from Phillips 66 petroleum. The company's refinery in Saint John rated at 300,000 barrels per day, is the largest in Canada and one of the largest and most modern in North America.

Following the money could presumably provide an insight into where the pipeline hearings might end up with approval to move more of Alberta's Tar sands Crude to countries on other shores and possibly switch the refinery's feed stock from Saudi Arabia to a pipeline supply from Alberta. With multiple oil tankers already plying the rough waters of the Bay of Fundy to bring crude oil to the refinery, it puts dissents and other groups opposed to building the connection from the existing pipeline onward to the Port of Saint John at an extreme disadvantage.

No one has said so, but in following the money, it's plausible to assume Irving would move crude from Saint John to Ireland and get away from sourcing from other markets. Along with these developments, expect crude oil prices to remain low and flat for upwards of two years. Here's why.

With Iran and Iraq flooding the market with crude to capture as many oil\$\$\$ as possible, there's an oversupply. A sluggish global economy has not ramped up consumption as analysts had expected so there is a glut that will last a long time. With people driving less and electric vehicles coming to market, the motoring public requires less gasoline.

There's a lot more to the energy sector that is driving down the prices. Significant fracking developments in USA is now delivering an abundance of natural gas, some of which is being eyed for the LNG plants proposed for Guysborough and Bear Head areas, even though offshore gas production is waning off Nova Scotia. A by-product of fracking is propane, which has dropped in price. In many areas propane is about 35% more economical than natural gas.

The abundance of propane is causing major headaches for natural gas companies as they strive to retain customers. With dropping prices, they must continue to expand customer base and infrastructure otherwise they become totally uneconomical. One problem that exists is with expansion of pipelines, existing customers are subsidizing new customers, which become problematic.

One reason I suggested follow the money and not government actions is what is happening in Nova Scotia. Heritage Gas has 3,301 residential and 2,970 commercial customers with residential revenue approximately \$3-Million of total \$39.5-Million annualized revenue.

In March 2016, Heritage asked NSUARB for approval to reduce RC1 rate by 64.3% and to allow flexibility for rates in other categories within the same bandwidth to try to retain existing customers from switching to propane.

Heritage's problems stems from two areas: (1) Current furnace oil price being offered to potential Heritage Gas RC1 customers is approximately 35-45% lower than natural gas; (2) Over 250 RC1 commercial customers have either switched to propane or are making plans to switch.

The cost to switch from natural gas to oil is a major expense and is a hindrance, but switching from natural gas to propane is a much simpler. The customers who have or will switch to propane will decrease Heritage's revenue by approximately \$3-Million per year, almost equal to the revenue from 3,301 residential customers. In its application to UARB, Heritage also claimed the low price of propane has convinced several companies to switch from oil to propane rather than choosing natural gas. The number of companies or potential lost revenue could not be confirmed.

An analysis of Heritage's letter to NS UARB requesting the change reveals, natural gas is among the most expensive form of heating, and further indicated with propane pricing expected to be low for the foreseeable future, natural gas will not help Nova Scotia companies to become more competitive.

One of the reasons, I suggested following the money and not government actions is it's understood Department of Energy submitted a letter to UARB indicating it's concurrence with the 64.3% rate reductions.

Through research on this article, I discovered some time ago a consultant's report suggested several larger government buildings should have been converted to natural gas. With changes in the energy market, if government is serious about saving money would it not be prudent for them to re-visit the matter? Maybe they would find significant savings if they converted high cost energy users to propane.

Propane is a strong long-standing industry in the province that employs a lot of people. Propane industry members maintain they can make the conversions economically, and provide a significant savings for the taxpayer.

Which is more prudent save money by converting to an energy source that requires totally new infrastructure, or one that is existing and requires far less capital to complete the conversion?

It's not up to me to tell others what to do, but to suggest taxpayers make their opinion known.

Maurice

Letters to the editor

This is an open forum for your opinions and comments.

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Letter to the editor

I am writing in response to your Rees' pieces in Aug. 2016 regarding defined pensions.

I don't wish to comment on the ongoing negotiation with Canada post and the postal worker union but I do have some thoughts on defined benefit pensions.

Defined benefit pensions are the best kind of pension for plan members because they have a good idea of how much money they can expect to receive per month in retirement and for the most part it is also a life benefit with provisions for support for your spouse if you die before them. The fact that government is sometimes left to contribute "top up" funding for pension plans that find themselves underfunded, is, in my opinion, a failing on behalf of the government negotiators who should insist on having the unions agree on adjusting levels of contribution or a scaling back on the pension benefits. This will hold both parties responsible for

the contract and the pension benefits.

One can look at the construction building trades as a responsible model for a private defined benefit pension plans. Not one penny of government money is contributed to these pension funds and the pension trusts have equal numbers of union and management trustees who are responsible to make sure the contributions can support the promised pension monthly payouts. The contributions are negotiated as part of the pay package and the combined building trades funds exceed one billion dollars in Nova Scotia alone. There is no way construction workers could save a fraction of this amount on their own for retirement in this province. It should be the goal for all of us to find a way for all workers to enjoy the benefit of good quality pensions rather than holding those who have pensions in contempt. We in the building trades, pay our own way all the way. Over one thousand trades-

people will enjoy the good quality pensions that they have worked so hard for over the years. This brings real money into economy of our province.

Your other thought about keeping pension funds in Atlantic Canada is problematic. The role of the pension trustee is to invest the beneficiaries money to something to maximize the return balanced with diverse safe investments. It is not his job to use the fund to engineer social benefits for the region and I would suggest to fall into this trap would be a very slippery slope.

If the government or private entrusts create an investment opportunity like an infrastructure fund, I'm sure various pension plans would be happy to put some of the fund into this investment as trustees are always on the look out for the best returns for their beneficiaries.

Thank you for the opportunity to contribute to your paper.

Peter Greer
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Busy and Eventful Year for TNR 4-H

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through a "Project Wish List" established early in the year due to our successful fundraising ventures; Some members went dogsledding at Stratton Outdoor Adventures; Volunteered at the Youth Outdoor Expo in Brookfield; Volunteered at the Small Farm Expo held at the NSPE grounds; Donated to the Schizophrenia Society of NS; Had a day outing at the Tim Horton's Children's Camp and Received a \$600 donation from NS Power Corp.

From the judging we did back in May, several members participated in the Nova Scotia Provincial 4-H Show. They are as follows: Chocolate: Sarah Brownell and Anna Fullerton; Computer: Jason O'Brien-Fisher and Xavier LeBlanc; Fine Arts: Alexis Grant and Anna Fullerton; First Aid: Nicole McGill; Sheep: Anna Fullerton and Woodworking: Jason O'Brien-Fisher.

Horse Project: Madilyn Mills; Champion Light Horse Showman: Sidney Patton; Champion Sheep Judge: Anna Fullerton; Champion Welding Project: Matthew Higgins; Champion Tractor Driving Competition: Nicole Higgins, Matthew Higgins, and Camryn Patton; Champion Woodworking Competition: Daniel Brownell and Grand Champion Showman: Sidney Patton (10th place).

We're proud of all our club members and thanks to our leads because the club placed second in both Life Skills and Livestock displays. Can't forget to mention, we were reserve champion Tug of War team, which is the best we've had in a long while.

Looks like all the hard work our team has put in this year has definitely paid off. Now that things are starting to officially wrap up, we get to start preparing for October, when everything starts all over again from the beginning next year.

Members who have Life Skills projects going to Pro-Show at the end of September are: Scrapbooking: Nicole Higgins; Fine Arts: Anna Fullerton; Computer: Xavier LeBlanc and Jason O'Brien-Fisher; Cake Decorating: Nicole McGill; First Aid: Nicole McGill; Wool: Abigail Brownell and Alexis Grant; Welding: Matthew Higgins and Woodworking: Shannon Grant. I think I got everyone here, but the display was pretty packed, so I may have accidentally missed a person a person or two; if that's the case, I'm sorry.

On Tuesday, August 23, the county awards for exhibition were awarded. Members of our club have received: Business Concept Award: Matthew Conrad, Alyssa Millar; Top Angus: Jenna Mattatall; Champion Computer Member: Xavier LeBlanc; Champion Chevron: Xavier LeBlanc; Champion Mini

Colchester Gets \$2.03-Million

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look forward to working with them in the future."

County staff will immediately focus their efforts to finalize the planning phases of these projects.

After his departure from Bridgetown, Trudeau was headed to a BBQ in Pictou, then going across the Northumberland Strait to PEI in the afternoon. His Atlantic

Canada tour started the previous day with a trip to St John's, NF.

After his announcement, Trudeau took questions from the media. Even though the Liberals won all 32 federal ridings east of Quebec in last fall's election, one reporter summarized his question with an observation some have raised concerns about Ottawa appearing to back away from Atlantic

Canadian representation on the Supreme Court and here have also been rumblings over what form federal health transfers will take for provinces with smaller, aging populations. Trudeau replied, "We are very serious about working with all Atlantic Canadians, listening to the concerns premiers and our colleagues are bringing up around ways to better work together".

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