

MR. ROGERS, EXAM. BY MR. MERRICK

1 memorandum, you have in the comment section, background
2 information about Nova Scotia Power and its requirement
3 for coal and then the recommendation that you make. I
4 take it that the recommendation is following up the point
5 you gave us earlier, that you then try to negotiate a
6 firmed-up deal. Am I correct on that?

7 A. That's correct.

8 Q. What was it that you were hoping to firm up, other
9 than to make sure that it was in binding form? Was DEVCO
10 attempting to better its position?

11 A. No, the -- what pre -- what existed before this
12 issue surfaced was a series of exchanges of letters
13 between DEVCO and Nova Scotia Power Corporation where
14 DEVCO was requesting confirmation of the future annual
15 off-take of coal from DEVCO by N.S.P.C. DEVCO required
16 that to assist them in their long-term planning. And
17 Nova Scotia Power would say that these are best estimates
18 and they are expected to take these volumes, but, of
19 course, it depends and depends on the construction of new
20 generating stations. And that, in turn, depended on the
21 economic demand, and the state of world prices, and
22 prices and quality would always be considerations. And
23 they were always subject to negotiation. So that in
24 DEVCO's mind there was always more uncertainty than they
25 would like with respect to the undertakings of Nova