
OTTAWA MORNING INTERVIEW WITH PREMIER WYNNE

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CBO: The largest cut ever made to your hydro bill or a shell game? Yesterday, Ontario's Premier announced a 17 per cent cut to the cost of electricity for the average household. But Opposition leader Patrick Brown says it just pushes the cost down the road. Here was his argument at Queen's Park.

PATRICK BROWN, PC LEADER: This scheme is simply robbing Peter to pay Paul. But in this case, both Peter and Paul are taxpayers. Pay may pay less next month, but Peter will be paying, hear this, \$1.83 billion dollars a year and \$42 billion dollars interest for decades to come because of this mistake because of these mistakes of this government. Mr. Speaker, is this scheme about making all of Ontario pay more in interest payments simply to save this government politically in the short term? It's just about their own self-interest. It absolutely is, Mr. Speaker.

CBO: So how much real relief will it bring to households with skyrocketing hydro bills and how much of this is about the politics of paying for power? Kathleen Wynne is the Premier of Ontario and she's in our Toronto studio. Good morning, Premier.

PREMIER KATHLEEN WYNNE: Good morning. How are you?

CBO: I'm well, thanks. You describe this as a 17 per cent cut to the cost of electricity for the average household, but some people will see more of a reduction than others. Who benefits most?

PREMIER WYNNE: So here's the thing, we, as you know, we've already got the 8 per cent reduction in place. So by summer, across the province, on average people will see a 25 per cent reduction on their bills. In addition to that, as you said, there are people who live in rural and more remote communities who are serviced by distribution companies in those communities, where the distribution charges are much higher than in more urban centres. And so we are also going to add to that 25 per cent another 10, 15 per cent because we're going to take those distribution charges in those rural communities down to what what someone in a more urban community would pay. So they will see an even larger reduction. This is about, this is about responding to people's concerns that the things that we have done to to reduce their bills are not enough; that there needs to be more. People are not able to, you know, they're not able to manage their their household budgets. And so we need to respond and that's what we're doing.

CBO: Now the plan will lift billions of dollars, as you say, in costs off customers this year. But those costs will obviously show up on future hydro bills paid for by taxpayers for years to come. The question is: why is it fair to push the costs onto the next generation?

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PREMIER WYNNE: Well, that is a question and I will I will answer it this way, by saying that there is another question, and that is: is it fair to ask this generation to pay for not only the neglect of the past because, you know, we've made about \$50 billion worth of investments in the electricity system because generations of government, you know, Liberal, NDP, Conservative - so it's not a partisan comment -but government after government didn't make those investments. So by 2003, when we came into office under the previous premier, we had a system that was degraded and needed to be upgraded. So is it fair to ask this generation to pay not only for that neglect, but also to pay for assets that are going to be in service and are going to provide capacity over the next 30 years. And the, you know, we've determined that the answer to that is no. That we need to be able to ask those generations to share the cost.

CBO: But the 20 year amortization, was that an artificial number then, if it didn't really reflect the usage?

PREMIER WYNNE: Well, what it was was a decision to get those those assets paid off more quickly. And, you know, the the decision probably should have been, in the first place, to spread the cost over the life of the asset, as opposed to try to get it off...get it paid off that quickly and that's that's where we've run into this challenge, that people are seeing their electricity bills spike because we're asking this generation to pay the lion's share of it. And that's not fair.

CBO: I think a lot of people can relate to the idea of refinancing your mortgage.

PREMIER WYNNE: Remortgaging, yeah.

CBO: Stretch it out. Lower your payments in the short term. But you know and I know that that means more interest paid overall, up to 25 billion. How is that a smart decision for the public purse?

PREMIER WYNNE: It's a smart decision for people who cannot afford to pay their electricity bills now. And we looked at everything. You know, we looked at all of the options in terms of what we could do to provide relief to people. And I know that there are, you know, there are people, some of them in Opposition, who will say, you know, 'you should just rip up the contracts that you've signed to have clean energy built in the province to have this rebuild and upgrade happen.' That is not reasonable. And, in fact, would would also put billions of dollars more of...more cost into the system. So we looked at all of those options, and we determined that spreading the cost of those upgrades over a longer period of time was the fair thing to do. It's really inter-generational fairness, you know. We can't ask people today who are struggling to pay for, as I say, what came before and what's coming ahead.

CBO: Your plan promises to keep rates at or below the rate of inflation over the next four years. But if there are no guarantees on the increases that could come after that. Is this a short-term solution to a much bigger problem?

PREMIER WYNNE: No because what we, what we will do is we'll we'll be developing a long-term energy plan over the next few months. And we'll be looking at, then, how can we continue to make the system more efficient. How do we continue to take costs out of the system, as we have been. Every time we've put in place projections about what the costs will be over the next 20 years, we've been able to bring those costs down. So now we're in the process.

CBO: You are assuming those solutions are there to be found in the near future.

PREMIER WYNNE: Well, and our experience is that they are there. So, for example, we did not build in to previous long-term energy plans the benefits of new technology, like storage. So, you know, if we can, if we can store renewable energy in new ways, and there's technology being developed all the time, that's going to save money into the future. So as those technologies are developed, we can, we can revise the long-term energy plan and those projections go down. That work is ongoing right now.

CBO: Premier, we spoke to a frustrated hydro user this morning who has said that the 8 per cent reduction that kicked in on January 1st added up to \$12. Now she said she was grateful for that, but she also pointed out that's just a drop in the bucket in her family finances. There are people who believe that this announcement won't have any more of an impact than the one that was announced...that started on January 1st. So what do you say to people who say this is too little and too late?

PREMIER WYNNE: Well, what I would say to that consumer, and I have said to many people around the province, is that we get that. We get that the 8 per cent...you know, we were trying to find ways to help people. What we had done was not enough. And that's precisely why we've been looking at all other options. And so adding another 17 per cent reduction, and then the distribution charge, you know, for people who are finding that the distribution charge is more than the cost of the electricity - and that's happening in in more rural communities - we also are tackling that. And that's that's precisely why this...that's precisely why this plan is important for people.

CBO: I have to ask this question and, in my mind I've been thinking and I've been listening to the coverage over the past 24 hours, and I've been thinking: you're damned if you do and you're damned if you don't. But there is an interesting point that a lot of people are making that this is going to cost, and we're getting closer and closer to the election. What do you say to Ontarians who say...who see this as a way and an attempt to, sort of, sweeten the pot for the Liberals next time at the polls?

PREMIER WYNNE: Well I, you know, what I would say to people is that there's always a political component to decisions that that politicians make. I mean I'm in elected office. I was elected in 2014 to do a job. And part of that job, a fundamental part of that job is responding to challenges that that people face in the province. And so, yes, we're more than a year away from an election and there will be that interpretation of this. I can't actually help that. You know, that's that's for people to make their own judgments and they will do that when the election comes. My job is to be responsible and to be responsive to people's lives and people's concerns, and that's why we're making these changes.

CBO: Kathleen Wynne, thank you for your time this morning.

PREMIER WYNNE: Thank you so much. Take care.

CBO: Premier Kathleen Wynne, Premier of Ontario.