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TRANSCRIPTION PROVISOIRE—BROUILLON

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON JUSTICE POLICY

Wednesday 24 May 2017

The committee met at 1002 in committee room 151.

FAIR HYDRO ACT, 2017

LOI DE 2017 POUR DES FRAIS D'ÉLECTRICITÉ ÉQUITABLES

Consideration of the following bill:

Bill 132, An Act to enact the Ontario Fair Hydro Plan Act, 2017 and to make amendments to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998 /
Projet de loi 132, Loi édictant la Loi de 2017 sur le Plan ontarien pour des frais d'électricité équitables et modifiant la Loi de 1998 sur l'électricité et la Loi de 1998 sur la Commission de l'énergie de l'Ontario.

The Clerk of the Committee (Mr. Christopher Tyrell): Good morning, honourable members. It is my duty to call upon you to elect an Acting Chair.
Are there any nominations? Mr. Potts.

Mr. Arthur Potts: I'd like to nominate MPP Vernile.

The Clerk of the Committee (Mr. Christopher Tyrell): Okay. Does the member accept the nomination?

Ms. Daiene Vernile: I would be delighted.

The Clerk of the Committee (Mr. Christopher Tyrell): Are there any further nominations?

Mr. Peter Tabuns: No further. I think it's a wonderful idea. Roll on, Daiene.
Laughter.

The Clerk of the Committee (Mr. Christopher Tyrell): There being no further nominations, I declare the nominations closed and Ms. Vernile elected as Acting Chair of the committee.

The Acting Chair (Ms. Daiene Vernile): Good morning, committee members. Welcome to day 2 of public hearings on Bill 132, An Act to enact the Ontario Fair Hydro Plan Act, 2017.

Our first deputant is not here and has cancelled, so we move to our second presenter who is here.

TORONTO HYDRO CORPORATION

The Acting Chair (Ms. Daiene Vernile): I call on members of the Toronto Hydro Corporation, Anthony Haines and Andrew Sasso, to come forward.

Good morning, gentlemen. Please have a seat and make yourself comfortable. You're going to have five minutes for your presentation, and that will be followed by three minutes each from each party caucus. Please begin by stating your names, and begin at any time.

Mr. Anthony Haines: Good morning, Madam Chair and members of the committee. My name is Anthony Haines. I'm appearing before you as the CEO and president of Toronto Hydro Corporation this morning. I also am the chair of the Ontario Energy Association and past chair of the Canadian Electricity Association.

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JP018-1005-24 begins

[Mr. Anthony Haines]

... this morning. I also am the chair of the Ontario Energy Association and past chair of the Canadian Electricity Association. My 30-year career spans both natural gas and electricity distribution in various jurisdictions in Canada.

Toronto Hydro serves about three million people. On average, we interact with these customers about 3,500 times a day through telephone, electronic services we provide, social media and community events. Many of my comments today are shaped by the feedback that they've provided to us.

As CEO, I'm often asked what keeps me up at night. I think you would agree that ours is a complex industry. Electricity brings comfort to so many of our lives and drives our economy. For our workers working around old and aging infrastructure, this force can also be a deadly force. Therefore, the safety of our employees and the customers that we serve will always be my number-one priority. On this, I'm proud of our safety record, but we will continue to put our full efforts into ensuring the safety of our workers and the public.

My second concern, and the one I'm here to talk to you about today, is finding the right balance between the company's infrastructure investment needs and our customers' ability to pay. Our diverse customer mix makes finding this balance extraordinarily difficult. There is no simple solution, and, as I talk to my colleagues around the world, it's a challenge that we all share and face together.

Earlier this year, the Premier and the Minister of Energy engaged me and other industry leaders and asked us for our thoughts on how to strike the right balance

between investing in our necessary infrastructure and the affordability of the bill. I want to thank the Premier and the minister for this collaborative approach.

My message was simple, and it is simple this morning: If we are going to provide additional financial relief, let's, first of all, do it in a way that will allow us to continue to invest in our infrastructure in order to keep the lights on and in order to grow the growing needs of this community and, second, provide additional relief to those that need it most. Our conversations were frank, they were spirited, and, at the end of the day, I believe they led to a fair hydro plan that achieved both of these objectives.

Toronto Hydro—when we deliver electricity, we don't just mean keeping the lights on. In Toronto today, you woke up to your alarm clock, you perhaps made coffee this morning, you came to work on a subway and, in fact, you probably came to this room by way of an elevator. Toronto Hydro makes all of these things happen.

But finding the right balance is becoming increasingly more difficult when we think about our infrastructure. There are three reasons for this. First of all, our aging assets: Approximately one-third of our assets are either past their expected life or near the end of their life. That means that they could fail at any moment. Second, we are going through unprecedented growth in this city. There are over 130 buildings under construction in Toronto today. These range from 40 to 100 storeys high. We are literally connecting vertical communities. This is unprecedented in Toronto Hydro's history. Third, our low-carbon economy will increasingly be driven by electricity as a fuel of choice.

Today, we are about midway on a \$2-billion five-year plan. However, I want to caution you: At this investment level, we are not yet at a sustainment level for our grid. In fact, our engineers have identified \$10 billion of additional capital investment needed to sustain our electricity grid into the future.

I do have some good news. Our conservation programs have been very successful. They enable our customers to reduce their usage and therefore their bill. Conservation has been a critical way for us to simply take pressure off the grid.

In conclusion, I want to show my support for the act. I believe that it lowers bills and slows the increase down while allowing infrastructure investments to continue and it provides relief to those that need it most. The social program costs are being put on the tax base, where I think it is most appropriate. I look forward to continued dialogue as the regulation—

The Acting Chair (Ms. Daiene Vernile): Thank you very much. Our first questions for you are from our PC caucus: Mr. Walker?

Mr. Bill Walker: Thank you very much, Madam Chair. Thank you very much for attending. Do you believe this actually offers a solution or a stopgap?

Mr. Anthony Haines: I think it's a solution.

Mr. Bill Walker: Long-term?

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JP018-1010-24 begins

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Mr. Bill Walker: Thank you very much, Madam Chair. Thank you very much for attending. Do you believe this actually offers a solution or a stopgap?

Mr. Anthony Haines: I think it's a solution.

Mr. Bill Walker: Long term?

Mr. Anthony Haines: Yes.

Mr. Bill Walker: Can you elaborate on why you think that?

Mr. Anthony Haines: Well, we're going through an unprecedented reinvestment in our grid—not just in the distribution component, but in all components of our grid. These, of course, have a large, lumpy capital investment requirement up front.

This act, in my mind, helps to smooth those costs and make it more affordable for our customers to bear in the short term and in the medium term.

Mr. Bill Walker: Would you agree that rates will increase after a short-term smoothing of these rates?

Mr. Anthony Haines: Yes, I think it's fair to say that there will be an impact down the road; although, we haven't done any modelling around it—we haven't done really any. But I am also trying to balance that with the fact that I'm also excited about things that we're looking at: the renewal of the way that the power is procured and the other efficiencies we're finding in the industry. I'm not sure of the impact it's going to have in the future, because I think we're going to continue to find some efficiencies.

Mr. Bill Walker: Maybe I'm missing a point, but I'm not certain how this act is going to do those things for you. This is talking about taking our rates and actually lowering them for a short period, borrowing \$25 billion to \$43 billion, which is all going to have to be paid back. I'm not certain how that is a solution, other than moving—

Mr. Anthony Haines: There's no question that this is having the effect of smoothing costs out and, therefore, there will be a recovery of those costs in the future. What I'm saying is there, in fact, may be some offsetting savings in the future, so it's hard to know exactly what impact this will have over a long term.

Mr. Bill Walker: The debt retirement charge, we're told, is going to come back at four times higher than what it was. Again, I'm struggling to correlate how you would believe that this is a good thing for ratepayers, taxpayers or whatever term we want to use. There's only one person paying the bill when we're doing that and we're increasing our debt load significantly.

Mr. Anthony Haines: Yes. What I'm saying is we are taking some of these lumpy costs that are at the front end of the investment cycle—those investments will, of course, have a long life to them—and we're spreading those out over a longer period of time. Therefore, overall, I believe, over the generation and the full life of the asset, the customers will benefit from this approach.

Mr. Bill Walker: You're suggesting, I think, in your comments that a third of your infrastructure is at end-of-life.

Mr. Anthony Haines: That's right.

Mr. Bill Walker: Would it not be more advisable to take this borrowing and put it toward your natural asset than to try to smooth out in a short-term rate, knowing that they're going to be higher after four years?

Mr. Anthony Haines: I suppose there are many ways to spend the money, if you will. I'm satisfied that this approach meets both Toronto Hydro's needs and our capacity to continue to invest in the grid, while helping the customers to make their bills more affordable.

Mr. Bill Walker: Have you incurred any extra costs for the HST rebate being put on the bills?

Mr. Anthony Haines: There are some systems costs. They're largely people, whom we would have under our employment already, who have had to make some systems changes. Most costs are fairly low in terms of their levels. When I look at—

The Acting Chair (Ms. Daiene Vernile): Thank you. Our next questions for you, the next three minutes, go to the NDP caucus: Mr. Tabuns.

Mr. Peter Tabuns: Mr. Haines, you referred to \$10 billion further in capital costs are going to have to be dealt with over the next while. What period of time are we talking about for rate hikes to deal with that?

Mr. Anthony Haines: Let me give you a couple of facts. I talked about one third of the assets. It takes \$1 billion to move 1%. You know, these are large capital investments that are needed over a long period of time.

We've identified the next generation, if you will, of capital investments. The pace of that will be determined, of course, by the Ontario Energy Board, which will determine not only the prudence, but the pace of investments. Those decisions are still ahead of us.

We're investing today at about \$1 million to \$2 million a day. I would think that that investment level would come up a bit. But it would be at that sort of pace that I would expect to see us invest.

Mr. Peter Tabuns: I'm sure you're aware that the reduction in price from the fair hydro plan ends in four years, and the Financial Accountability Officer today noted that rates will then start going up at almost 7% a year for a decade. The cost to deal with these capital issues will be on top of that.

We could well be in a situation where we're looking at bills going up 10% a year starting in four years. Do you see that as viable?

Mr. Anthony Haines: That was in my comments earlier about the fact that I understand that those are the numbers. I haven't read the report, of course, this morning. But I'm saying that I also see opportunity to lower the bills because of finding more efficiencies. Whether those will be the net effect of the bill, it's hard to say at this point.

Mr. Peter Tabuns: Have you been lowering the bills at Toronto Hydro over the last decade?

Mr. Anthony Haines: We've found plenty of efficiencies. That last report that we sent to the Ontario Energy Board found about \$2 billion worth of savings over the last decade.

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JP018-1015-24 begins

[Mr. Peter Tabuns]
... over the last decade?

Mr. Anthony Haines: We've found plenty of efficiencies. That last report that we sent to the Ontario Energy Board found about \$2 billion worth of savings over the last decade. So there have been significant efficiencies found in the operation of the grid.

Mr. Peter Tabuns: I understand that argument. Have you been reducing your rates in Toronto?

Mr. Anthony Haines: No. We increased the rates for two main drivers, the capital investments and then our operating costs. Our operating costs have been below inflation, offset by higher capital investments.

Mr. Peter Tabuns: So even with the efficiencies you've found, your rates have continued to rise.

Mr. Anthony Haines: That's right. Capital investments have continued to be—

Mr. Peter Tabuns: Then, on top of that, we'll have almost 7% a year just from this one element alone?

Mr. Anthony Haines: I can't comment on the future rate component.

Mr. Peter Tabuns: Are you aware that, in the numbers that the government gave the FAO, they saw the Ontario Electricity Support Program not being funded out of the general revenue of the province after four years?

Mr. Anthony Haines: I haven't seen the report. That's the report that just came out this morning. I haven't had an opportunity to be briefed on it yet, so it's a little hard to answer—

The Acting Chair (Ms. Daiene Vernile): Thank you very much. Our final questions for you come from the government side: Mr. Delaney.

Mr. Bob Delaney: Thank you very much, Chair. One third of assets near or past the end of their planned life: Could you give us some examples of some of these assets and, if you know them off the top of your head, their replacement cost?

Mr. Anthony Haines: Our assets—let's say if we stretched our wires out they would cross Canada three or four times. So we're talking about a substantial volume of distribution assets here if the city. Some of those are above ground, so you would see things like the old box construction; that's where you have a pole and arms coming out on the side of it. That is a very unsafe technology, so a major focus for us is to replace that. Others that you perhaps wouldn't see, but that are critical to us, are our underground systems, which serves the downtown area. That's a lead-based system; an environmentally sensitive product we need to renew and replace. It's those sorts of investments that may not be obvious to you when you're moving around your life in the city, but those assets are well, well past their life.

Mr. Bob Delaney: Would those be your highest priorities among the \$10 billion of asset replacements?

Mr. Anthony Haines: I don't know if I could say that they're the highest priorities. We have about 45 portfolios of assets, and all of them have an important role in the delivery of electricity. So we approach it such that we look for the best use of the funds we have available to us—the biggest impact and benefit to our customers. But it's across all the portfolios.

Mr. Bob Delaney: How do Toronto Hydro's retail prices compare with other jurisdictions, both now and after the planned 25% reduction?

Mr. Anthony Haines: We're certainly mindful of the rates and the pressure that it puts on our customers. When we look around North America, for example, we're very competitive when we compare against other big urban centres. So we're certainly well in line with places like Chicago, New York, LA and other places.

Mr. Bob Delaney: So you'd be lower than Chicago, lower than New York, lower than Boston and lower than San Francisco?

Mr. Anthony Haines: That's right.

Mr. Bob Delaney: Okay. Thanks, Chair.

The Acting Chair (Ms. Daiene Vernile): Thank you very much. Thank you very much, gentlemen, for appearing before this committee.

MR. JOEL USHER

The Acting Chair (Ms. Daiene Vernile): I would ask that our next presenter come forward, and that is Joel Usher. Please come forward. Make yourself comfortable. You have five minutes to address our committee, and then they will ask you some questions. Please begin by stating your name and start anytime.

Mr. Joel Usher: Hello, my name is Joel Usher. Hello, committee and everyone in attendance today. Thank you for having me here to present.

I'm a proud husband and father. I reside in Newcastle, Ontario, which is a commuter town located in the east end of Durham Region. I acknowledge that I am a person with many privileges: I'm in good health and of a gender, sexual orientation, skin colour and religion that faces no systemic discrimination in Ontario. Further, not only did I grow up in a middle-class household where both of my parents worked full-time with good wages, but now my son finds himself in the same advantaged situation. I could continue with the list, but I believe you get the idea.

I was at the Evinrude Centre in Peterborough when Buckhorn's Kathy Katula, the single mother with a disability who is literally having to choose between heating and eating, told our Prime Minister that he is failing her. I mention her specifically because her story was profound and became quite well-known. We all know other sad and sometimes tragic electricity stories too. A couple of others that came to mind as I was preparing include a friend of mine from Owen Sound, who told me that her local butcher shop, a small business called Cottenie's, was forced out of business. One of the reasons cited was high electricity costs. Last year's story about Kenny Taylor, the Curve Lake man whose electricity had been disconnected—he was killed when his generator, which had been running around-the-clock, exploded.

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(Mr. Joel Usher)

... electricity costs. Last year's story about Kenny Taylor, the Curve Lake man whose electricity had been disconnected—he was killed when his generator, which had been running around the clock, exploded.

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The simple reality is that the privileges I have are not shared by all. Many of my fellow Ontarians face day to day challenges that I am unable to relate to. They don't have the time to research our electricity system for hours on end, or show up here at 10 o'clock on a Wednesday to give a deputation. I am not okay with any of Ontario's basic utilities being used to widen the gap between the haves and have nots.

Bill 132, An Act to enact the Ontario Fair Hydro Plan Act, 2017 and to make amendments to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998: more electricity legislation. I'm sure you all recall our former public power at cost system. It endured some very significant world events: the development of the automobile industry, the emergence of air flight, World War I, the Great Depression, the Industrial Revolution, World War II and the digital revolution, to name just a few. Sadly, it failed to survive the neo-liberal agenda and related electricity legislation that gradually eroded that system into—respectfully—the complex and expensive electricity mess we have today.

I am nearly certain that this committee will hear plenty about the leaked cabinet document, the 6.5% annual rate increases between 2022 and 2027 and the 10.5% rate increase in 2028. To me, this Bill seems to be about burdening ourselves for the long-term for the sake of some short-term relief. I also find the timing of the relief proposed by this bill to be somewhat conspicuous.

By comparison, the clean energy benefit, a 10% electricity rebate, was implemented just prior to the 2011 provincial election. It ended in 2015 and then, less

than two years later, the 8% HST electricity rebate came in effect. The Financial Accountability Officer pointed out that the \$1 billion per year cost of the 8% HST rebate would have helped more low- and modest-income Ontarians if one half of that money was instead being invested in the already up and running Ontario Electricity Support Program or the Ontario Energy and Property Tax Credit.

My own experience tells me that, while many Ontarians grasp that their electricity bills are a lot higher than they used to be, few understand our electricity system's complexities. Unfortunately, that is despite our Ontario Energy Board Act, which says: "The board, in carrying out its responsibilities under this or any other act in relation to electricity, shall be guided by the following objectives:" One of those listed, "To promote the education of consumers."

Since we're considering amending the OEB Act, my suggestion is to make this clause more robust with quantifiable education targets and substantial penalties when those targets are missed. A more educated public would demand better and would have the capacity to offer realistic suggestions.

As mentioned, I have been researching this material for hours on end. It is for that reason that I have a few more proactive suggestions to offer as well:

(1) Repatriate every little bit of Ontario's electricity system. Make it all public. Just focusing on Hydro One is not enough. When a private green energy contract can be torn up, tear it up; the contract with the Samsung consortium comes to mind.

(2) Take advantage of advancing battery storage technology. Doing so will remove the potential for overloading our grid and will therefore nullify the global adjustment fee and end the process of us literally paying private electricity producers to not generate power.

(3) Give municipalities, communities, neighbourhoods and individuals more control of their electricity needs—not less.

(4) Find a way to fulfill Sir Adam Beck's dying wish: a public power at cost electricity system that is entirely protected from politicians.

I hope that I have been successful in giving you some citizen's perspective and maybe even something new to contemplate. On behalf of this Ontarian, thank you very much for your time and consideration. I look forward to your questions.

And I just wanted to say that Sir Adam Beck, he had his—

The Acting Chair (Ms. Daiene Vernile): That's time. Thank you very much. Our first questions for you come from our NDP caucus: Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Mr. Usher, thank you for coming in this morning. You had a few more things to say; if you want to finish off, please.

Mr. Joel Usher: Thank you. Sir Adam Beck, he had a Latin quote. I'm not quite able to make it out but, ultimately, "The gifts of nature belong to the people." That's what the translation works out to be.

Mr. Peter Tabuns: Thank you. And from what you've said, your direction, or your inclination, is to say that we need to deal with the structural problem of privatization if we're actually going to bring prices under control. Do I understand you correctly?

Mr. Joel Usher: Absolutely, 100%.

Mr. Peter Tabuns: And so you see the sell-off of Hydro One as part of the problem that we're going to be facing with higher hydro prices here in Ontario?

Mr. Joel Usher: That's one piece of the problem. The entire electricity system has had privatization in through it, and Hydro One is definitely a big piece of that.

Mr. Peter Tabuns: And you're aware that the Liberals' hydro borrowing plan is going to result four years from now in prices going up almost 7% a year for almost a decade?

Mr. Joel Usher: Yes, and that upsets me a great deal.

Mr. Peter Tabuns: How do your neighbours feel about that?

Mr. Joel Usher: My neighbours are ...

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JP018-1025-24 begins

(Mr. Peter Tabuns)

... for almost a decade.

Mr. Joel Usher: Yes, and that upsets me a great deal.

Mr. Peter Tabuns: How do your neighbours feel about that?

Mr. Joel Usher: My neighbours are largely unaware of what is going on.

Occasionally somebody would read in the paper what is happening, but beyond that they don't know the complexities. It's that whole underfund and then complicate, underfund some more, frustrate, privatize. We're seeing that trend, not just in the electricity sector but elsewhere as well.

Mr. Peter Tabuns: I imagine that if your neighbours knew that their prices were going to shoot up sharply after four years, they would not be supporting this plan. Is that reasonable to say?

Mr. Joel Usher: I think that if they knew the inside and out of what was happening, they would be in the streets.

Mr. Peter Tabuns: Okay. I don't think I have further questions. Thank you very much, again, for taking the time to come here. Really appreciate it.

Mr. Joel Usher: Thank you, Peter.

The Acting Chair (Ms. Daiene Vernile): Our next questions come from Mr. Delaney.

Mr. Bob Delaney: Thank you for coming in. Just a few fairly quick questions. Eliminating coal from our generation mix: In your opinion, that's a good idea?

Mr. Joel Usher: I think that's part of the solution.

Mr. Bob Delaney: Okay. Sharing the costs with future generations rather than leaving it as it is to allow people for the next 10 or 15 years to pay 30-year costs: Do you think that's a good idea?

Mr. Joel Usher: I think that we should be paying what it costs today, not putting it on future generations.

Mr. Bob Delaney: Do you buy your house that way?

Mr. Joel Usher: I would if I could. I absolutely would.

Mr. Bob Delaney: Okay. That answers the question.

Are you in favour of reducing bills by 25% for ratepayers in Ontario?

Mr. Joel Usher: No. Not with—

Mr. Bob Delaney: Thank you very much, Chair. Those are our questions.

Mr. Joel Usher: —this current plan.

The Acting Chair (Ms. Daiene Vernile): Our final questions for you are from Mr. Walker.

Mr. Bill Walker: Thank you very much, Mr. Usher. Certainly, it was a sad day in Owen Sound when Cottenie's Meats closed. I think, sadly, there are many more that could. I shared yesterday with the committee that many of the small independent

grocery stores are not eligible for the 8%, so that adds burden to them. They're not certain about the 17%.

Today with the fiscal accountability officer, he actually shared with us that the cost to do this scheme could actually be \$69 billion to \$93 billion. You made reference to your son, and I trust that you're probably concerned that this does not do anything to address your son's future in a positive manner? Is that fair?

Mr. Joel Usher: That's fair.

Mr. Bill Walker: The member cut you off when he asked the question of you don't agree with 25% rate decrease. Do you want finish your comment that he didn't allow you to finish?

Mr. Joel Usher: I absolutely don't agree with the rate decrease being done in the way that it's being done. What we're doing is we're just playing the shell game; we're moving money from one place to another place. There's a lot of crossover between electricity consumers and the tax base, as we know.

Mr. Bill Walker: Can I extend on that that you're not really in favour of a short-term 25% relief that's going to actually cost you millions and billions down the road, and more importantly, your son's generation and possibly the generation after that, particularly if we keep repeating these errors?

Mr. Joel Usher: Yes. We're not fixing the problem whatsoever.

Mr. Bill Walker: I think you suggested that you're suspect of the timing, that this might—you didn't say these words, but I'll throw them out there—be an electioneering ploy?

Mr. Joel Usher: Yes, it's the clean energy benefit all over again from 2011.

Mr. Bill Walker: Were you aware that the day after they announced this plan and the supposed rate relief, the government actually signed more green energy contracts for power that we don't need?

Mr. Joel Usher: That really upsets me. I wasn't aware of that. Most my reading on that issue—I know there are many of them—has been on the Samsung consortium. It was Vic Fedeli who identified that added \$1.2-billion expense that we're incurring because, instead of tearing up that contract, we renegotiated.

Mr. Bill Walker: Which we could with no penalty, frankly.

You talked a lot about Sir Adam Beck. I don't know if you're aware that we actually spill water, we vent steam at our nuclear plants, and we actually paid—not gave away—we paid \$6 billion as a government to other jurisdictions to take our surplus, which makes them doubly competitive, so that Cottenie's Meats or, on a larger scale, many of our manufacturers along the border could go. It baffles me.

Are you concerned that this bill does nothing to actually address the systemic cost of power and hydro in our province?

Mr. Joel Usher: Yes. I mean, when I step back and look at the big picture, we need to do something about what is being done. The last speaker talked about the lead underground wiring. Rather than replacing that, which is going to be costly, why aren't we just moving to a different form of distribution, a different network altogether? We talk about the energy cloud all the time. There is battery storage technology that exists that is now feasible. Instead of investing in and replacing these lines and wires, especially lead systems, why not use something—

The Acting Chair (Ms. Daiene Vernile): Mr. Usher, thank you very much for appearing before this committee. I would ask that you stand down now.

Committee members, our next presenters are not here yet, so we're going to take a 15-minute break. We resume at 10:45.

The committee recessed from 1030 to 1045.

The Acting Chair (Ms. Daiene Vernile): Committee members, welcome back, as we continue our public hearings on Bill 132.

LOW-INCOME ENERGY NETWORK

The Acting Chair (Ms. Daiene Vernile): I would ask that our next presenters come forward: with Low-Income Energy Network, Theresa McClenaghan and Zee Bhanji. Please make yourselves comfortable. Begin by stating your names, and you will have five minutes to speak to our committee. Begin at any time.

Ms. Theresa McClenaghan: Thank you very much, Madam Chair. My name is Theresa McClenaghan. I'm executive director with the Canadian Environmental Law Association and a steering member of the Low-Income Energy Network.

Ms. Zee Bhanji: Hi, I'm Zee Bhanji. I'm the coordinator of the Low-Income Energy Network. LIEN was founded in 2004 to advocate for solutions to energy poverty and energy sustainability. Our membership is province-wide and includes a lot of low-income advocates.

We appear today to provide comments on Bill 132. Our comments will focus in particular on schedule 2, dealing with amendments to the OEB Act.

LIEN has long advocated for a comprehensive, multifaceted energy-poverty strategy that includes emergency funds, low-income conservation programs, better terms of service from utility companies and a rate-assistance program. Over the last number of years, all of these elements have been introduced in Ontario, but it is important to assess on an ongoing basis whether an undue burden is being imposed on low-income families.

LIEN defines "energy poverty" as the situation where a family spends more than 6% of their total household income on energy costs. LIEN also submits that affordable electricity for basic needs amounts to a necessary human right in Ontario where, for example, much low-income housing utilizes electric baseboard heating, where electricity is essential for many medical devices and where electricity is essential in rural Ontario for safe drinking water which must be delivered by pumps to the households from wells.

Ms. Theresa McClenaghan: I'll speak, first of all, to section 79.4, as proposed in the revised OEB Act. LIEN supports the enhancement of the Rural and Remote Rate Protection Program. Over time, the differential distribution rates that had been charged by many utilities based on density had become untenable. Many people paying urban rates I don't think realized just how much the differential was for those in rural and remote Ontario based on those differential rates. There has been an RRRP program for some time, but it had not kept up with the increasing differential between low-density and urban charges.

LIEN does not actually agree with the premise of having differential charges based on density, but as long as this approach exists, we support measures such as the RRRP credit that bring those charges more in line with what most Ontarians pay for electricity distribution.

Next, I want to speak to the proposed new 79.2 of the OEB Act. This is the Ontario Electricity Support Program. We did support, and had long advocated for, a program like this when it was introduced last year. It's an essential part of an overall energy-poverty. We don't want to rely only on episodic emergency funds; rather, we want low-income consumers to be able to manageable their bills predictably so that they are not jeopardizing their health and that of their family with difficult choices that we have often heard about from our clients and our service provider members, such as

heating or eating, choosing whether to obtaining medications or not, having to move frequently due to electricity costs or using ovens and space heaters for heating.

Expanding the eligibility for the OESP, increasing the amount provided for eligible households, as well as increasing medical devices, as recently ??done under the regulatory changes, are all measures that will help keep more people out of energy poverty.

I also want to speak to 79.4 of the proposed OEB Act, which is the delivery credit for on-reserve First Nations consumers. LIEN also supports the introduction of the delivery credit for on-reserve First Nations residents provided that section. Up until this time, because most First Nations fall into the category of low-density, they have therefore been paying more for their electricity delivery services than most Ontarians and have been receiving higher bills for these services. So we also support the on-reserve credit in addition to the rural and remote credit.

I'll turn it over to Zee for concluding remarks and comments on implementation.

Ms. Zee Bhanji: This is on schedule 2, section 3, new sections 79.2.1, 79.2, 79.3 and 79.4.

We support and recommend that aspects of the OEB's current approach to administering the OESP continue, even if other entities administer the OESP. We think that the OEB has done an invaluable job of collecting this data and sharing it in a transparent ...

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[Ms. Zee Bhanji]

... even if other entities administer the OESP. We think that the OEB has done an invaluable job of collecting this data and sharing it in a transparent manner.

The Financial Assistance Working Group has been instrumental in the development of the LEAP and OESP programs, and still meets regularly to offer ongoing evaluation and maintenance of the programs. We hope that these elements continue on and are preserved if an agreement is entered with ??com-soc—

1050

The Acting Chair (Ms. Daiene Vernile): Thank you. Our first questions for you are from our government side: Mr. Potts.

Mr. Arthur Potts: Yes. Thank you, Ms. McClenaghan and Ms. Bhanji, for being here today. Overall, I got the sense that you're very supportive of the general direction that we should be providing more energy relief to low-income people—25%, obviously, across the board for all Ontarians, but even more in rural and remote areas.

Ms. Theresa McClenaghan: That's correct.

Mr. Arthur Potts: Now, the notion of us taking a lot of the socialized kinds of programs off the rate base and put putting them on the tax base: Could you maybe comment on whether that's an effective strategy and whether you agree with that strategy? The idea of being everywhere in Ontario with the transmission costs should be—it's one province. We should try to respond—

Ms. Theresa McClenaghan: First of all, on the distribution charge, as I indicated, we did not agree with the differential charges. We do think that they need to be approximately similar everywhere you live in Ontario, whether in the far north or rural. For both of those charges, as well as the commodity charges that are being

helped with the OESP, our concern, as we mentioned, is that these are basic necessities; these are not luxuries. The situation we were in is that we were starting to face potential human rights violations by people not being able to have safe water if they couldn't run their pump in rural Ontario, which is a necessity. A lot of housing for social income and low income was built with electric baseboard heating back in the day, when we thought electricity was cheap, and they don't have good alternatives.

Mr. Arthur Potts: Your organization, I believe, had a conference ??fairly recently. Did the issue of the fair hydro plan come up, and was it generally supported in the conference?

Ms. Zee Bhanji: Yes, it was. That was one of main things that we discussed at the end of the day, where we talked about all the rate mitigation programs that currently exist in the province. We had about 60 participants, and they were generally very supportive of it.

Mr. Arthur Potts: Excellent. Do you think it's a good strategy for us to be able to put information about these various programs into people's bills in order to disseminate the information of what's available and whether people qualify or not?

Ms. Zee Bhanji: I think it's very important. I still get phone calls from people asking about programs that exist because they don't know about it.

Mr. Arthur Potts: All right. Excellent. Those were my questions. Thank you very much.

The Acting Chair (Ms. Daiene Vernile): Thank you. Our next questions for you are from MPP Walker.

Mr. Bill Walker: Thank you very much. I trust that, since 2004, you've been lobbying the government for a lot of things that are in your package: the medical device, the safe drinking water. Do you find at all passing strange that very little has been given to you in those requests, I trust, over the many years, but that now they can find a way to borrow \$25 billion to \$43 billion just in front of an election? Do you find that strange at all?

Ms. Theresa McClenaghan: Actually, we've often discussed the fact that over the years, we've seen incremental adoption of all of the different elements that make up an energy-poverty strategy. We've been advocating—Peter will remember—something called a pyramid, where we talk about effort for emergency funds. That was done about that time ago. Conservation and demand management for low incomes was introduced more than 10 years ago—12 years ago or so. The terms of service: The OEB held a big consultation following a court case and modified the terms of service with the support of Ministry of Energy. The last piece of the puzzle that we were continuing to advocate for was a rate-assistance program, which was adopted and in effect January 2016.

Mr. Bill Walker: So you're aware that, after three or four years of relief on your rates, they're actually going to increase. I believe Peter has used the figure of 7% per year ??as ??an increase. Plus your debt retirement charge is going to come back at four times what it was the last time it was on there. Do you see this as an actual solution or do you see it as a stopgap?

Ms. Theresa McClenaghan: LIEN stands for both energy-poverty solutions and also sustainability. We think—

Mr. Bill Walker: So you believe this is sustainable?

Ms. Theresa McClenaghan: One of the concerns we have is that the costs are increasing in the system and a lot of that is coming from the nuclear refurbishment, which we don't agree with. We think there are conservation, demand-management, renewable and other lower-cost solutions.

Mr. Bill Walker: The government currently pays \$12 billion on their debt now. They're going to have a significant amount more of debt. Do you believe more money will actually end in the hands of lower-income people as a result of this move long-term, or is it truly a stopgap? Yes or no.

Ms. Theresa McClenaghan: I think that—

Mr. Bill Walker: Yes or no, please.

Ms. Theresa McClenaghan: This a long-term measure. I'm not speaking politically; I'm just talking about my understanding of the program.

Interjection.

Mr. Bill Walker: ??Hang on. I have a whole bunch, so I want to—

Ms. Theresa McClenaghan: It's being embedded in legislation ...

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Ms. Theresa McClenaghan: This a long-term measure. I'm not speaking politically; I'm just talking about my understanding of the program.

Interjection.

Mr. Bill Walker: ??Hang on. I have a whole bunch, so I want to—

Ms. Theresa McClenaghan: It's being embedded in legislation, which is the type of solution we ask for when we're looking for long-term measures.

Mr. Bill Walker: But do you believe this is going to be a long-term solution?

Ms. Theresa McClenaghan: Yes.

Mr. Bill Walker: So you know that you're going to pay more—you're going to pay significantly more in interest—but you believe this is a solution?

Let me ask it this way: Do you believe they're addressing the issues of all the hydro costs that they have incurred?

Ms. Theresa McClenaghan: I've already indicated that we think one of the decisions that's been made is not tenable, and that's putting the billions of dollars in the nuclear refurb that's been proposed.

Mr. Bill Walker: But even here, so you're supportive, though, of putting billions of dollars into interest payments?

Ms. Theresa McClenaghan: We have not analyzed the financing aspects of the bill. We're talking here strictly about the OEB amendments and schedule 2 for LIEN.

The Acting Chair (Ms. Daiene Vernile): That's time. We are now going to move to the NDP caucus. Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Theresa and Zee, thank you very much for appearing here today.

I was at the briefing this morning by the Financial Accountability Officer. One of the things that surprised me was that the funding for the Ontario Electricity Support Program and the other programs ends in four years. There is no allocation for that after year 4. Are you aware of that time limit on this particular program?

Ms. Theresa McClenaghan: No, we're not. So that should be addressed, I would say, if that's the case.

Mr. Peter Tabuns: Yes. Do you want to talk more about structurally what has to be done to deal with hydro bills in Ontario?

Ms. Theresa McClenaghan: The low-income and just-above-low-income, as we discussed, have been finding the bills becoming very insupportable. We're very concerned, both in our work with Low-Income Energy Network and ?? Celia's work with other colleagues on renewable energy, that those costs are trending up, and with

the big capital investments in baseload generation for nuclear, they're trending up too high.

In our opinion, the only way to address that is to get real about conservation and demand management as the number one solution, which was proposed, and we supported it, and then to seriously pursue renewables, which are right now being capped by those big baseload investment decisions.

Mr. Peter Tabuns: Okay. This program doesn't actually deal with any of those structural issues that are the cost drivers in the system. Do you see that as a weakness in the plan that's before us?

Ms. Theresa McClenaghan: This is just one piece of the puzzle, yes.

In our view as LIEN, regardless of the decisions that any government makes about generation and supply mix, climate change and paying market cost for carbon, we have to worry about what is happening with our low-income consumers, and we have to make sure we're making provisions to protect those consumers. That's the piece that we're analyzing and speaking to here.

Mr. Peter Tabuns: Did the government consult with you about the time limit on the Ontario Electricity Support Program?

Ms. Theresa McClenaghan: No.

Mr. Peter Tabuns: They did not. Okay.

I don't have further questions. Thank you very much. I really appreciate you taking the time to come and speak to the committee today.

The Acting Chair (Ms. Daiene Vernile): Ms. McClenaghan and Ms. Bhanji, thank you very much for appearing before this committee. You may now stand down.

MS. LESLIE GAGNON

The Acting Chair (Ms. Daiene Vernile): Committee members, our next person is coming to us via a teleconference. Leslie Gagnon, are you there?

Mr. Leslie Gagnon: Yes, I am.

The Acting Chair (Ms. Daiene Vernile): Good morning. My name is Daiene Vernile. I am the Chair, for today, of this committee. I want to paint a scene for you. We're in a committee room on the first floor of Legislature. We have nine MPPs. We have a Clerk, a researcher, a Hansard person and translators. We're all here ready to hear what you have to say, so please begin by stating your name. You will have five minutes to address our committee. Please go ahead.

Mr. Leslie Gagnon: Okay. My name is Leslie Gagnon. I live in northern Ontario, past Timmins. My husband and I both work. I am not as detailed as the other people who have spoken and who will be speaking. I'm speaking as a homeowner and as a worker. I'm just trying to get my notes here.

With what's going on with our hydro, we can't afford it anymore. Most people can't afford it. Yesterday, I was at my osteopathy person. She lives down a bush road. She heats with wood. She's got this small three-bedroom house. One of her bills she received was \$10,000. How can somebody be charged \$10,000 for their hydro? It doesn't make any sense.

I don't understand why the plan, with Wynne, is to sell off our assets. We own hydro. We own the LCBO, and you guys are slowly selling us off, through the back door. With hydro, you're doing it in front of us. Then you wave the LCBO as a little good thing: "Oh, we've always got that."

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(Ms. Leslie Gagnon)

...are slowly selling us off through the back door. With hydro, you're doing it in front of us. Then you wave the LCBO as a little good thing: "Oh, yes, we've got that."

1100

When I voted, I voted for change, but not change like this. We didn't give you the carte blanche to sell everything. We didn't give you the right that you can sell our assets and then, later on, tax us to the moon. We can't afford it. Nobody can afford it anymore.

It only seems that the people down south only think that we exist up to North Bay. We don't exist just up to North Bay. I do not live in an igloo and I do not eat whale blubber. I eat the same things as you guys and I live in a home. But it's fricking expensive. Our gas prices are out of this world; transportation is out of this world; hydro is out of this world. Why can't you guys see what we have to suffer through? Yes, you're going to lower the hydro, but in four years—I just heard the guy say it—you guys are going to raise it all back up—probably double.

What the hell do you want us to do? We're getting into retirement. You guys have the statistics. Everybody is going to be retiring soon. How do you want people to afford this? Nobody is going to be able to afford this. We won't be able to go into a bloody nursing home because you've given away everything, like the LCBO and like hydro, that give money into the coffers, which goes back to support the hospitals and all of that. When that's all gone, what are we going to do? We're going to have nothing.

Our children: We don't have as many children as our parents had. So what? We're going to roll up and die? That doesn't make any sense.

We've put you guys into office, and I think, "Do you know what? I think Wynne is just as bad as Donald Trump." I just can't get over how incompetent she is. It just doesn't make any sense. I know I'm repeating myself. I'm very sorry.

It's very sad that our government is killing us. It's not a slow death; it's starting to be a real quick one. I feel that Wynne is trying to get everything sold off so she can get her votes from the larger companies, and we in the north are just going to suffer through it. Do you know what? I don't know what any of us can do anymore. I don't know if just talking to you guys helps. I have no clue.

We have Yellow Falls, a new dam around here. We have New Post Falls, a new dam around here. We have Island Falls and Kipling and Otter. We have all of these dams that spill off the water, because you guys don't buy it. They let them spill off. I don't understand this. We have all the resources for the electricity. We produce it and we pay more for it. What kind of country do we have here? We produce oil; we pay more for it. You don't give us a break in anything.

I think I'm finished now.

The Acting Chair (Ms. Daiene Vernile): Thank you very much, Ms. Gagnon. Our first questions for you are from MPP Walker.

Mr. Bill Walker: Thank you very much, Ms. Gagnon. I want to agree with you. We certainly agree that they should not have sold Hydro One. Do you feel betrayed that that wasn't part of their election platform?

Ms. Leslie Gagnon: Very much, very much. We should have seen it.

Mr. Bill Walker: Do you think if they were going to sell something as significant as Hydro One, at the very minimum, it should have been a referendum before we went to the election or, at least, on the ballot?

Ms. Leslie Gagnon: Exactly. What we own, we should be voting on. You guys shouldn't have the right to sell everything. We should vote on it. If we can vote people in, then a ballot should go out to all of the people in the province of Ontario to vote if you're going to sell Hydro One, if you're going to sell the LCBO. We should have had that for the 407. I'm from the north, but I know about the 407.

This stuff should be voted on. You guys don't have the right to do that. Nobody has the right to do that. I paid for that. My dad paid for that. My grandparents paid for that, and that whatever is selling it. Like, hello? No. We vote.

Mr. Bill Walker: You raise some good points, and the rates are going to rise after four years. We agree with you there. Would you term this as a shell game, that it's going to be short-term gain—ironically, before an election—and then you're going to actually pay big time for many, many years to come?

Ms. Leslie Gagnon: Oh, my God, it's going to be horrible. I don't know what my children are going to do. I have one who works for OPG and I've got one who works at the gas station. What's the younger one going to do? I don't know.

Mr. Bill Walker: Agreed.

When you refer to us as "you guys not doing that," I just want to make clear that it's the Liberal government that's actually bringing this in. So it's "those guys," not "you guys."

Do you want to share anything directly to the Liberals in the room and those who may be listening or reading Hansard on what they should be doing?

Ms. Leslie Gagnon: Yes, you bet. I work for the LCBO. Right now, I'm mobilizing for OPSEU for our bargaining team. I went to the government. I sat and listened to Sousa, the finance minister, talk and say that Smokey wanted to buy the LCBO and all that. Do you know what? He doesn't get his facts too straight.

They're a bunch of children....

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(Ms. Leslie Gagnon)

... say that Smokey wanted to buy LCBO and all that. Do you know what? He doesn't get his facts too straight.

It's a bunch of children. I couldn't believe that. I sat here and I couldn't believe the way the Liberal government sits there and smirks at the other side. We have Gilles Bisson who is doing his best. We have ??Vanthof who's doing his best. We have all of the other ones who are trying to support everything, and then we've got the bozos on the other side that smirk and bang their desks like a bunch of children. I was mortified.

Then we've got the principal in the middle of the seating telling these people to smarten up. That's not what I ever thought government acted like.

Mr. Bill Walker: So in your last couple of seconds, do you want to tell the Liberals what you think they should do with this bill?

Ms. Leslie Gagnon: They have to rethink it. I don't want to be paying another four years. I'm sorry, but we need to be using our resources. People are against nuclear plants, I'm not. We need them. We use them. If that's going to give us less of a hydro bill, then let's use it. It's a resource we have.

The Acting Chair (Ms. Daiene Vernile): Thank you, Ms. Gagnon. Our next questions for you are from MPP Tabuns.

Mr. Peter Tabuns: Ms. Gagnon, thank you very much for joining us this morning. I guess the first question that comes to mind is: Do your neighbours know that the prices will start zooming up again four years from now, after this bill is put in place?

Ms. Leslie Gagnon: I believe so. My neighbours are all pretty elderly. In the north, we're pretty well in elderly communities around here, so they do see it. My mom is 88 years old. You know what? I don't know how she's going to make it if it goes up in another four years. She'll have to live with us, I guess.

Mr. Peter Tabuns: So would your neighbours be supportive of this plan if they knew that it would result in prices soaring up four years from now?

Ms. Leslie Gagnon: No, they wouldn't, no. There's got to be another way. Stop selling hydro. Let's get back and start working with the people of Ontario. Work with the people. We've got ideas; let's use our ideas—which, clearly, the other side is not working.

Mr. Peter Tabuns: And you may be aware that the bill includes a plan to move the low-income support programs to the tax base away from the hydro bills, but that the funding for that ends four years from now. Do you know if your neighbours are aware that that funding will come to an end in four years?

Ms. Leslie Gagnon: I'm not sure about that. Okay, so you're talking about the low-income people will be getting a reduction in their hydro, is that what you're saying?

Mr. Peter Tabuns: Yes, they're supposed—well, currently people can apply for a reduction in their hydro bills. It's covered—

Ms. Leslie Gagnon: But what about us in the north? Our delivery charge is disgusting.

Mr. Peter Tabuns: Yes, and you're apparently going to get a reduction in your delivery charges for four years and then the funding for that is going to be gone.

Ms. Leslie Gagnon: Okay, then what the hell is it going to be after? We're going to be paying triple, quadruple?

Mr. Peter Tabuns: Well, it'll be going up about 7% a year just to repay the debts that are incurred.

Ms. Leslie Gagnon: No, I'm not for that. I'm not for that, and I'm sure my surrounding fellows are not for that.

Mr. Peter Tabuns: Okay. Well, is there anything else you want to add about the reception that this bill will have in the north as it goes forward?

Ms. Leslie Gagnon: It's really going to hurt us. We've lost so many resources. We had a pulp mill over here and it went down, they tore it down completely. They can't afford to run anymore. A lot of places can't afford to run. They just close their doors. There's a mill in Chapleau, I don't know if that's going to keep going. It's just a ??reflux of bad.

Mr. Peter Tabuns: Okay. Ms. Gagnon, thank you very much. I really appreciate your insights this morning and you taking the time to speak with us.

The Acting Chair (Ms. Daiene Vernile): Thank you. Our final questions for you are coming from MPP Delaney.

Mr. Bob Delaney: Thank you very much, Chair. There have been a number of comments made that I think I would just like to provide a little bit of clarity on. There is in fact a 25% savings for ratepayers that, presuming the passage of this bill, ratepayers will see this summer. Perhaps the Tories are considering selling the LCBO, but certainly there is nothing in this or any other bill that would propose it.

Just to clarify, it was in fact Mr. Walker's former PC government that essentially gave away the 407 to a Spanish consortium, but, Chair—

Mr. Bill Walker: I wasn't here.

Mr. Bob Delaney: And Mr. Walker points out accurately that he wasn't here, so I won't hold him personally responsible for it, but, Chair, I think that's where we'll end it.

The Acting Chair (Ms. Daiene Vernile): Ms. Gagnon, thank you very much for calling in today and sharing your views. We appreciate that you went to the trouble. Thank you very ...

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(Mr. Bob Delaney)

... Chair, I think that's where we'll end it.

1110

The Acting Chair (Ms. Daiene Vernile): Ms. Gagnon, thank you very much for calling in today and sharing your views. We appreciate that you went to the trouble. Thank you very much.

Ms. Leslie Gagnon: Thank you.

CHIEFS OF ONTARIO

The Acting Chair (Ms. Daiene Vernile): Our next deputants are here, with the Chiefs of Ontario. I would ask that you come forward. There you are. I have one name, Isadore Day. I would ask that the person sitting beside you identify.

Ms. Leah Ballantyne: Good morning, everyone. My name is Leah Ballantyne. I'm here with Regional Chief Day, and I'm the chief of staff for the Chiefs of Ontario.

The Acting Chair (Ms. Daiene Vernile): You're going to have five minutes to address our committee, and then they will ask you some questions. Begin any time.

Chief Isadore Day: Thank you, Madam Chair. First of all, I want to acknowledge the shared territories of the Mississaugas of the New Credit and the Haudenosaunee people, who have lived in these lands in this region since time immemorial.

I'm pleased to be joining you, Madam Chair and committee members, to acknowledge the work of Premier Kathleen Wynne, Minister Thibeault and staff of the Ministry of Energy on the Ontario fair hydro plan, and specifically the consideration of the First Nations Delivery Credit. The work of this proposed legislation has been in part to the successful collaboration between the province of Ontario and First Nations in Ontario.

On June 27, 2016, through the First Nations of Ontario political accord and Canada's Truth and Reconciliation Commission's calls to action, Minister of Energy Glenn Thibeault issued a letter to the Ontario Energy Board requesting that the board produce a report advising on options for an appropriate on-reserve First Nations energy rate. Over the course of four weeks, the Chiefs of Ontario committee on energy, in collaboration with the Ontario Energy Board, conducted engagement sessions to understand the energy challenges in First Nations communities and to understand what a First Nations energy rate would look like. The underlying message was to eliminate the delivery charge.

On March 2, 2017, the province of Ontario announced the Ontario fair hydro plan, which included the First Nations Delivery Credit. This was a welcoming and encouraging announcement. Not only would this directly benefit the daily lives of our First Nations citizens on-reserve, it was also evidence that the provincial government is serious about a relationship based on reconciliation.

The First Nations Delivery Credit assists in addressing the socio-economic hardships in First Nations communities. Currently, First Nations energy customers are contributing approximately \$90 million dollars annually, not including the use of the land, to support the energy network in Ontario, and most are seeing little to no recognition of their rights within their territories.

At the engagement sessions, there were testimonials of First Nations residential account holders with obscenely high annual bills. Stories were told of employees considering early retirement to access pension funds to pay off their hydro bills. Annual emergency bill relief band funds were quickly depleted because of the number of First Nations customers seeking relief beyond that provided by the Ontario energy savings program and Low-Income Energy Assistance Program.

First Nations members experience feelings of helplessness about not being able to fully pay off their energy bills. This adds to the overwhelming socio-economic stresses they already experience on a daily basis. The announcement of the Ontario fair hydro plan was a welcomed relief for those having to choose between keeping the lights on and food on the table.

The federal and provincial governments have made commitments to take the necessary steps to repair the relationship with First Nations. They have committed to work towards reconciliation for the benefit of all those living on these lands known as Canada and Ontario. Implementing actions for affordable energy to First Nations customers in Ontario is a stepping stone toward a renewed relationship based on reconciliation, and a new relationship between First Nations and the province of Ontario. This, Madam Chair, contributes to the enhancement of First Nations lives.

It is my hope that you will support the passing of this bill, not just acknowledging the relief it will bring to our citizens, but also the collaboration and renewed relationship that this bill symbolizes.

I want to thank the committee for their efforts in looking at this legislation. We certainly want, again, to reiterate the support for this government and the work that has been done, and acknowledge the Premier and not just the current minister, but the former Minister of Energy, who I worked with—we established the bilateral table. We're ...

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[Chief Isadore Day]

... not just the current minister, but the former Minister of Energy, who I worked with—we established the bilateral table. We're not just look at this particular issue. This government has certainly been quite active over the last few years in working with First Nations in Ontario and energy, overall. So thank you, Madam Chair.

The Acting Chair (Ms. Daiene Vernile): Thank you, Mr. Day. Our first questions for you are from Mr. Tabuns.

Mr. Peter Tabuns: Chief Day, thank you very much for taking the time appear before us today. We appreciate it, all of us. I guess the first question I have for you is,

are you aware that, four years from now, the reduction in prices will end and prices will start going up by close to 7% a year and that, after about six years, then there will be an increase overall in our prices, about 12% higher than they otherwise would have been?

Chief Isadore Day: Well, I understand that there's a certain shifting of the debts that currently exist within Ontario's energy system. For us, we are not really looking at the business model on the side of the government. Yes, we will be impacted down the road—we understand—just like everyone else. However, what's very fundamental here for us in this bill—and how the Ontario Energy Board was able to justify its decision to have the delivery charge removed from First Nations—is the fact that the debt has shifted from the ratepayer to the taxpayer. We clearly have a level of immunity in our First Nations on taxation, and we clearly see this as a positive step forward. We realize that the road ahead is going to be fraught with challenges, ebbs and flows and ups and downs, but in the meantime what we will see is a reduction in the rate for our people in our communities with that specific delivery charge.

Mr. Peter Tabuns: On the question of that specific delivery charge, the Financial Accountability Officer this morning in his briefing said that there was only funding for four years for those First Nations delivery credits for the Ontario Electricity Support Program; there was no money in the budget after that. Is that something the government consulted on with you ?

Chief Isadore Day: Well, we must state adamantly that this government has been in consultation with us. We understand that there are economic models and forecasting around how Ontario is going to continue to pay for this. It extends the horizon of the debt. We understand this. We understand that this bill is going to ensure that there are mechanisms in place. If there is short-sighted relief, then we also have those tables open where we will continue to advocate for our First Nations members and ensure that our interests continue to remain a priority with this government. We realize that there's going to be some heavy lifting, going forward, and we are quite prepared to continue to sit at those tables.

Mr. Peter Tabuns: So would it hurt your members? Would it hurt First Nations if that—

The Acting Chair (Ms. Daiene Vernile): Thank you. Our next questions for you are from MPP Delaney.

Mr. Bob Delaney: Thank you very much, Chair. So you realize that the Ontario Electricity Support Program is going to be made permanent?

Chief Isadore Day: Yes.

Mr. Bob Delaney: Okay—and that the Rural and Remote Rate Protection Program will be permanent?

Chief Isadore Day: Yes.

Mr. Bob Delaney: And that the First Nations credit changes are all being implemented permanently?

Chief Isadore Day: Yes

Mr. Bob Delaney: Okay. What do you think the reactions of members of your community would be if the legislation either failed to pass or was subsequently repealed?

Chief Isadore Day: Well, I think the Ontario Energy Board has worked on the studies. There clearly is a political relationship that this particular government has with First Nations in Ontario. We have done extensive work with various ministries. In this particular case, our work and success goes all the way back to the Ontario green energy and economy act. We clearly see that it is necessary for us to continue to be at

these tables. Should this bill not pass, it would be unfortunate, but we will certainly lean on the commitment that this particular government has made, in terms of its political promises, and we will continue to forge forward as the commitment has been laid out to us. If it doesn't pass, we're going to find another way to push forward the issues and concerns of our citizens and ensure that we maintain a level of commitment from the other side of the table.

Mr. Bob Delaney: Do you feel that the province and the OEB have worked along with you to meaningfully engage Ontario's First Nations ...

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(Chief Isadore Day)

... a level of commitment from the other side of the table.

1120

Mr. Bob Delaney: Do you feel that the province and the OEB have worked along with you to meaningfully engage Ontario's First Nations in the development of energy policy?

Chief Isadore Day: Yes, we have. I just wanted to make the point that starting from the Green Energy and Green Economy Act from the McGuinty days, we have not stopped in terms of being at the table on energy policy. So much so that I think we're nearing about 90% of our First Nation communities in Ontario having community energy plans. That's a direct result of the collaboration with the Ontario government.

Mr. Bob Delaney: Is the ongoing relationship a respectful and professional one?

Chief Isadore Day: It very much is. We are often, at times, bringing issues up, like we have the residential rate that is being removed from the bills. We also have facilities. We know we aren't going to get everything right now, but we have that open ear and that open process that we can bring these issues to the table. So it's a work in progress. It's all about relationships at this point.

Mr. Bob Delaney: Thanks, Chair.

The Acting Chair (Ms. Daiene Vernile): Thank you very much. Our final questions for you are from MPP Walker.

Mr. Bill Walker: Thank you very much Chief Day and Ms. Ballantyne. Chief, you talked about relief. I think all people want relief; that came out abundantly clear. Part of the problem is our rates have gone from 200% to 400% in increases.

My concern, as I'm debating this bill, is there are more and more relief programs, but that's like putting a Band-Aid on the patient as opposed to actually fixing what the illness is. I really struggle that they're actually going to spend the kind of money they are without truly addressing the systemic. I think some of my colleagues have shared in this briefing that the rates are going to start to escalate again after the election.

My concern there for you, I trust, is the same thing. I would ask: Do you have a concern that they're doing a relief program as opposed to actually putting the money that they're now going to borrow for extending the—you said, I think, shifting the debt. It's really adding debt. It's definitely shifting it out but it's adding more debt. Would it not have been better to take that money and put it into systemic things that you need, like health care, like safe drinking water, as opposed and spending more money on interest payments?

Chief Isadore Day: Let's look at that question for a second because there is a very important concept here. This is not a debt-relief program. This is the removal of a percentage of the rate. The delivery charge will be removed from First Nations and that's what's different here. This is going to be solidified. It is going to be regulated. It's going to be made into law. Basically, we then see this as a success in that that portion that often breaks the backs, economically, of our families is going to be removed.

We realize that there will be ongoing pressures on Ontario's energy sector, and that there are some bigger issues at hand here. I would liken this to consolidating debt and extending the amortization of that debt servicing. Basically, that's what the bigger picture is here.

I understand that's a tough decision that this government has had to make, and it's one that we support right now because part of that, for us, is going to be removal of the delivery rate on our residences, and in a future, our facilities.

Mr. Bill Walker: I certainly respect that there's going to be rate relief for you and that's good. But if you could take \$25 billion to \$43 billion—or in the most recent numbers, up to \$93 billion this is going to cost—that could have put in a lot more resources.

I trust you might want to see more power generation done in many of your communities so, again, you're more self-sustaining. It's creating employment in your community.

My preference would have been to see them actually put money—if they can find that kind of money to borrow—to put it into things that I believe you've been asking for, like safe water, like safe living conditions, like opportunities for your people, as opposed to a really short, in my mind, relief that, truly, there are going to be other things—

The Acting Chair (Ms. Daiene Vernile): Thank you very much. That's time, Chief Day and Ms. Ballantyne. Thank you very much for appearing. If you do want to continue the conversation, you can step out, but I've got to bring our next presenter forward. We appreciate you coming and sharing your views.

OFFICE OF THE AUDITOR GENERAL OF ONTARIO

The Acting Chair (Ms. Daiene Vernile): Our next presenter this morning is Auditor General Bonnie Lysyk. I would ask that you come forward. Please make yourself comfortable. You've done this many times so you know the drill. You're going to have five minutes to address our committee, and then they are going to each ask you questions. For Hansard, please begin by stating your name, and start any time.

Ms. Bonnie Lysyk: Good morning. I'm Bonnie Lysyk and I'm the Auditor General of Ontario. Thank you for letting me comment on Bill 132.

It is not the job of the Auditor General to comment on government policy. The government's decision to borrow money to lower hydro bills by 25% is a policy decision, and so I have no comment on it.

However, when ...

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(Ms. Bonnie Lysyk)

...The government's decision to borrow money to lower hydro bills by 25% is a policy decision, and so I have no comment on it.

However, when it comes to the accounting for such a decision, it is my responsibility to make sure that it is properly recorded in the consolidated financial statements of the province and is transparently reported to the people of Ontario. This is why I am here today.

The accounting transaction is structured in a complex manner. In simple terms, the government plans to record, as an asset, the expected recovery of the 25% in electricity costs from future ratepayers that it will borrow for and pay to power producers today. In essence, it is setting up, as an asset, an accounts receivable that it expects to collect from future ratepayers between 2022 and 2047. That is not yet an accounts receivable, because the consumer has not yet used the electricity.

A similar move to legislate accounting to defer costs was proposed with the restructuring of the Ontario electricity sector in the late 1990s. At that time, the government did not want the net impact of the stranded debt, which had already been incurred, to be reflected on the province's financial statements. Because it anticipated that ratepayers would pay down this debt, it wanted to create an asset to reflect those future anticipated revenues from electricity ratepayers. This approach would have fully offset the total stranded debt, such that there would have been no net debt impact reflected on the province's consolidated financial statements.

The Auditor General's opinion, as stated in our office's 2000 annual report, was that this "would have set an unacceptable precedent for government accounting. It would also have represented a departure from one of the central tenets of generally accepted accounting principles—that revenue not be recognized until it is earned." The government heard these concerns and was prudent in making the decision to not create an asset for future anticipated ratepayer payments. I believe those concerns are equally applicable today.

The government of today plans to borrow about \$26 billion to cover the 25% shortfall from ratepayers, but it does not want to reflect the overall impact of these borrowings on the consolidated statements of the province, which include the electricity sector. It plans to record anticipated revenue as an asset to offset borrowings in its consolidated statements. As a result, there will be no impact on net debt on the province's balance sheet. As well, this legislation is designed so that there will be no impact on the province's calculation of the annual surplus or deficit. Today, like in 2000, we believe this sets a dangerous precedent.

Let me give you an example: Snowplowing in Ontario is performed by private sector contractors who own equipment. The contractors' bills are properly included as a government expense each year. Now, say the government decides that taxpayers are paying too much for snowplowing and points out that there is value in the snowplowing equipment beyond the term of the contracts. It could argue that it expects to negotiate significantly lower rates in future contracts and wants to defer some current snowplowing costs into the future to "smooth" these costs over time.

For obvious reasons, this is not allowed under Canadian public sector accounting standards. As we know, accounting deals with past transactions, not future ones. To anticipate that private sector electricity generators will reduce their costs in the future and to use legislation to make this potential future benefit an asset is also not allowed under Canadian public sector accounting standards.

So what's the bottom line? I would not be doing my job as Auditor General if I said that creating assets through the legislation is acceptable. Under this bill, the government's policy decision to borrow money to subsidize electricity bills will not affect the province's net debt or annual deficit. This legislated accounting is not in accordance with Canadian public sector accounting standards. These standards are

there to ensure that the financial reporting of government policy decisions reflects common sense: borrowings are debt; unearned revenue is not an asset today; and when your expenses exceed your revenues, you incur a deficit. Such common sense and the principle of substance over form should prevail in the financial reporting of government policy decisions.

I now welcome any questions you may have. I'm sorry for the speed.

The Acting Chair (Ms. Daiene Vernile): Thank you, Ms. Lysyk. Our first questions for you are from MPP Delaney.

Mr. Bob Delaney: Good morning, Auditor.

Ms. Bonnie Lysyk: Good morning.

Mr. Bob Delaney: It's nice to see you again.

Ms. Bonnie Lysyk: Thanks.

Mr. Bob Delaney: The Ontario Energy Board and the Independent Electricity System Operator practise the policy of deferral accounts fairly frequently. Could you comment on that?

Ms. Bonnie Lysyk: With respect to this legislation, the government is legislating the behaviour and the activities of the Ontario Energy Board with respect to this transaction. We do not view them as independent. The power contracts that were negotiated, which were government policy decisions, are not regulatory assets, because they were never fielded before a regulator in Canada.

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Mr. Bob Delaney: Okay. In your opinion—would you give me a comment on the...

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[Ms. Bonnie Lysyk]
... regulator in Canada.

1130

Mr. Bob Delaney: Okay. In your opinion—would you give me a comment on the practice of spreading the costs of necessary infrastructure investments, in general, and electricity infrastructure, in particular, in a way that more accurately represents the useful life span of those assets, given that the lifetime of those assets over the decades has expanded?

Ms. Bonnie Lysyk: In the case of the contracts that we're talking about, the government does not own the assets; they are owned by third parties. Therefore, the spreading of third-party costs is a very unusual treatment and wouldn't have a benefit to electricity ratepayers because they have no assets to generate the power they need to pay for in the future because the government does not own those assets.

Mr. Bob Delaney: Okay. Did your remarks in your presentation this morning accurately describe, in your opinion, what a regulatory asset is?

Ms. Bonnie Lysyk: Under PSA, public-sector accounting standards, regulatory assets are considered intangibles and cannot be booked on financial statements in Canada. US GAAP might allow it, but US GAAP are not acceptable presentation standards for the government's financial statements.

Mr. Bob Delaney: Okay. Thank you very much.

The Acting Chair (Ms. Daiene Vernile): Thank you very much. Our next questions for you are from MPP Walker.

Mr. Bill Walker: Good morning, how are you?

Ms. Bonnie Lysyk: Good morning.

Mr. Bill Walker: This morning in the fiscal accountability officer's document that he shared with us, he has number 4, which is actually titled "Accounting Treatment Uncertainty." It says, "Due to the nature of the proposed financing transaction, the FAO recommends that members of provincial Parliament (MPPs) obtain assurance from the Office of the Auditor General of Ontario (OAGO) that the province's proposed accounting treatment for the electricity cost refinancing meets public sector accounting standards and will not impact the province's annual surplus/deficit and net debt."

Could you just make a quick comment on that? I have a number of other questions.

Ms. Bonnie Lysyk: Yes. I would say at this point in time that, based on the information that has been presented in the bill and based on some of our own initiated work, the transaction, as proposed, is legislated accounting and does not meet public-sector accounting standards.

Mr. Bill Walker: Agreed. I think some of the comments you made—it "sets a dangerous precedent." It had already been looked at, to do this, one other time; the government of the day actually prevailed and said, "You're right. We accept that." So it's interesting the shell game is back on the docket.

I think of what you said in the very end of your document: "borrowings are debt; unearned revenue is not an asset today; and when your expenses exceed your revenues, you incur a deficit." At the end of the day, what I can't seem to find ??is how the government can think of this. They're borrowing money that is just extending their payment plan and is adding money. The figures this morning went as high as ??some \$93 billion that this could cost the taxpayers of Ontario. I don't care whether you call me a taxpayer or a ratepayer—you call me whatever you want—but at end of the day, the people of Ontario are going to have to pay this debt back. Is that true?

Ms. Bonnie Lysyk: That is true. The financial statements for the government include the electricity sector. Similar to the transaction for the debt retirement fund, OEFC tracked the difference between the rate regulator and the government. That worked well. In that case, the debt was recorded on the province's statement. At the end of the day, what this is is a financing transaction; it is the government needing to borrow money to cover the difference between what they're collecting from ratepayers and what they're paying to the power producers. That's pretty much the simplicity of it.

Mr. Bill Walker: And they're putting it on the OPG's books, so it won't show as a net deficit or impact them as a negative consequence on their actual books.

Ms. Bonnie Lysyk: That's correct. All the transactions are designed not to affect net debt on the province's books and not to affect the bottom line, annual deficit or surplus of the government.

Mr. Bill Walker: If these unearned revenues that they're assuming don't come through, who is on the hook to pay those, regardless of whether they're on OPG's books or on the government's books?

Ms. Bonnie Lysyk: It would still be province.

Mr. Bill Walker: The people of the province of Ontario: Is that correct?

Ms. Bonnie Lysyk: Correct.

Mr. Bill Walker: Because that's where the money comes—the province has no money; it comes from the people.

Ms. Bonnie Lysyk: Correct. I think there are a lot of people investing a lot of time and money to set this up and structure it in such a way that it doesn't affect the bottom line of the province.

Mr. Bill Walker: Is it a fair statement that, even if they were to borrow this \$26 billion—if they borrowed as the province of Ontario, the rate to actually borrow would be much less than it will be by putting, say, 55% on OPG's books? OPG cannot borrow at the same rate as the province of Ontario.

Ms. Bonnie Lysyk: I believe so, but I'm not the authority on ??borrowing.

Mr. Bill Walker: We were told—

The Acting Chair (Ms. Daiene Vernile): Thank you very much, Mr. Walker. Our final questions for you today are from Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Ms. Lysyk, thank you very much for appearing today.

You have said to us, then, that what's proposed by the government does not accept public-sector accounting standards. If a statement was brought to you that did not include these funds—say, a statement of income and expense for the province as a whole—if a balance sheet came forward and didn't include this, would you be able to rule that that was an acceptable presentation of the province's liabilities and assets?

Ms. Bonnie Lysyk: If ...

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... if a balance sheet came forward and didn't include this, would you be able to rule that that was an acceptable presentation of the province's liabilities and assets?

Ms. Bonnie Lysyk: If the transaction was put through the government statements like the legislation is proposing, that would put me in a position where I would need to qualify on the government's financial statements.

Mr. Peter Tabuns: Well, that's a pretty straightforward response. If this was put on the government's books and we didn't have this shell entity set up under OPG, this borrowing, these expenditures, would they be affecting the annually stated surplus and deficit of the province?

Ms. Bonnie Lysyk: That's correct. Every year the difference between what's paid to the power generators and what's collected from consumers would hit the bottom line of the government as an impact on the deficit or surplus. As well, there would be the debt on the province's books and the interest from that debt.

Mr. Peter Tabuns: So it would increase the province's total debt? It wouldn't be set aside?

The legislation as written seems to be an attempt to move all of this off the books, but that is not something that you would accept as an auditor.

Ms. Bonnie Lysyk: The net debt number is an important number that we think needs to be fairly presented.

As well, legislated accounting is a risky thing. Legislative accounting sets the tone for any government to decide what the accounting for a transaction should be, even if it's contrary to public sector accounting standards. This is a sensitive issue not just for my office, but for Auditor General offices across Canada. This is precedent-setting.

Mr. Peter Tabuns: I have no doubt that this is precedent-setting. I found from the beginning this idea of setting up a shell company under OPG was an extraordinary measure.

How would bond rating agencies respond to this misstatement of the province's actual revenue and expenses?

Ms. Bonnie Lysyk: You know, I think at the end of the day, if people look at the consolidated financial statements, they recognize that the source of money is one person, a person in Ontario. So whether it's a ratepayer or a taxpayer, it's captured in the statements. You can still keep track of the difference between ratepayers and taxpayers. So I think—you know, I would assume the bond rating agencies are smart enough to understand that, at the end of the day, if there was risk it would be picked up by the province.

Mr. Peter Tabuns: So would you urge the government to actually follow standard public sector accounting principles?

Ms. Bonnie Lysyk: We would recommend that the government reconsider this bill.

The Acting Chair (Ms. Daiene Vernile): Thank you very much, Ms. Lysyk. We appreciate your appearing before this committee this morning.

MS. CHERYL SIMPSON

The Acting Chair (Ms. Daiene Vernile): Committee members, our final deputant before we recess for lunch is calling in. Cheryl Simpson, are you on the line?

Ms. Cheryl Simpson: Yes, I am.

The Acting Chair (Ms. Daiene Vernile): Good morning to you. I hope things are well there in the southwest of Ontario.

Ms. Cheryl Simpson: Good morning.

The Acting Chair (Ms. Daiene Vernile): I'm going to start by asking to you state your name for Hansard, and begin any time.

Ms. Cheryl Simpson: Cheryl Simpson. I would like to start by giving a little of my personal history.

In 1986, I had my first bout with cancer, and I was given radiation treatment. I was given so much radiation treatment that I now am disabled because I have radiation-induced myopathy and I have no upper body muscle left. I've been on disability since 2008. Until that time, I had worked my entire life.

In 2010, I had a feeding tube put in. I was living in the Windsor area. I couldn't afford to run my feeding tube machine, so I was not getting my nutrition. The hydro rates there—and with utilities—was astronomical, so I chose in 2014 to move to the Sarnia area. I was also—lower rates, Hydro One and I would be closer to family.

Because of how much—the hydro has tripled since I've been here, I once again can't afford to run my feeding pump between the hours of 7 a.m. and 7 p.m., which is my only source of nutrition. That means that between the hours of 7 a.m. and 7 p.m., I get nothing but water because that's the only thing I can take by mouth.

I received my hydro bill yesterday, coincidentally. I'm looking at my highest average electricity use per day, and it's four—not 40, not 400—it's four. Sometimes, mid-peak, zero. They're usually zero, one, two—three ...

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(Ms. Cheryl Simpson)

... not 400—it's four. Sometimes, mid-peak, zero. They're usually zero, one, two—three would be the highest number, other than the total being four on one week.

1140

I don't know how I'm expected to pay my bill. I don't know how I can lower it any more. My bill is actually under \$10. The delivery charges are what are killing me.

I can't afford to not have my food. I have lived here three years. When I moved here, I was 115 pounds. Now I'm not even 100. I simply can't—run it. I've tried the hydro program that's supposed to give you ??relief, except they only do it for people with oxygen tanks and dialysis. Feeding machines don't count. I'm not the only person in this province with this issue, I'm sure.

Now you're putting our rates up. The 25% projection is for what per cent—years from—how much is my hydro going—that's a question. Can anyone answer it?

The Acting Chair (Ms. Daiene Vernile): [New Speaker Code]: Ms. Simpson, are you continuing, or are you ready for questions?

Ms. Cheryl Simpson: No, I actually am ready for questions. I have quite a few questions.

The Acting Chair (Ms. Daiene Vernile): Okay, very good. Our first—oh, you have questions?

Ms. Cheryl Simpson: Yes, I do.

Mr. Bill Walker: Can you ask her to repeat that?

The Acting Chair (Ms. Daiene Vernile): Can you please repeat your comments? We're having some difficulty with the audio.

Ms. Cheryl Simpson: Okay. Which—the whole entire comments?

Mr. Bill Walker: No, just the last question.

The Acting Chair (Ms. Daiene Vernile): Just your very last question that you asked.

Ms. Cheryl Simpson: Okay, my last—sorry, I'm trying to get my paper back here. My last question is, we're going to take out this loan, and it's going to be for four years so that the Liberals can be re-elected. Now I want to know, in four years, how much is my hydro going to go up? I already can't afford to run a feeding pump. How much is it going to go up in four years? What per cent? Because it will go—

The Acting Chair (Ms. Daiene Vernile): Okay. Are you ready to receive commentary from our committee members now, Ms. Simpson?

Ms. Cheryl Simpson: Yes, I am.

The Acting Chair (Ms. Daiene Vernile): All right. Our first questions and comments for you will come from MPP Walker.

Ms. Cheryl Simpson: Okay.

Mr. Bill Walker: Thank you very much, Ms. Simpson. I'm sorry to hear about your cancer and what you're going through. It's very challenging and I can only imagine.

To answer your last question first, the loan is actually over many more years than four. But you are very astute. What they're going to do is your rates are going to be relieved for four years, and then they're going to significantly increase after four years and continue to escalate at a minimum of 7%, probably 10% to 12%. They're going to bring back the debt retirement charge at four times more. And that debt that you are incurring is certainly money that could be, in my mind, going to things like paying for your feeding tube machine and other things.

A concern I have with this legislation is that it doesn't address the continued escalating of costs. It's merely a shell game. The auditor-general was just here and said they're using accounting practices that are not acceptable. They're going to move some money around and make it appear—to your point, just before the election—that things look wonderful in the province of Ontario: "Vote for me again and we promise not to do it." But those rates are going to continue to escalate.

In the meeting this morning with the fiscal accountability officer—if things change and go to the worst-case scenario, it could actually cost you as a taxpayer and me as a taxpayer \$93 billion for this little shell-game scheme. I trust you're not very pleased.

Ms. Cheryl Simpson: No, not at all, actually. And what I failed to mention was that when I moved here, I had \$45,000 in my RRSPs. In January, every year, under financial hardship, I cash in the maximum. I am now down to under \$15,000 in my RRSPs, and I'm in my fifties.

I'm on disability through Sun Life, and I am trying to, once I get a settlement from them, get out of Ontario.

Mr. Bill Walker: That's a sad thing, and it's a sad thing that we're going to lose you. We're going to run out of time. Do you want one last opportunity to say anything to the Liberal members in the room about what you believe they should do with this bill?

Ms. Cheryl Simpson: I think the bill ??should ??be scrapped. I don't know how you can rob Peter to pay Paul. Like, they sell off everything in Ontario that is profitable and they look for money elsewhere. Keep the ??things that are profitable. Quit selling off Ontario. If you keep some of these things that are profitable, like Hydro One, like the casinos, like LCBO, then possibly we would have a profit instead of such a huge deficit and a continuing huge deficit. Since the Liberals—

Failure of sound system.

Ms. Cheryl Simpson: Since Kathleen Wynne has been in, the deficit is out of control. The province is ...

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(Ms. Cheryl Simpson)

... huge deficit. Since the Liberal—

Failure of sound system.

Ms. Cheryl Simpson: Since Kathleen Wynne has been in the deficit is out of control. The province is—we're losing everything that's becoming privatized. BC owns our casinos. What's going on? "Give us a place to stand and a place to grow and we will build Ontario," not "and we will destroy Ontario."

The Acting Chair (Ms. Daiene Vernile): Thank you very much, Ms. Simpson. Our next questions for you are from MPP French.

Ms. Jennifer K. French: Hi. Thank you very much. I'm glad that you took some time today to call in and speak to the committee. We've been hearing from people across Ontario saying a lot of similar things to what we're hearing for you, but of course, your specifics are your own.

Unfortunately with the technology and the phones, you cut out a little bit during your presentation.

I had a question for you. You were talking about your hydro bill. Did I hear you say that it was four? Could you better explain so that I understand what your bills are—your reality?

Ms. Cheryl Simpson: Yes. I'm looking at the kilowatts. Right now there is nothing on in my home. My microwave is even unplugged so that I didn't use phantom hydro. The four I'm talking about is when you look at your hydro bill and you compare your electricity rates, it's your "average electricity you use per day." With mine, the maximum on my bill would be 4 kilowatts.

Ms. Jennifer K. French: That's what I thought I had understood when I heard you. But as you said, "delivery is what's killing me."

Ms. Cheryl Simpson: That's right.

Ms. Jennifer K. French: What is your total bill?

Ms. Cheryl Simpson: I'm on the budget plan. My total bill is actually \$63, but if I look at the bill, I used, let's see, not even \$10 in hydro and my delivery charges are \$40.

Ms. Jennifer K. French: Cheryl, as you were explaining how you have already been using your savings, and trying to make that stretch as far as you can—and I understand your plan to leave Ontario but if you don't and you stay here—how are you going to be able to afford the bills if they continue to go up?

We've talked today about four years and that after four years they will then continue to rise, and as my colleague had said earlier, go up by about 7% per year, looking at over a decade. Where would that leave you? Also, perhaps you could weigh in about your neighbours.

Ms. Cheryl Simpson: Actually, myself—because my bills are so much and because it's a feeding tube, and with everything that goes with having had cancer—I've had it four times. Now, with having a feeding tube and being limited to—I don't get any nutrition from 7 to 7. I've actually spoken with my doctor about the [Inaudible] suicide because I believe that's probably my only option.

Now we'll go to my neighbour. I was over speaking with a neighbour yesterday, actually, who just had her 83rd birthday. She was outside. She's on oxygen and she's explaining to me how she doesn't know what she's going to do. She's almost glad the end is near because she can't afford her bills either.

The Acting Chair (Ms. Daiene Vernile): Ms. Simpson, our final questions for you are coming from our government side. MPP Delaney.

Mr. Bob Delaney: Ms. Simpson, I certainly wish you all the success in coping with the condition that you described. I sincerely hope that you approach your local MPP with regard to assistive devices because support for that is being made permanent in Bill 132, as is the Ontario Electricity Support Program.

In your tax filings, which I'm sure you do every year, I'm sure you'll be eligible for some electricity support there. Of course, the 25% rate cut is being made permanent.

I'm afraid the allegations made by my good friend and colleague from the PC Party are all wrong. The province is, however, in surplus. If the Tories are proposing selling the LCBO, I can assure you very much that our government has never considered it.

Chair, thank you very much for the opportunity to make these comments. We have no further questions.

The Acting Chair (Ms. Daiene Vernile): Thank you very much, Mr. Delaney. Cheryl Simpson, thank you very much for calling in and sharing your comments this morning.

Committee members, we stand in recess until 1 p.m. Thank you very much.
The committee recessed from 1150 to 1301.

The Acting Chair (Ms. Daiene Vernile): Good afternoon, committee members. Welcome back for our afternoon session of public hearings on Bill 132, An Act to enact the Ontario Fair Hydro Plan Act, 2017.

HYDRO ONE INC.

The Acting Chair (Ms. Daiene Vernile): Our first deputants this afternoon are with Hydro One Inc. I would ask that Ferio Pugliese and Daniel Levitan come forward, please.

Make yourself comfortable, gentlemen. You're going to have five minutes to speak to our committee, and then they will ask you some questions. Please start by stating your names.

Mr. Ferio Pugliese: Ferio Pugliese.

Mr. Daniel Levitan: Daniel Levitan.

The Acting Chair (Ms. Daiene Vernile): Begin at any time.

Mr. Ferio Pugliese: I'd like to thank the Chair and the committee members for inviting Hydro One to speak on this important bill and what it means for our customers here in Ontario.

I've personally been with Hydro One for close to a year and, since I've started, I've been out in our communities, listening to our customers about the fears and frustrations they have about the rising cost of electricity. I've also had the opportunity to listen to over 2.5 million calls we get annually in our call centre.

We've heard from customers who were struggling to afford their monthly electricity bills, many of whom were falling behind on their payments. The message we heard loud and clear was an urgent call for fairness and for relief. Hydro One answered the call by recognizing there were means within our direct control to address this.

We immediately began with some of our winter relief programs, an initiative to get the lights—and in some cases, the heat—back on for hundreds of customers during the coldest months of the year. We have been working with these customers to get them back on track for the long term, and we went above and beyond the existing regulations to give our customers more time to work with us.

We also cancelled the policy of requesting security deposits—an industry first—from our residential customers and reducing to one year the time that we hold business deposits. Following that decision, we returned those deposits of \$10 million that were sitting in working capital to businesses and another \$2 million out of working capital were returned to residential customers.

We also looked at the costs within our control, and we've been able to save tens of millions of dollars through increasing productivity, finding efficiencies across the business and better negotiating with our suppliers to reduce operating costs.

We recognized that this wasn't enough. While continuing to focus on improving the business and our service levels and providing relief to our customers in the greatest need were important first steps, the rising cost of electricity and the burden it places on our customers still needed to be addressed.

In February, we gathered leaders from across the company to spend a day in the call centre, taking hundreds of calls from customers, and what we heard comes as no surprise to members of this committee.

We spoke with rural and northern families on electric heat whose winter bills were over \$500 a month.

We talked to single parents and retirees making decisions between food and heat and who are on fixed incomes.

There was a real sense that something needed to be done and it needed to be done rather urgently. What our customers needed was relief and fairness.

We began meeting with the minister and government officials to deliver feedback directly from these sessions coupled with evidence-based ideas for change built on data that we have received directly from our customers and our customer information systems.

From Hydro One's perspective, three things need to happen immediately:

—relief on the overall cost of power;

—fair delivery charges for rural, small urban and First Nations communities; and

—additional assistance for those who need it the most.

The changes to the global adjustment in the fair hydro plan will bring significant relief to our residential and...

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(Mr. Ferio Pugliese)

...

—additional assistance for those who need it the most.

The changes to the global adjustment in the fair hydro plan will bring significant relief to our residential and small business customers. That customer on electric heat I mentioned earlier could see savings of close to \$75 just on that line item alone.

As you know, most residential and business customers live and work in rural and northern communities, which represent 60% of our customer base, where the cost of delivering power to the home is, on average, higher than for those in a city.

For instance, while we have 1.3 million customers, we also have 1.4 million poles. We have more poles than people. That's roughly one pole per person whom we serve. Urban distributors, conversely, typically serve several customers per pole and per infrastructure investment.

Fairness is needed for these customers. Bringing their delivery charges in line with the provincial average is the right thing to do. The same customer on electric heat could see a further \$80 removed from their monthly bill.

Lastly, I'll mention that the affordability fund that is being developed will provide distributors with greater flexibility in delivering effective home upgrades to their customers who would be otherwise unable to afford them.

The message from our customers has been loud and clear: that they need to see their bills come down. A lot of our customers have done their part. They are adjusting their usage, they have installed efficient lighting and they're winterizing their homes.

I will close with this: We want to thank the government and Minister Thibeault for consulting with us on this important matter, and we want to thank the members of this committee for giving us an opportunity today to advocate on behalf of our customers.

The Acting Chair (Ms. Daiene Vernile): Thank you very much, Mr. Pugliese. Our first questions for you are from our NDP caucus: Mr. Tabuns.

Mr. Peter Tabuns: Mr. Pugliese, thank you very much. Gentlemen, thank you for being here this afternoon. You were pretty straightforward in your commentary. People are struggling. There's an urgent call for relief.

You know that, at the end of four years, the relief ends and the bills will go up 7% a year for the following six years. When it comes to rest, the bills will be 12% higher than otherwise would have been. How do you think your customers will feel about that?

Mr. Ferio Pugliese: Well, I'm certainly not going to speculate on future rate cases and what's going on. What I can say to you is that, as a company, we're continuing to focus on cost reductions in our operations and we continue to make things more efficient and to get costs down. Our focus here is on fairness for our customers and continuing to drive for affordability in electricity.

Mr. Peter Tabuns: Interestingly, I'm not talking about a rate case; I'm talking about the financing for these four years of lower prices. Financing the period of calm comes to an end in four years, and then prices will go up sharply. Given your customers are upset now, how do you think they will respond when the prices start going up sharply again?

Mr. Ferio Pugliese: Look, I'm not going to speculate on how the financing is going to work over that period of time. I think that's something that should be taken up with the various ministries that have been working on this fiscally.

I think this plan and the adjustments that had made are needed at this point in time, given what I've seen first-hand in every single community that I've gone into and every customer whom I've spoken to with respect to the need to afford electricity today. Those adjustments had to take place. That's been our prime focus.

Mr. Peter Tabuns: So you're not worried that the prices will be going up sharply?

Mr. Ferio Pugliese: I'm not.

Mr. Peter Tabuns: Our Financial Accountability Officer today, using cabinet documents and ministry documents, showed how it will play out, and that's the scenario. If you have upset customers now, in four years, they're going to be a lot more upset because they're going to be seeing prices shooting through the roof.

But I'll go beyond that. The other thing that the FAO pointed out was that, because of the way this whole deal is structured—something that's contrary to public sector accounting rules, by the way—we're going to be paying \$4 billion more in interest costs to reduce bills than we otherwise would have paid, which will mean higher bills.

Does Hydro One support borrowing an extra \$4 billion or paying an extra \$4 billion, which will drive up hydro rates further, for these four years of relief?

Mr. Ferio Pugliese: We're not sure that that's 100% correct in terms of it driving hydro bills up over that period of time. I think that the changes that have been made here are systemic changes that have had to be put in place to introduce relief that could actually be seen to be benefitting our customers over this longer period of time.

I think that between now and the time frame that this plan is in place, there's a lot of work that can be done between all of the LDCs and the province—

The Acting Chair (Ms. Daiene Vernile): Thank you very much, Mr. Pugliese. Our next set of questions for you are from MPP Delaney.

Mr. Bob Delaney: Perhaps you could expand a little bit more on the rural or remote rate protection program and explain from your perspective what it means to you and how it's helpful...

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(Mr. Bob Delaney)

... remote rate protection program and explain from your perspective what it means to you and how it's helpful to your customers.

1310

Mr. Ferio Pugliese: Yes, that one in particular was most concerning to us, and one that we saw probably as the most beneficial. If there is an LDC in the province that has customers that would benefit the most from a delivery charge benefit, it's going to be ours. The simple reason is that 720,000-plus of our customers sit in medium- to low-density areas, which means that they're sitting in places with low population but a high degree of infrastructure.

They're usually subject to high rates and delivery charges for a few reasons. One is that, simply because of their location, there is less opportunity to spread the cost out against the number of people there. Secondly, they're typically living in ??old stock homes, dependent on electric heat and with poor insulation in the dwellings that they're living in, without access to natural gas. So there are a multitude of factors that actually add to that. They're getting hit with consumption rates along with high delivery charges.

One of the things that we were strong advocates for was trying to bring rural rates and delivery charges in line with urban rates to bring some level of fairness to that charge for those people living up in rural areas. That's 60%-plus of our customer base that would be impacted by that.

Mr. Bob Delaney: So roughly three out of five of your customers can expect, from an affordability perspective, that the impact of this particular bill will be beneficial?

Mr. Ferio Pugliese: Correct.

Mr. Bob Delaney: Okay. Talking about communicating with your customers about some of the things, and as they change, that affect their bill and possibly lower their costs—for example, things such as the Ontario Electronic Support Program, the 8% rebate and the proposals made in this bill. How do you communicate with your customers about such things as that which would materially affect their lives?

Mr. Ferio Pugliese: There are a variety of ways we do that. We do it through social agencies, in particular. That's one of the main sources. But we also go direct to customers with our direct mail communications. We're also shifting to digital channels for those customers that are on digital channels, with e-billing and use through our portals, where we're getting information to them directly on these programs, how they work and how they actually qualify.

I will say that social agencies have actually been very instrumental in helping us operationalize those programs. Now, with the introduction of the affordability fund—the affordability fund actually allows us another avenue to—

The Acting Chair (Ms. Daiene Vernile): Thank you, Mr. Pugliese. Our next set of questions for you are from MPP Smith.

Mr. Todd Smith: Following up on the affordability fund, was that an idea of the government or was that an idea of Hydro One?

Mr. Ferio Pugliese: Predominantly an idea of Hydro One.

Mr. Todd Smith: So is Hydro One or the ministry in charge of what's going to be paid out in the affordability fund?

Mr. Ferio Pugliese: It is set up via a trust. The trust consists of three local distribution companies—ourselves, Thunder Bay Hydro and Alectra—along with two social agencies. The funds are put up in a trust. There's government representation on that board of trustees, and it is also audited by a third party. Hydro One does not have direct control over where those funds are allocated. It is established and is adjudicated by the actual board of trustees.

What we plan to do with that is invite LDCs from across the province, along with social agencies—and there are two social agencies that are on that trust fund as well. It's Carlton United Way, and it's also ACTO, which is the local social agency. The LDCs will bring cases of affordability forward and the trust will decide and adjudicate how funds should be allocated.

Mr. Todd Smith: At what point did Hydro One become a private company?

Mr. Ferio Pugliese: In November 2015.

Mr. Todd Smith: So how was it, then, that the ministry directed Hydro One to appear at that event on March 2? How did the ministry advise Hydro One to participate in the event on March 2, where the fair hydro plan was unveiled to the public?

Mr. Ferio Pugliese: That was simply because we had presented some fact-based solutions and recommendations of how we felt the bulk of the customers in Ontario could be impacted, which we represent. That was really the rationale for that.

Mr. Todd Smith: But in the questions that Mr. Tabuns was asking, it didn't seem like you were concerned about the fact that we now have documents showing exactly what the cost of electricity is going to be, and that's a huge concern. I represent a lot of Hydro One ...

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[Mr. Todd Smith]

... it didn't seem like you were concerned about the fact we now have documents showing exactly what the cost of electricity is going to be, and that's a huge concern. I represent a lot of Hydro One customers. It strikes me that it doesn't seem to be concerning to you as Hydro One executives.

Mr. Ferio Pugliese: I think any cost that gets allocated to the electrical system in Ontario is a concern to us. I will say this: Relief in the form of bringing hydro rates down was, in our opinion, at crisis proportions in the province and needed to be addressed. I believe that this plan does address that and allows and offers time for companies to address it—

Mr. Todd Smith: But it's going to be at crisis proportions, again. It's going to be at crisis proportions again. Do you not think that the \$25 billion to \$93 billion that the FAO said this could cost could be better used to invest in a better transition system in Ontario or in ensuring we have the equipment we need to help keep costs down—

The Acting Chair (Ms. Daiene Vernile): I'm very sorry to do this. That's our time. Thank you very much for appearing here today. If you would like to offer us a written submission, you may do so until 5 p.m. tomorrow—is that correct? Okay. I would ask that you now step down.

CONGRESS OF UNION RETIREES OF CANADA

The Acting Chair (Ms. Daiene Vernile): I will invite our next deputant to come forward: Mr. James Cushing, with the Congress of Union Retirees of Canada. Please come forward; make yourself comfortable. Mr. Cushing, you'll have five minutes to address our committee, and then each caucus will have three minutes to engage with you in questions. Please make yourself comfortable.

Mr. James Cushing: Okay, thank you.

The Acting Chair (Ms. Daiene Vernile): Start by introducing yourself to Hansard. Start anytime.

Mr. James Cushing: Hello. My name is James Cushing. I thank the committee for allowing me the opportunity to present a deputation.

I am an executive committee member for the Congress of Union Retirees of Canada and also for OPSEU's retirees division. The membership that I represent has a wide variety of different types of fixed-income pensions and needs assurances on essential services like hydro that they can be maintained at a sustainable rate. When we look at the overall retiree landscape, only 20% have company pension, and they can ill afford any increases whatsoever.

When reading Bill 132, the 25% rate cut that is proposed—from what I can glean from it—will be folded into the OPG bank to be collected at a later date when the clean energy adjustment will be implemented. The bill seems to do a great job of protecting shareholders and investors at the expense of the consumer. Any burden of loss will be on taxpayers, with all profits going to the 60% shareholders. Obviously, this has increased the anxieties of my membership and of retirees, generally, across Ontario.

When we look at it and—I think it was mentioned before as well—when we look at the adjustments that come out, rural Ontario will be hit the hardest in respect to that. A large number of our members from rural areas have advised us that they rely on electricity for heating their homes. Their monthly bills, in some cases, are well over \$700.

I guess one of the things we need to ask, because it doesn't seem to be too clear—and I noticed they were talking about it to the previous speaker—is in respect to what the government will do for low-income or fixed-income people when the burden comes with the clawback of the 25%. Of course, there are going to be additional costs—I think there was a mention of the interest rate and that kind of thing—paying the interest on it as well. So you could have an additional burden put on, especially for rural areas and people, as I say, on a fixed-income trying to stay in their homes. I think this may push them over the edge. It isn't even clear what the interest will be from the OPG bank to the consumers, but I did hear it mentioned, so there must be some data out there that I didn't have time to glean. But they will have to pay back the proposed 25% savings plus that. ...

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(Mr. James Cushing)

... data out there that I didn't have time to glean. But they will have to pay back the proposed 25% savings plus that. The burden later on will be far greater than the savings consumers will receive now.

In conclusion, a publicly owned utility, where 60% has been sold off to the private sector, will have considerably less revenues going back to the public interest. The investors win; the public and, particularly, seniors will lose out with Bill 132. Thank you.

The Acting Chair (Ms. Daiene Vernile): Thank you very much, Mr. Cushing. Our first questions for you come from our Liberal side: Mr. Delaney.

Mr. Bob Delaney: Thank you very much for your very interesting presentation. Just out of curiosity: From which pension funds do your members principally benefit or draw upon?

Mr. James Cushing: Actually, they come from all walks of pension life, basically. If you're talking about the Canadian level, these are unionized employees from all different types of unions, so there are varying degrees.

Within OPSEU, we have, of course, the broader public service, which can have targeted pensions and they can have no pensions whatsoever, to some degree, and then you have, of course, the OPS government pensions for probably about 44,000 of our members.

Mr. Bob Delaney: One of the comments made from time to time by a lot of our public sector pension fund managers is that there's not a lot in Ontario in which to invest their money.

In this case, is it not reasonable to assume that a lot of the dividend income that you spoke of would actually be returns to retirees, as much of such a broadly held publicly traded entity would rest in the hands of pension funds whose revenue flows directly benefit your members?

Mr. James Cushing: Well, I think you could say that to some of the bigger pensions; not so much the bulk of our membership. The bulk of our membership is not going to be in that kind of pension plan.

When you're talking about some of the bigger ones, yes, that may be the case: that there would be investments that our pensions may put forward.

Mr. Bob Delaney: Would the 25% reduction in electricity prices assist with retirees, beginning this summer?

Mr. James Cushing: Is this—

Mr. Bob Delaney: Well, presuming the passage of the bill, this summer, electricity rates for residential and small-business users would come down by 25%. Would that be helpful?

Mr. James Cushing: Well, I'm sure that would be helpful for people to get 25% off their hydro rates, but if it's in anticipation of four years from now and paying that back twofold—

Mr. Bob Delaney: As our previous presenter pointed out, that would be conjecture.

Thank you, Chair.

The Acting Chair (Ms. Daiene Vernile): Thank you very much. Our next questions for you are from our PC caucus: MPP Walker.

Mr. Bill Walker: Thank you very much, Mr. Cushing. One of your first comments was that retirees cannot afford any rate increases, if I'm correct.

Mr. James Cushing: Yes.

Mr. Bill Walker: The sad news is that, in the report we received this morning from the Financial Accountability Officer, as of 2028, you'll be paying 12% more. It's not good news for you to start this off with.

There's also going to be four times the debt retirement charge than what you were paying when it was last on your bill. Again, not good news.

I'll read this from the FAO's report this morning: "The estimated \$45-billion cost to the province assumes that the province is able to achieve and maintain a balanced budget over 29 years." If you look at the number of years with the current government, I don't think that that's really something that people go to bed at night feeling very good about.

I believe it is also at the lowest rate—assuming that interest rates will not move, and we know those historically always move. He also projected this could balloon to \$93 billion that could be costing you as taxpayer. Whether they call you a "ratepayer" or "taxpayer," it doesn't really matter. I think you still pay the same amount, no matter which handle they give you.

At the end of the day, what we were really hoping to see is that it would actually address the system, so that they were, over time, getting rid some of the systemic increases in there. Hydro One: You would have liked to have seen them take \$25 billion, if they could find it, and put it into the asset to lower the cost and to make it more stable over the years.

I'm very concerned. You raised issues about rural areas and, certainly, the homeowners. Businesses: The small grocery stores are telling me in my backyard, "If we don't somehow address this, those rates are being passed on to my customers." So not only are you paying higher hydro rates after a four-year reprieve and an election cycle, you're actually going to be paying more at the grocery store and everywhere else you go that produces energy. It's a very challenging system.

Would you have thought that, if they were going to sell Hydro One, it should have been in their election...

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(Mr. Bill Walker)

... actually going to be paying more at the grocery store and everywhere else you go that produces energy. It's a very challenging system.

Would you have thought that, if they were going to sell Hydro One, that it should have been in their election platform in the last campaign?

Mr. James Cushing: Definitely.

Mr. Bill Walker: And if they were going to sell, would you have thought at the very minimum that there should have been a referendum of the people? Eighty-five per cent of the people of Ontario are saying don't sell Hydro One, yet they continue to move down that path. How did you feel about that?

Mr. James Cushing: Well, obviously quite upset. I think that one of the things that we know is that when you move to the private sector, they're looking at profits. This is, as far as I'm concerned, is an essential service to the public in Ontario. I don't think it should have been farmed out to the private sector to create profits for people outside of the taxpayer.

Mr. Bill Walker: So as a taxpayer, are you concerned that you're going to get a little bit of a relief, not necessarily savings—because if you take your credit card and you just move it out for four years and don't pay it, are you really saving anything at the end of the day?

Mr. James Cushing: No, I'm losing big time, and that's a real concern.

Mr. Bill Walker: Big concern.

Mr. James Cushing: I mean, it's not worth it to take that 25% if it's going to double the price in four years, is it?

Mr. Bill Walker: Exactly, and especially if your bill has gone up between 200% and 400%, the 25% isn't really cutting it.

Mr. James Cushing: Yes, that's right. And we've still got the indexing to inflation as well. That's going to continue too.

The Acting Chair (Ms. Daiene Vernile): Thank you, that's time. Our final questions for you are from MPP Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Mr. Cushing, thank you very much for being here today.

Just as a note, the Financial Accountability Officer this morning made his report based on Ministry of Energy documentation—and, I assume, documents from cabinet—showing that, indeed, four years from now, based on the Liberals' own plans, prices will start to rise almost 7% a year until we hit a point where they're 12% higher than they are today. Are most of your members aware that they're only getting short-term relief from this plan?

Mr. James Cushing: They are becoming aware, yes.

Mr. Peter Tabuns: And how do they feel about the fact that they're going to get reduction for a brief time and much higher bill for a long time?

Mr. James Cushing: It's creating a lot of anxiety for people. People are really concerned about—a lot of people are saying to me, "This is going to be the crux. This is going to be what pushes me over in not being able to sustain my house. I'll probably have to sell my house." There will be all kinds of ramifications in that respect.

And I think you raise a good point: consumers, too. The price of consumer goods will go up, especially in rural areas. It's going to be extremely difficult for them to survive with all that pressure coming to bear financially for them.

Mr. Peter Tabuns: Okay. You've actually covered the questions I needed answered. I thank you again for coming this afternoon. I appreciate it a lot. Thank you, Chair.

Mr. James Cushing: Thank you for hearing me.

The Acting Chair (Ms. Daiene Vernile): Thank you very much, Mr. Cushing, for appearing before this committee. Have a good afternoon.

CHIEFS OF ONTARIO

The Acting Chair (Ms. Daiene Vernile): I would now ask our final presenter for the afternoon, Chief Ava Hill, to come forward. You are with the Chiefs of Ontario. Welcome back to Queen's Park; you've done this many times, so you know the drill.

Chief Ava Hill: I need an office here.

The Acting Chair (Ms. Daiene Vernile): Make yourself comfortable. You will have five minutes to address our committee, and then each caucus will question you for up to three minutes. Start by stating your name. Begin anytime.

Chief Ava Hill: Chief Ava Hill. I'm the elected chief of Six Nations of the Grand River, but I'm also the chair of the Chiefs of Ontario committee who has been dealing with hydro rates. Accompanying me is Amy Lickers, who is a staff person at the Chiefs of Ontario. I'd like to begin by acknowledging that welcoming you to the shared territory of lands of the Haudenosaunee and many other nations who have come together under the Dish with One Spoon.

I should say as well that we will be sending a written submission to you later; I'm just going to do a verbal one today.

Just to begin, First Nation treaty land rights have not been accounted for often when industry or government made decisions about lands or resources. As a result

there are a number of outstanding historic issues between First Nations communities and between many of the people in this province, including utilities.

In my community of Six Nations, and why I ended up being the chair of the committee, is I spent many hours talking to former Minister of Energy Minister Chiarelli about the hydro bills that our people in not only in my community, but in every First Nation community in this province, was facing. It took a long time, but finally I think my message got through to him.

We also have the political accord that was signed between the First Nations and the Premier. The regional chiefs signed it. This is something that has brought together to look at how we address the historic issues between Ontario and between the First Nations in this province.

In February, we had another meeting with Minister Chiarelli where we discussed how we were going to look at the hydro rates that First Nations people were facing every day in their communities.

I also had meetings with Rosemarie Leclair who is the chair of the Ontario Energy Board to discuss the same things ...

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(Chief Ava Hill)

... were going to look at the hydro rates that First Nations people were facing every day in their community.

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I also had had meetings with Rosemarie Leclair who is the chair of the Ontario Energy Board to discuss the same things.

We agreed that we would set up a grievance process. That grievance process was divided into two parts. One part was that we would deal with the hydro rates. The other part is that we would deal with some of the historic issues related to our land rights, and the transmission lines being on our land rights. We made it quite clear that they were two separate issues.

I just want to say that what led up to this process is the work that we were doing at Six Nations. We developed a friendly relationship and a very professional and very useful relationship with Hydro One. For the last couple of years, Hydro One officials have been coming into our community, sitting with our members one-on-one to talk about their bills, because there's a lot of poverty in my community, as there is in many First Nations. People were having to make decisions as to whether they buy food or pay their hydro bills. They did not have the resources to continue to make their payments, so arrears have piled up. Hydro One has reached out and established a relationship with us, and they have come down and sat with us. Their staff even brings coffee and doughnuts for our people when they meet with them. They continue to do that every month and spend the day with people. This has become a pilot project and it has spread out to other First Nations communities in the province. This has worked really well.

It's also worked as well with us working with the ministry with respect to the historic grievances. We are right now in discussions with them.

Our hard work paid off last June, when Minister Thibeault came to the Chiefs of Ontario and said that he was directing the Ontario Energy Board to look at an on-reserve First Nations hydro rate.

We worked with the Ontario Energy Board at the Chiefs of Ontario and, over five weeks, we travelled across the country to five different locations to hear from all of the First Nations representatives as to what they wanted to see and how did they want to participate. There were over 72 participants and a total of 48 First Nations communities.

We have the document that was called the Voices of Our People. One of the main things they came out with was that we eliminate the delivery charge for First Nations on-reserve members.

We were very pleased when, on March 2, Premier Wynne and Minister Thibeault announced the Ontario fair hydro plan, which included the elimination of the First Nations delivery charge. The joy and relief from First Nations was evident. As a First Nation leader, it was a very emotional day, and uplifting for me, because I had put my heart and soul into doing that for the benefit of all of our community members. It was also an indication to us that the province was listening to us. The First Nation delivery credit, as I said, will not only bring relief to households in First Nations communities, it will bear witness to the renewed relationship that we have established with the province in the light of the truth and reconciliation report.

On March 10, members of our chiefs committee met with the Minister of Energy, Ontario Power Generation, IESO and the Ontario Energy Board in Garden River. The energy table was positive and we're going to continue to work on this. We will continue to work with Hydro One. We will continue to work with the Ministry of Energy in implementing the elimination of the delivery rate for First Nations.

We are also involved in a long-term energy plan so that we can look at options for the future.

I just want to say that we are thankful that the Premier, the ministers and the Ontario government have listened to us. There has been much distrust between us and the government, and a lot of our people are still thinking this is too good to be true. So I just wanted to say that, and say that the political accord is working for us. This is a good-news story for First Nations people. Nia:wen.

The Acting Chair (Ms. Daiene Vernile): Thank you very much. Our first questions for you are from our PC caucus. MPP Smith.

Mr. Todd Smith: Thank you for being here with us today. We appreciate your input. Has the release of the Financial Accountability Officer's report into exactly where the cost of electricity is going to go over the course of the fair hydro plan had an impact on—you said the words, "It almost seemed too good to be true." Does that impact how you feel about the deal now knowing what the Financial Accountability Officer is saying?

Chief Ava Hill: Well, the first I heard of it was when I was sitting here and listening to you—

Mr. Todd Smith: Right.

Chief Ava Hill: —because he made his presentation.

We have always worked from day to day. What's going to happen in four years? Let's all sit down and work on options and relationships to say things are going to be better in four years. I know that you're all projecting that there's going to be doom and gloom in four years, but let's work.

We're working on a long-term energy plan with the Ministry of Energy. We are going to look at options as to how we continue to keep hydro and electricity rates affordable for our people.

Mr. Todd Smith: I understand that. I just wonder, though, with the costs that are involved—and we're talking billions and billions of dollars here, anywhere from

\$45 billion over the course of this deal to \$93 billion. That would pay for all of Ontario's education system for three years. Imagine what it would do for First Nations territories in Ontario. I'm just wondering, do you believe that that is the wisest way to spend the money, to provide a little bit of relief now ...

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[Mr. Todd Smith]

... in Ontario. I'm just wondering, do you believe that that is the wisest way to spend the money, to provide a little bit of relief now and then after the election, as all of the projections show, the cost of electricity is going to soar?

Chief Ava Hill: Well, you know, Ontario has often taken the position, particularly when you guys were in the government, that we were always the federal responsibility. If Ontario now wants to start giving us money for infrastructure, water and housing on reserves, we'd gladly take that, and we're willing to work with you on how that can be done.

In addition, I can talk specifically to Six Nations: We have land on six miles of either side of the Grand River, which is our traditional territory. The government takes billions out of there in tax dollars. We don't get that now, so how is that going to— we're in that situation now.

Mr. Todd Smith: You mentioned that the debt retirement charge was taken off of bills in an announcement made last summer—I believe you said.

Chief Ava Hill: No.

Mr. Todd Smith: When did you say the debt retirement charge was removed?

Chief Ava Hill: The delivery charge.

Mr. Todd Smith: The delivery charge—okay. Sorry, I apologize.

Chief Ava Hill: The delivery charge is included in the fair hydro bill, and it will be eliminated in First Nations communities if this legislation goes through.

Mr. Todd Smith: So there is a debt retirement charge that will be coming back as well, as a result of this Liberal plan, that will cost \$22 on every bill in 10 years' time to recover the cost of this.

Chief Ava Hill: Well, you know what we'll do? What we'll do is we'll continue to do what we did to get that delivery charge eliminate. We'll continue to sit with Hydro One. We'll continue to sit with whoever is in the government to make sure that that doesn't happen or that it doesn't affect First Nations communities.

Mr. Todd Smith: And I'm pleased to hear—

Chief Ava Hill: We're looking at the historic uses of the land—

The Acting Chair (Ms. Daiene Vernile): Thank you. Our next questions for you are from the NDP caucus: MPP Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Chief Hill, thank you very much for coming here today. I appreciate your commentary. My colleague, Mr. Smith, has asked pretty much all the questions that I was going to ask, so I won't put you through them twice. I have no further questions. Thank you, again.

Chief Ava Hill: And thank you very much. I want to thank the NDP for the support they've given to the indigenous people in this province over the years.

The Acting Chair (Ms. Daiene Vernile): Thank you. Our final questions for you are from our Liberal caucus. We have MPP Delaney.

Mr. Bob Delaney: Thank you very much. Chief Hill, very nice to see you.

You've described very eloquently the quality of the relationship that our First Nations and the province and its agency have been building together over the last several years. Would it be accurate to call them productive, respectful and professional?

Chief Ava Hill: Yes, I think it would. It certainly has been over—I've been the chief for three years, and, as your Chair will know, I spend a lot of time here in Queen's Park. In that respect alone, I think it has been productive.

Mr. Bob Delaney: We'll look into getting you that desk.

Chief Ava Hill: And the Speaker is at our fingertips.

Mr. Bob Delaney: That is true. The proposed elimination of the delivery charge in Bill 132: You're aware that that proposed change is permanent?

Chief Ava Hill: Yes.

Mr. Bob Delaney: Good. Okay. Is there any other comment that you'd like to make?

Chief Ava Hill: Just that, when we did our engagement, that was the main focus that we wanted—to get the delivery charge—because every First Nation in this community is in a rural setting, which meant that the delivery charge was a lot higher than it would be for people in downtown Toronto. I think this is something that really hit home with Minister Chiarelli when I was bombarding him day after day about this.

That was our main focus, to get the delivery charge eliminated, but then, when we saw the other parts of the bill, like the further 17% reduction, which is not only going to only benefit us but is going to benefit all Ontarians—that was added. When we saw that the ??old Ontario Electricity Support Program criteria was going to be expanded—that is going to affect more of our people, so they can take advantage of that. Then, we saw the affordability act also added. There were a number of things that we didn't know were going to be in there, so that's why I say it was a good deal for us. We would have been happy with the delivery rate, but we are much happier to have all the other things included.

It's certainly, as I said, the joy in our community, because ??right now people, as I said, are ??having to decide, "Do I pay my hydro bill or do I buy food for my kids?" That's how the situation is in many communities. We have had many elders and seniors who have had their bills skyrocket; they have not been able to keep up with the payments because of the high delivery rates. That's why we're working with Hydro One and we have their staff come down one a one-on-one basis so that we can work out payment plans. We're not saying that people should not have to pay their bills; we're saying, "Come, let's talk about these payment plans."

Then, the other part, going back to what I was talking about earlier, is our historic land rights here, which we've never really been compensated for. I was just speaking at a session to students this morning, and I said, "You know, we welcomed all of your ancestors here. We helped them survive on this land. We continue ...

JP018-1335-24 ends

JP018-1340-24 begins

The Acting Chair (Ms. Daiene Vernile): Ten seconds.

Chief Ava Hill: I was just speaking at a session to students this morning. I said, "You know, we welcomed all of your ancestors here and we helped them survive on this land. We continue to welcome newcomers." I think it's only time we get that—

The Acting Chair (Ms. Daiene Vernile): Thank you very much, Chief Hill. That is your time for today. I want to thank you for appearing before the committee, and

remind you and all of the other deputants that the deadline for written submissions is 5 p.m. tomorrow. That's Thursday, May 25, 2017.

To all of the deputants, thank you very much for being here this afternoon, and to all of our committee members, thank you for your input and your hard work.

We stand adjourned.

The committee adjourned at 1340.
