# HBN Auditor General's Report

- Thank you Mr. Speaker, for yet another opportunity to talk about our Fair Hydro Plan.

- Families in the province asked for real and immediate relief on their electricity bills and that's what we delivered.

- The Ontario Fair Hydro Plan is providing an average 25 per cent rate cut to residential ratepayers, and guarantees that electricity rates will not rise beyond the rate of inflation for four years.

  - As many as half a million small businesses and farms are also benefitting.

- Electricity rates had risen too much, and too fast, as a result of investments we'vemade in the electricity system, which had become unreliable, and prone to brownouts and blackouts.

- But we were paying off those investments too quickly.

- That meant that one generation—today's generation—was unfairly shouldering the burden of nearly all of these costs.

- The Fair Hydro Plan smooths the cost of those investments out over a longer period of time.

- This means that system improvements are paid for by people who use the system both now and in the years to come.

- And that's fair.

- These are policy choices we made to ensure that we continue to have a clean, reliable and affordable electricity system for the ratepayers of today, and the ratepayers of tomorrow.

**Financing:**

- We've done our due diligence and adhered to Canadian Public Service Accounting Standards.

- While the Auditor General is welcome to her opinion, our plan has been approved by her peers at some of Canada's top accounting firms including Ernst and Young, KPMG and Deloitte.

- The Fair Hydro Plan keeps the cost of borrowing within the rate-base, not the tax-base, because that's the logical thing to do.

- Electricity financing should remain within the electricity system.

- For the long-term, we are focused on our Long-Term Energy Plan, which will lay out our plan to continue to keep costs down over the long run.

- While we've lowered electricity bills by 25 per cent for all residential consumers and as many as half a million small businesses and farms, the parties opposite have yet to present a credible or realistic plan for our energy system.

**On the Accounting**

- The government's financial statements are prepared in accordance with Public Sector Accounting Standards (PSAS), and will continue to follow these standards for the transactions resulting from the Ontario Fair Hydro Plan in 2017-18 and in future years.

  In regards to rate-regulated accounting, PSAS is silent on, and does not prohibit, the use of rate regulated accounting.
- Many entities in Canada, including Ontario Power Generation, Toronto Hydro, Fortis, and Hydro One use rate-regulated accounting, as it is well understood in the electricity sector.

- In fact, six of eight other independent system operators across North America use rate-regulated accounting.

    - These include AESO in Alberta, ISO in New England, NYISO in New York, MISO in Michigan, PJM in the Midwest and Eastern Seabord, and ERCOT in Texas.

- IESO's management, IESO's Audit Committee, IESO's Board of Directors, IESO's external auditor, and the Office of the Provincial Controller all support the use of rate-regulated accounting by IESO.

- Their external auditors, KPMG, also supports rate-regulated accounting.

- And Deloitte has supported KPMG's assessment.

- In the development of the Fair Hydro Plan, we consulted with numerous third party advisors in the application of accounting standards.

- This is normal course of business governments take for complex transactions.