

MR. ROGERS, EXAM. BY MR. MERRICK

1 And, in particular, in the second paragraph on the
2 first page, he's dealing with your first comment and this
3 is about the contractual commitment for DEVCO. He's
4 referring to the fact that there was a 30-year contract
5 already in place, that it's got provisions for
6 renegotiation, et cetera. And then he makes what struck
7 me as a bit of, again, negotiating statement. He says,
8 about the middle of that paragraph:

9 "The price agreed to for the next five years is
10 above the present world price and provides DEVCO and the
11 Federal Government with a decided advantage. As proof
12 that this agreement is functioned to the Federal
13 Government's advantage in the past and, undoubtedly, will
14 be to your satisfaction in the future, one only needs to
15 look at the preferential agreement -- arrangements DEVCO
16 has enjoyed with our Nova Scotia Power Corporation
17 resulting in the utility paying, by some estimates, \$20
18 million a year more than it might have paid for imported
19 coal."

20 Do you know anything about whether that's a valid
21 assessment of the advantage to the Federal position?

22 A. Well, it omits a couple of things. At this
23 particular time in the history of the relationship, it
24 was true that world coal prices were lower than the
25 prices contractually committed. But if you'd gone back a