

November 21, 2010

Mr. Adam Sanzo,
Project Evaluator, Environmental Assessment and Approvals Branch
Ministry of the Environment
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Dear Mr Sanzo:

**Re: Proposed Bala Falls Hydro-electric Generating Station
Economic Impact Study**

Summary

As you know, the proponent for the above-referenced project recently released their economic impact study.

While we are continuing to gather information on this issue, we find the study so lacking in information and even effort to gather same, that this work should be considered to be incomplete.

Therefore, we would suggest that the requirement for "further study", as noted by Director Garcia-Wright in a letter to us May 14, 2010, has yet to be fulfilled by the proponent.

Detail

After careful review, we note the following:

- 1) The study did not solicit or receive any input on the following;
 - a) The importance of the falls to the area's economy,
 - b) nor on tourism visits, dollars spent, or reason for visiting,
 - c) nor on the importance of in-water recreation directly upstream and downstream of the Bala Falls,
 - d) nor on the expected percentage or dollar change on the area's businesses,
 - e) nor on expected impacts to local residential property values (for example, there is precedent that chain-link or barbed-wire fencing would be required, along with sirens and strobe lights to be operated every four to eight hours during the summer months – this would certainly be of interest to potential property purchasers).

The study's authors did not interview any tourists, business owners, nor even observe the area during tourist season to see how the area is used. There was no consideration of the effect on property values.

Indeed the study notes they were "unable to quantify the negative impacts of the construction phase of the project on economic activity in Bala."

2) Therefore, the study proves the proponent has no information nor even an estimate of whether the net effect on Bala's local economy would be positive or negative.

3) The study is therefore not an impact study, it simply looks at some possible positive effects without examining any possible negative effects.

Indeed, the study even notes "Our assessment also points out that the costs of the project – the loss of business and the inconvenience costs – will all be borne by the Bala Community."

Yet, there was no effort to quantify these costs, so the Ministry's request to study the economic impact has not been fulfilled.

4) Existing hydro-electric generating stations in Ontario receive approximately 3¢/kW•h for the power produced, whereas due to the provincial government's Feed In Tariff (FIT) program, this project would receive approximately 13¢/kW•h. That is, 75% of the revenue is due to a government subsidy. Therefore, 75% of the benefits claimed are actually provincial tax dollars being given to a private company instead of being used for provincial responsibilities such as health care, education, and transportation.

So the stated positive impacts are completely misleading.

5) There is no information provided on the inputs used to the financial model used to estimate the benefits of the project. The benefits claimed should not be accepted until the input values are presented with justification.

Other important numbers are also presented without any explanation, such as the number of jobs created and the money to be spent in the District.

Without any justification, these numbers are just part of "Garbage In, Garbage Out".

6) Furthermore, the study includes editorializing, opinions, conjecture, contradictions, and lacks actual facts. We would be happy to detail these.

In summary, the study:

- Does not recognize that Bala is a tourism-based destination and has a tourist-based economy.
- Does not quantify the economic impacts on the local economy due to reducing the tourism draw both during and after construction so that the net effect of the project can be understood.

That is, to actually present the economic impact of the proposed project, the proponent would need to:

- a) Interview tourists, during tourist season, to discover why they went to Bala, how much money they spend, how often they go to Bala, and what alternatives they have.
- b) Obtain opinions on the likely effect on property values.
- c) Solicit from local business owners, including those along Highway 38 in the Wahta Mohawk Territory as they depend on traffic through Bala, the estimated impact on their business, both during and after construction.

This input is needed to determine the economic impact of the proposed project, and therefore to complete the economic impact study which was requested by the Ministry of the Environment from the proponent.

So that the proponent has an obligation to provide this economic impact information, we reiterate our request that this project be elevated to require an individual environmental assessment.

Sincerely,

A handwritten signature in black ink that reads "Mitchell Shnier". The signature is written in a cursive, flowing style.

Mitchell Shnier, on behalf of SaveTheBalaFalls

Cc: Mr. Michael Harrison, Supervisor, Project Review Unit, Environmental Assessment and Approvals Branch, Ministry of the Environment, Michael.Harrison2@ontario.ca

Ms. Millicent Dixon, Manager – Client Services, Environmental Assessment and Approvals Branch, Ministry of the Environment, Millicent.Dixon@ontario.ca