

MEDIA SCAN: HYDRO RATE REDUCTION PLAN

October 23, 2017

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Waterloo Region Record: Ontario's hydro shell game; A6; 2017.10.23

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Ontario's hydro shell game

There are two things to remember as Ontario heads into a provincial election next year.

First, Kathleen Wynne's governing Liberals will swear they have - after heroic effort - erased deficits from Ontario budgets.

The books are balanced, they'll say, proudly patting themselves on the back.

The second thing to remember is that Ontario auditor general Bonnie Lysyk - who's responsible for reviewing government accounts - insists the Liberal claim is garbage.

There is a budgetary deficit, but the government is hiding it with an elaborate hydro-accounting shell game, Lysyk said last week.

It will be up to voters to decide who's right - the Liberals or Lysyk.

But the public should closely examine this dispute.

It speaks volumes about the lengths to which the Liberals will go to sweep away messy controversies and cling to the power to which, after 14 years, they feel entitled.

Two of the biggest knocks against the Liberals are that they're reckless spendthrifts and that, thanks to their mismanagement, electricity costs had more than doubled in Ontario to become the highest in Canada.

But the ever-resourceful Liberals discovered creative ways to handle both criticisms.

Earlier this year, Wynne announced her government was cutting electricity bills by 25 per cent.

That move was initially popular.

Then it became clear this short-term consumer gain will be paid for by long-term consumer pain.

Yes, hydro bills will be lower than they otherwise would have been in coming years.

But the government will borrow heavily to make up the difference between what consumers are paying and the true energy costs.

And later next decade, the cost of repaying the debt with interest will go back onto ratepayers' bills, which will consequently be higher for nearly 20 years.

For now, of course, Wynne's happily wearing the mantle of public saviour. And she's also papered over the deficit controversy.

The way she did this, the auditor says, was to treat the billions of dollars borrowed to finance the electricity rebate as an asset to be sold to investors, and not as a debt.

Neither this new debt nor the additional revenue siphoned from future hydro bills to cover it will turn up in the government's financial books.

The Liberals say this is all kosher.

The auditor general says it violates Canadian public sector accounting standards.

Lysyk also says those temporarily cheaper hydro bills will, over time, cost Ontarians \$21 billion in accumulated interest. The unusual financing structure itself will cost an extra

\$4 billion.

Many Ontarians will gratefully enjoy their temporarily reduced hydro bills and not worry about a seemingly arcane dispute between the government and auditor.

But they should ask themselves whether they really feel better paying less for hydro today knowing they - and generations to come - will pay a lot more in future.

And they should ask themselves if Ontario's finances are truly in better shape because the government was able to technically keep off its books a debt they'll still have to repay.

A resounding "no" should answer both questions.

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Peterborough Examiner: Fair Hydro Plan provides relief for families; A4; 2017.10.23

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Fair Hydro Plan provides relief for families

I'm not surprised to see the Conservatives try to get in the middle of an accounting dispute between the government and the Auditor General for personal political gain. It's how they deflect without putting forward any policy ideas of their own.

When Ontario families were asking for help, the Conservatives didn't share a single credible idea on how to lower electricity rates. When the time came to vote for real relief through the Fair Hydro Plan, they sat on their hands again, and voted against it.

Ontario's Fair Hydro Plan is the largest rate reduction in the history of the province. The average residential ratepayer has seen a 25 per cent reduction in their electricity bill. This rate relief was absolutely necessary - the cost of electricity had become too much for many Ontario families.

When we designed the Fair Hydro Plan, our intention was to lower rates and increase fairness. Rates had gone up because of investments we made in our electricity system - investments that were desperately needed. As a result, we now have a clean, reliable electricity system free from the brownouts and blackouts we were experiencing in the early 2000s.

The Fair Hydro Plan operates under a financial and accounting framework that is appropriate for its intended purpose. It is in accordance with Public Sector Accounting Standards and ensures the goals underlying the program are achieved in a cost-effective manner.

The accounting practices in the Fair Hydro Plan are well-established, and well-recognized within the industry. In fact, six of eight other North American electricity system operators use this kind of accounting.

Additionally, world-renowned third party experts like KPMG, EY and Deloitte all agree that the structure of the accounting is legitimate.

While the Conservatives argue that these changes should be on the tax-base - it is completely wrong headed. Electricity financing should remain within the electricity system. When electricity generators build hydro dams or power stations, we don't pay for them with provincial monies. So why should we start now? We need to ensure that we keep the cost of borrowing within the rate-base, not the tax-base, because that's the logical thing to do.

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

Glenn Thibeault

Minister of Energy

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Sudbury Star: 'Hard to do business'; Crowder, Fedeli say Liberal policies hurting small enterprises; A3; 2017.10.23

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ILLUSTRATION: John Lappa, Sudbury Star / Troy Crowder, left, provincial Progressive Conservative candidate for Sudbury, local business owner Franco Ruberto, and Nipissing MPP Vic Fedeli hold a press conference on Saturday.;

WORD COUNT: 612

'Hard to do business'; Crowder, Fedeli say Liberal policies hurting small enterprises

A veteran and a newcomer to the provincial political scene teamed up Saturday to criticize the governing Liberals and their policies toward small business.

Troy Crowder, the Progressive Conservative candidate in Sudbury for the 2018 election, and Vic Fedeli, second-term MPP for Nipissing, told a press conference at Frubar Juicery in downtown Sudbury that small business owners such as Frubar's Frank Ruberto are hurting under Kathleen Wynne's government.

"Recently in our province, we've been finding with issues with hydro costs, with the increase in minimum wage, a business owner like Frank here is greatly impacted," Crowder said.

The opposition has frequently criticized the government's handling of the hydro file, currently overseen by Sudbury MPP and energy minister Glenn Thibeault, due to increasing hydro prices the last several years. The government has made attempts to rein in rates, including a 25 per cent cut announced this past spring, but critics say that plan will carry a heavy long-term cost.

Ruberto said plans to increase minimum wage to \$15 by the start of 2019 will put even more pressure on his business.

"With the cost of hydro going up, the cost of wages going up, to bring our prices up, it's hard," he said. "It's hard to bring those costs up, because our suppliers' costs are up, our wages are going up and our prices are going to have to go up a certain percentage, which we haven't even really figured out yet."

Fedeli was a member of the Standing Committee on Finance and Economic Affairs, which held public hearings across the province this past summer to discuss the proposed wage increase. He said the PCs believe the province will need to reach a \$15 minimum wage eventually, but not as quickly as the Liberals have planned.

"It's going to go up to \$14 in January and \$15 next year," he said. "We believe there should be a longer phase-in period to give business a chance to acclimatize to the higher salaries."

"All across Ontario where we travelled, we heard loudly and clearly from business that yes, getting to \$15 is important, but if you don't have a job, that's not going to help you."

He pointed to analysis from the Financial Accountability Officer, Ontario Chamber of Commerce and TD Canada Trust, all of which have predicted job losses in the tens of thousands, at least in the short term, under the government's plan.

The Liberals contend that many economists support increasing minimum wage, one of several changes proposed in response to a government-commissioned report released in September that includes 173 recommendations addressing precarious work.

"It's hard, because I don't want to hit my consumers, my loyal clients with bang, here you go, here's a 30 per cent increase on you coming in to stay healthy," Ruberto said.

Crowder said small businesses must be efficient and accountable, two qualities he believes are lacking in the current provincial government.

"It's causing us, instead of being a leader in this country and a province where people want to do business, to become a province where it's hard to do business. That's why we need change."

Glenn Thibeault, Sudbury MPP and Ontario's Energy minister, defended the government's record.

"It's no surprise to see the Conservatives take part in a political drive-by through Sudbury at a campaign rally that only served to criticize our plan to create fairness and opportunity, while offering no plans of their own for what they would do to help families in Northern Ontario," Thibeault said in an email. "Either the Conservatives don't have any credible ideas of their own to help, or they are wilfully hiding their plans from Ontarians." bleeson@postmedia.com Twitter: @ben_leeson

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The Belleville Intelligencer: Rinaldi off the mark; B2; 2017.10.23

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DATELINE: North Bay

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Rinaldi off the mark

(re: MPP Rinaldi says there's no hidden hydro debt, Oct. 20 edition) I read with great dismay the blatant misdirection from MPP Rinaldi following Auditor General Bonnie Lysyk's damning report on the Liberals'unfair'hydro scheme.

One thing is abundantly clear - Kathleen Wynne and her government simply can't be trusted.

As a result of "incorrect" accounting methods, and cooking the books for politically-motivated reasons, Ontarians are on the hook for \$4 billion more than necessary.

Contrary to MPP Rinaldi's comments, the Auditor couldn't have been more blunt in her condemnation.

"The accounting proposed by the government is wrong and if used would make the Province's budgets and future consolidated financial statements unreliable," Lysyk said in her report.

"In essence, the government is making up its own accounting rules."

Make no mistake - this hydro scheme was a re-election ploy. We have seen hydro rates skyrocket to the highest across Canada, and if the Wynne Liberals are re-elected, rates will only continue to soar.

This is just the latest piece of evidence proving the premier and her ministers are deliberately not being honest with Ontarians about the province's fiscal numbers, or the numbers on our hydro bills.

Just last month, the Auditor refused to sign off the government's Public Accounts, stating the deficit is actually \$1.4 billion higher than stated. Prior to that, the Financial Accountability Officer stated the government is using "unlikely assumptions" in its budget forecasts, and that future generations could be on the hook for up to \$93 billion in hydro costs. That came on the heels of a leaked Liberal cabinet document that showed hydro rates will rise to the highest levels we've ever seen.

So if the two independent financial officers of the Legislature don't trust the Liberals'numbers, why should Ontarians?

MPP Vic Fedeli

North Bay

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The Belleville Intelligencer: MPP Smith blasts Liberals on report; A4; 2017.10.23

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Tim Miller, The Intelligencer / Prince Edward-Hastings MPP Todd Smith is
ILLUSTRATION: levelling criticism at the provincial Liberal government's energy plan based
on a report by the auditor general.;
WORD COUNT: 327

MPP Smith blasts Liberals on report

Ontario's Auditor General has said Ontarians will be on the hook for \$4 billion more after the next election thanks to the Ontario government's hydro plan.

"From 2028 on, ratepayers will be charged more than the actual cost of the electricity being produced in order to pay back the borrowings." Auditor General Bonnie Lysyk said in her report. "Applying the government's complex accounting/financing structure could result in Ontarians incurring extra interest costs over 30 years that could total up to \$4 billion more than necessary."

Putting Ontario ratepayers on the hook for \$4 billion more in additional costs isn't sitting well with a number of members of the Ontario Legislature, including Prince Edward-Hastings MPP Todd Smith.

"The policies of this government have forced thousands of Ontarians into energy poverty already," Smith stated. "What today's Auditor report revealed is that now, not only will Ontario ratepayers be paying more after the next election, they'll be paying \$4 billion more on their electricity bills just to keep the plan off the government's books."

The complex financing and accounting structure the government has set up not only adds to the cost that will eventually be paid by ratepayers, it also calls into question the province's budget and its debt burden, stressed Smith.

"The province's independent Auditor General says that you can't believe the province's books." Smith added. "This report is a damning condemnation of how Kathleen Wynne and this government have systematically attacked and destroyed faith in our public institutions."

Smith went on to state the motivation for trying to hide the cost of the massive hydro debt scheme from ratepayers is all about next year's election.

"From the beginning, this was only about protecting Liberal poll numbers not Ontario ratepayers." Smith concluded. "And now, we're all going to pay for it, whether we like it or not. Every Ontario household is basically going to be paying \$800 on their electricity bill to help Kathleen Wynne's re-election chances."

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