



# *Corporation of the Town of Smooth Rock Falls*

---

## **OEB Energy East Consultants:**

**Luc Denault, CAO/Clerk's speech. Sue Perras, Councillor present**

Good evening ladies and gentlemen. On behalf of mayor, Michel Arsenault and council and the residents of the Town of Smooth Rock Falls, I would to thank you for allowing me the opportunity to present our views on the Energy East project. For the purposes of our discussion, we've prepared a brief presentation that consists of three parts – an overview of the Town of Smooth Rock Falls, a discussion concerning our relationship with TransCanada Pipelines and the reasons why we believe the Board should fully support the Energy East Project.

For the information of the Board, the Town of Smooth Rock Falls was incorporated in 1929, although our community dates back to 1916 with the founding of a mill by the Mattagami Pulp and Paper Company.

For almost 100 years, our community was heavily reliant on the forestry sector, with the mill directly accounting for one-third of employment in the community. That changed in 2006, when Tembec announced first the closure then the demolition of the mill. With that announcement, our community was changed forever.

Overnight, 300 of our residents were put out of work, representing a loss of \$15 million in annual payroll. To put this in perspective, a labour disruption on a similar scale in the City of Toronto would represent the loss of 510,000 jobs. For the municipality, the loss of the Tembec mill reduced our total taxation revenue by 30%.

Since that time, we have made great strides in stabilizing our economy and community. Elected officials and residents recognized the need to make hard choices, difficult choices, to right size the municipal operations, ensure fair funding for services, stem the outflow of residents and sustain local businesses. As part of this, our community has increased its focus on economic development but we realize that major investments are few and far between. When they do emerge, however, they have the real potential to be transformational.

And transformational is the best word to describe Energy East.

From a national perspective, the project will reduce our dependence on foreign sources of energy, providing Canada with energy security in a world that is increasingly seeing energy influencing geopolitics. The events in Crimea are perhaps the most recent and clearest example of how situations become difficult when countries are dependent on others for energy sources. The benefit of energy security, while national in scope, is of relevance to Ontario given our

dependence on transportation for the movement of people and goods. So too is the fact that Energy East will reduce fuel costs for Eastern Canada through the replacement of higher cost foreign oil with domestic sources.

An economic impact study prepared in connection with Energy East has quantified the economic impact of the conversion and construction phase to be \$10 billion, with 37% of this occurring in Ontario. We are certain that the Board is already familiar with these figures so it is not our intention to repeat them. Rather, we would like to discuss how much of this translates into benefits for the community of Smooth Rock Falls.

Through our preliminary discussions with TransCanada Pipeline, we understand that if approved, Energy East will result in the construction of a new oil pumping station within our municipal boundaries, which we have estimated will represent \$15 million of new commercial construction. From a taxation perspective, this will translate into \$500,000 a year in new revenues for the Town, representing a 25% increase in total revenues. This revenue comes very close to replacing what was lost through the mill closure, allowing us to invest in needed community programs and economic development. The additional revenue will also support an increased investment in our municipal infrastructure, which is a key priority for our Town as a recently completed asset management plan indicated that our infrastructure deficit was \$17 million (or \$15,000 per resident) and growing.

Using input-output multipliers developed by Statistics Canada, the construction of the oil pumping station is expected to generate \$27 million in total economic activity and 165 person years of employment. While most of this will likely accrue outside of Smooth Rock Falls, the reality is that some of it will benefit our community, representing a much needed influx of activity that will support local businesses.

The benefits to our community of Energy East extend beyond the construction phase to include ongoing maintenance and operation of the oil pumping station. In a community where our median age is 10 years higher than the Provincial average and one out of every three dollars earned is from pensions, the job creation from Energy East is exactly what our community needs – young families that can settle in our community with stable and well-paying jobs.

Discussions with TransCanada Pipelines have indicated the number of their employees in our community will likely double following the completion of Energy East, further contributing to our Town's sustainability and recovery.

With the closure of the Tembec Mill, we have consistently sought new investment in our community but we have done so prudently, seeking out not only investment but responsible corporate citizens. Our elected officials and residents do not simply abide by the principle that "money is everything". Rather, we require and expect that new investment will be accompanied by a sense of corporate responsibility. In this regard, we have complete faith in TransCanada Pipelines.

Our past experience with TransCanada is perhaps the best indicator of what we can expect during the construction phase for Energy East and beyond. TransCanada has consistently demonstrated a high level of community commitment and support, embodying true corporate and social responsibility.

In addition to their corporate support, their focus on safety is second to none. We have complete confidence in their ability to ensure the safety and protection of our community with respect to Energy East, a confidence that is built upon their past track record of maintaining natural gas pipelines and a compressor station in our community for more than 30 years. Quite frankly, if there are communities that have safety concerns about TransCanada, tell them to contact us.

Ladies and gentlemen, I'd like to conclude our presentation by focusing on the two questions outlined in the agenda – impacts and areas of focus for the Board.

Number 1 – Energy East has the potential to be truly transformational from an economic perspective, both as a result of the sheer value of the construction and operating investment and the broader impact on energy pricing and security. It is often said that companies are “too big to fail”. In the case of Energy East and its economic potential, the project is “too big not to go”.

Number 2 - While the economic impact to the Province is significantly large, the benefits at the local level are even more pronounced, particularly for communities such as Smooth Rock Falls. Energy East provides a significant injection of revenues to our communities, reducing our dependence on the Provincial government and providing us with renewed sustainability.

Number 3 – Our experience with TransCanada, which we are certain is representative of other communities, has demonstrated that the company is an exemplary corporate citizen with a true focus and commitment to safety. While pipeline projects get mired in discussions about environmental issues, we have complete confidence that TransCanada will fully manage any public safety and environmental risks. We have no concerns about any potential downside from a risk perspective.

Number 4 – We would encourage the Board to recognize the fact that projects such as Energy East are truly “once in a lifetime”. The magnitude of the economic benefits, both from the initial construction and ongoing maintenance activities, have the potential to change Ontario's economy for the better. These opportunities, however, are few and far between.

Number 5 – We would also encourage the Board to recognize the excellent work that TransCanada has done in terms of risk management, environmental protection and corporate responsibility. While we appreciate that concerns will be expressed with respect to potential environmental and public safety hazards, we ask that the Board evaluate and communicate these in light of TransCanada's proven record.

Ladies and gentlemen, on behalf of mayor, Michel Arsenault and council and the residents of Smooth Rock Falls, I would like to express my gratitude for allowing me the opportunity to present our views on Energy East.

For Further Information Contact:

Luc Denault, CAO/Clerk  
142 First Ave  
POL 2B0, Box 249  
Smooth Rock Falls, ON