

# FW: PCs ask watchdog to do full costing of Liberal government hydro relief...

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**From:** "Killorn, Bill (OPO)" </o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=killorn, bill (opo)0f4">  
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**From:** Command News [mailto:fp.NEWS.KILLORNB@commandnews.com]  
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**Profile:** KILLORNB / My Drawer / Kathleen Wynne - Clip 4 (limit 30) Mar 06 2017 04:00:00 - **Source:** CP [The Canadian Press]

PCs ask watchdog to do full costing of Liberal government hydro relief plan (Ont-Hydro) By Allison Jones

THE CANADIAN PRESS

TORONTO \_ The Progressive Conservatives are asking Ontario's budget watchdog to conduct a full costing of the Liberal government's plan to lower hydro bills.

The recently announced 17-per-cent reduction in hydro bills comes this summer thanks to a move akin to refinancing a mortgage over a longer period of time.

Premier \*\*>Kathleen Wynne<\*\* has acknowledged it will cost ratepayers more in the long run, but she says savings are needed now because people are struggling.

She said in question period on Thursday that the extra interest costs related to the plan would amount to \$25 billion over 30 years.

But the Tories say they're not clear on how the Liberals arrived at that number and have sent a letter to the financial accountability officer, asking him to investigate.

Wynne's \$25 billion figure does not appear in the hydro relief announcement's background documents, which say the plan will involve ``annual interest costs not exceeding \$1.4 billion."

A spokesman for the energy minister said Sunday evening that based on a ``conservative" estimate of a five-per-cent interest rate, they ``see that number amounting to approximately \$25 billion over 30 years."

``The final amount will depend on annual interest rates and expenditures, which will be disclosed yearly, but given the province's strong borrowing ability we're confident it will be in this range," Colin Nikolaichuk said in a statement.

PC Leader Patrick Brown said in the letter to the financial accountability officer that Ontarians may ultimately have to accept those added costs to get savings now ``given the extent to which people are struggling," but the impact should at least be clear.

``To be candid, this government has a habit of deliberately using false numbers to cover up their worst policy failures," Brown wrote.

Nikolaichuk said Ontario has a track record of managing debt ``responsibly." The province's net debt is more than \$300 billion.

Nikolaichuk also noted that credit rating agency DBRS has said it views the hydro relief plan as ``credit neutral."

The 17-per-cent cut in bills \_ in addition to an eight-per-cent rebate that took effect Jan. 1 \_ means ratepayers will pay about \$2.5 billion less per year for the next 10 years, the government has said.

The reduction is coming from refinancing a portion of the global adjustment charge.

That's the charge consumers pay for above-market rates for power producers, which the government says ensures a reliable supply.

The auditor general has estimated the global adjustment charge cost \$50 billion between 2006 and 2015 and increased by 1,200 per cent between 2006 and 2013 \_ meanwhile, the average electricity market price dropped by 46 per cent.

Eventually the costs of refinancing will be added back onto the global adjustment charge, which the energy minister has said won't happen for at least 10 years.

Brown also questions why Ontario Power Generation is going to be responsible for the refinancing and not the Ontario Electricity Financial Corporation, which manages hydro debt.

Several other measures to reduce hydro bills were announced Thursday, including expanding a low-income support program, cutting delivery charges for some rural residents and eliminating them for on-reserve First Nations customers, and establishing a new fund to help people make energy efficiency improvements.

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