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Northern Pass – Who are we doing business with?

When the impact and fall out of a business venture affects a large number of people, there are often many varied and specific things to consider. In the case of the “Northern Pass” discussion, the focus appears to be what the environmental impact will be on New Hampshire. Having been a longtime resident of the province of Quebec, I wonder whether New Hampshire residents know who they are really dealing with. Hydro Quebec, the company and its history, needs to be analyzed more closely in order to comprehend the probabilities that lie ahead.

The focus of the numerous town meetings, ad hoc coalitions and the “Live Free or Fry” website has been the environmental impact that the Northern Pass project will have, and so miss the point. Although the bulk of this argument, the environment, is solid, it can incorrectly paint people as environmental “nuts”. This style of argument has a long history of pushing everyone else out of the dialogue. Politicians and corporate giants have already showed repeatedly throughout history that their concern is not the environment. This is what Hydro Quebec is counting on. As long as we remain solely focused on the environmental impact rather than the nefarious dealings and disreputable business practices of the company, these issues will not be brought to the forefront. New Hampshire residents should instead be concerned with the company that our state is doing business with. Our voices currently risk being ignored, while a much larger concern

should be getting the attention of the citizens and thus the politicians who have the power to stop Northeast Utilities from entering into any agreement with Hydro Quebec. New Hampshire should not be allowing a company such as Hydro Quebec to become a partner of any sort. The environmental impact is merely a piece of a more sinister issue. A vital piece of information is being overlooked. Hydro Quebec is not New Hampshire's friend.

The best route by which the citizens of New Hampshire can make an informed decision is to understand not only the environmental impact of the Northern Pass project with Hydro Quebec but also the background of the company itself. At first glance, Hydro Quebec generates, transmits and distributes electricity, mainly using renewable energy sources, in particular hydroelectricity. It is one of the biggest electrical utilities in North America. Its sole shareholder is the Quebec government and as such, it has an exclusive monopoly and is often no more than a political tool.

Since its inception in 1944 Hydro Quebec has systematically taken over the assets of every energy company in its path within the province of Quebec, including the previous monopoly MLH & P (Montreal Light, Heat and Power Company). The Quebec government fully supported this course of action and further gave its blessing by publicly nationalizing the entire electrical industry under Hydro Quebec within the province of Quebec. With approval to sell electrical power to the United States in 1997, Hydro Quebec began its march forward to do the same damage across the border. There should not be any doubt in anyone's mind what Hydro Quebec's intentions are upon its arrival in New Hampshire. It will seek to absorb

every energy company in its path and any competitors will soon be owned and controlled by Hydro Quebec establishing a monopoly and thereby controlling prices. It is a fallacy to think by allowing Hydro Quebec in to New Hampshire that energy costs will be kept down in the future. Once here, Hydro Quebec will seek to undermine the finances of any other local hydro electric company and will not be deterred until Hydro Quebec has gained full control.

Ford Motor Company, Philip Morris and the Disney Corporation are all icons of American corporations. Americans in general would not want these to be considered representative of American attitudes, values and behaviors. In comparison, Hydro Quebec is a pseudo-public corporation that had been previously nationalized by the Quebec government to further its political agenda for economic and thus greater political power. As any Canadian is fully aware, the agenda of the Hydro Quebec Corporation and its parent, the provincial government of Quebec, is to secure sovereignty apart from the country of Canada and has far more than financial profit at stake. To put their agenda in proper perspective to an American it could compare to Microsoft using its political and economic power and control to promote and extort the United States to allow the State of Washington to secede from the nation and form their own country. Any resident of Washington that would support their own sovereignty would promote and support the objectives of Microsoft while the other residents who are content and proud to be citizens of the United States would find the tactics and agenda to be unsettling in the least and treasonous at most. In such a scenario Americans would consider Microsoft's

behavior to be in contravention of American values much like the typical Canadian suggests Hydro Quebec is.

If you delve deeper under the surface, you will find a company that enters in to below cost contracts with disregard for the law (Dougherty). Arrogance reigns in this corporate culture. There have been many accusations of corruption, involvement with mobsters and offers of kickbacks for private deals (Legault). Thierry Vandal, the President and Chief Executive Officer who now sits on the Conference Board of Canada, has been charged with spending inappropriate and excessive amounts of money and submitting false expense claims. He has used Hydro Quebec's name to promote personal business activities and engaged in dishonest transactions (Goodfellow). Hydro Quebec is constantly in court, fighting lawsuits with disgruntled parties (CTV, Frais Cachés). A quick internet search for the listings of judgments involving Hydro Quebec at the Supreme Court of Canada reveals an alarming 453 cases; most notably docket 22705 from February 24, 1994 involving Hydro Quebec's disregard for Canadian Electrical Policy as well as the National Energy Board (Supreme Court of Canada). All attempts by the media and the public to hold the company to scrutiny are stonewalled. Union representatives are often under investigation and well known for intimidation and mobster-like coercive tactics on projects (Patriquin, Enquête). With nuclear power in their energy mix, Hydro Quebec has destroyed millions of acres of land and ruined countless rivers.

Contracts are the center of contention and speak to the dishonesty of Hydro Quebec (Dougherty, Baril). Since 1969, Labrador's Churchill Falls power site, one of

the world's largest, has been attempting to renegotiate its contract with Hydro Quebec to no avail. Hydro Quebec continues to disregard the crippling financial impact of the contract, (the gap of which is estimated at roughly billions of dollars annually) on what was already the poorest province in the country (McDowell, CBC 1/12/09). Meanwhile, Hydro Quebec's profit margin is in the billions annually. Newfoundland and Labrador Hydro refuse to enter in to any further agreements with Hydro Quebec because of their dishonesty. New Brunswick was to sell its power supply assets to Hydro Quebec. The five billion dollar agreement that expected to save New Brunswick substantial amounts on their energy cost rates in the short term would have impoverished yet another Canadian province in the long term. And once again, Quebec's lack of honest contract negotiation was at play. The verbal promise of job creation during public discussion would not have been guaranteed or likely in the final deal (CBC 13/11/09). Public opinion won at the final hour and the deal was terminated.

Hydro Quebec turns a blind eye to public concerns and thinks nothing of blatantly impoverishing not only its fellow provinces but disregards its very own country. Canada's future electrical needs are of no regard to Hydro Quebec Hydro Quebec is after all owned by the Quebec government and the Quebec government is self-serving in its ultimate political agenda to be an independent nation, separate from the rest of Canada. Hydro Quebec is ultimately a political tool by the Quebec government as it disregards its own country's electrical needs. It refuses to dedicate a power corridor to Ontario even though the Canadian constitution allows for a power corridor through its province (CBC 12/5/10). Due to political animosity

since the 1950s, the federal government has yet to confront Quebec on the matter or hold its subsidiary, Hydro Quebec responsible. Therefore, Hydro Quebec, as a tool by the Quebec government, haughtily marches forward seeking dealings outside of Canada while remaining unchecked and unaccountable. Hydro Quebec business dealings and inequitable contracts serve as evidence of its belief that it is untouchable as a company, above the law and undemocratic.

Hydro Quebec goes so far in its attempts to suppress dissemination of its below cost pricing that it reacts to the disclosure of contractual terms by obtaining court injunctions. When all else fails, as a government owned entity, it has also used the principle of parliamentary immunity to continue to keep its dishonest dealings secret. The principle of privacy of contracts between private parties should not extend to energy needs of the public. Our neighbor, Vermont was economically short sighted recently when it was so focused on a more environmentally friendly alternative for its energy source and short term electricity rate savings that it kept the pricing arrangements with Hydro Quebec secret (Angwin). Five years later, the previous contract with Hydro Quebec is expiring and the once fixed price for electricity that Vermonters have been paying is about to change. The new deal offered would see a 40% increase followed by pricing that would continue to adjust upward with costs doubling in the next few years. The fact that Hydro Quebec is no longer willing to offer a fixed price contract is a sign of its true motives all along. Hydro Quebec was adamant that details of price not be disclosed in public. With yet another of its below cost contracts that was not transparent to the public it dishonestly enticed Vermont into an agreement.

New Hampshire must use discretion when determining how and with whom it will do business. The stakes are too high for full public disclosure to be sidestepped. If we look at the reputation of Hydro Quebec, surely we can see how unwise it would be as a state to enter into any arrangement with such a company. In the short term, we have the potential for tax savings and reduced energy rates. Then we will be told that Hydro Quebec can no longer provide the energy to heat and feed us at these rates and it will be too late to turn elsewhere. Hydro Quebec will certainly stand firm on keeping the terms of the final deal quiet. Dishonesty now will ensure Hydro Quebec's monopoly in our state and our energy costs will go up at a dizzying pace. We must uphold a high regard for integrity and steer clear of a company such as Hydro Quebec. We must not be economically short sighted. Public outcry has effectively stopped Hydro Quebec in Newfoundland and New Brunswick. We must believe that we can learn by Vermont's misstep.

In conclusion, while it is quite apparent that those who are concerned about New Hampshire's scenic beauty have a valid argument against the proposed Northern Pass, Hydro Quebec has shown itself repeatedly that it is an arrogant, deceitful multi-billion dollar corporation that has caused great financial distress to those who have trusted it in the past. The focus of the opposition in New Hampshire has been an environmental one, but I cannot help but wonder if that is part of Hydro Quebec's grand scheme to reveal the true villainy in its delivery.

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