Gut check

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Hey Matt,

Wondering if you could let me know what you think of the bill quoted in the story below. Any idea how a bill like this could come about?

Hoping to do a LTE responding to this article, and want to understand the context as much as possible.

Business, families feeling pinch from hydro costs
By Harold Carmichael, The Sudbury Star
Monday, October 31, 2016 10:13:46 EDT PM

Escalating monthly hydro bills at Milman Industries Inc. haven't reached the point where layoffs or production cutbacks are being considered, but they are impacting growth and development with the local business and its eight-member group of companies, says the company's vice-president.

"Business is affected in a number of ways," said Gilles Lebeau, at a press conference at the company's offices Monday. "It's a big disadvantage we have to deal with. What it affects now is our ability to grow our business. We want to add jobs. There has been a lot of jobs on my desk in the past year I have said no to."

Lebeau, who was accompanied by Nipissing Progressive Conservative MPP and Finance Critic Vic Fedeli, produced an April, 2016 Greater Sudbury Hydro bill for Milman Industries Inc. which totalled $41,959.63, with the actual cost of the electricity used being just $1,253.16. The largest item on the bill was the global adjustment cost, which came to $26,213.93, followed by delivery at $6,731.12 and HST at $4,827.21.

Lebeau said he first noticed a hike in the business's hydro bill a few years ago, and it's been going up by leaps and bounds since. He said he has come to the conclusion that cutting electricity use would do very little to reduce the bill, due to all the fixed costs being charged.

"The frustrating part is no matter how hard we work at cutting back, the bills still go up," said the vice-president. "All of the things that we could do, we have. We have done all that."

Lebeau said it would take all Ontarians working collectively to get the province's attention with hydro bills.

"If you were to cut the consumption in half, they (government) would be in trouble," he said.

Fedeli called the Milman Industries Inc. energy bill "a prime example" of how the Kathleen Wynne government's failed energy policy is affecting Northern businesses and jobs.

"You have a bill of $42,000, but only $1,253.16 of that is for energy," he said. "The cost of electricity here in Ontario is escalating out of control and it has a real impact on our industries and job growth in the North. Over $26,000 is for something that wasn't even on a bill a few years ago."

Headquartered on Municipal Road 35 between Copper Cliff and Azilda, Milman Industries Inc. consists of eight companies including Sudbury Lime, Herby, BM Metals and Consolidated Logistics Inc. The main site workforce totals about 300.

Fedeli said the global adjustment charge is included in residential hydro bills as well, but it's "buried" within the bill.

"The government lost a by-election in Scarborough-Rouge River (in September) and all of a sudden realized the real trouble," he said. "I knocked on doors there and all they wanted to talk about was hydro, hydro, hydro. Some people there, their hydro bills were higher than their mortgage. There is an issue in energy in Ontario. They are not facing the core problem of what is in your energy bill. They are just applying Band-Aids."

Fedeli also said new Energy Minister (and Sudbury Liberal MPP) Glenn Thibeault's recent announcement that the province will provide some financial relief to lower-income Ontarians doesn't wash as bills are based on how a residence is rated. He said his home in Corbeil, for example, is rated medium density, despite being in a rural area, while Greater Sudbury, Sault Ste. Marie and North Bay, are all designated high-density areas. As for low-density areas, there are very few of them across Ontario, said the MPP.

Fedeli said the root problem with rising electricity costs in Ontario is the Green Energy Act which dictates that the province has to buy power, even if it is not needed, at high cost, but often has to sell that power at low cost to neighbouring Quebec or northern states or even pay them to take it.

The policy, noted Fedeli, has even led to shutting down a generator at Niagara Falls on occasion where producing power is cheaper, due to having to buy expensive wind or solar-generated power through fixed contracts.

Lebeau said Milman Industries Inc.'s annual energy bills at its two sites (the other is a foundry in New Sudbury) now come to more than $750,000 a year.

"It's a lot, but it's something that has to get fixed," he said. "The government can't push this down the road."

Lebeau said it's one thing to have to deal with high electricity bills at the business, but his employees are also being hard hit at home. He said a visit to a lunchroom will often find staff discussing their hydro bills, not things such as who won a hockey game.

"Our 500 employees, they are hurting," he said. "We are feeling it every day and we are feeling for them. This is affecting every single person in the province and this is a serious thing."

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