

September 24th – Globe & Mail:

TORONTO - Ontario residents can expect higher electricity rates as utilities collect another \$240 million annually in guaranteed profits, but none of that money will go to repairing the aging power grid, the opposition charged Thursday.

The Ontario Energy Board has decided the return on equity - the guaranteed rate of return - for electricity distributors and transmitters should jump to 9.85 per cent from 8.39 per cent.

That will mean even higher rates for homeowners, who've already been hit with an extra eight per cent for electricity because of the HST, plus the costs of installing smart meters and moving to expensive time-of-use pricing, said NDP Leader Andrea Horwath.

"Why should families, struggling with their bills, fork over an extra \$60 a year just to fatten the profits of already-profitable utilities," Horwath asked Premier Dalton McGuinty in the legislature.

"We just think that's wrong." While hydro consumers will be "on the hook" for the \$240 million, "that money isn't going to improve electricity supply or transmission," added Horwath. "Instead, it's padding the profit margins of utility companies."

McGuinty ducked all questions about the guaranteed profits for utilities, but said electricity rates must go up to pay for modernizing an outdated and dilapidated system.

"We are going to invest billions and billion of dollars in new transmission, new generation and new conservation," said McGuinty.

"We're getting rid of coal; we're bringing in clean, green electricity; and we're going to harness the power of the wind and the sun and biomass. We're going to do something that our children will be proud of."

Energy Minister Brad Duguid said the OEB was doing its job in setting the guaranteed return on equity for utilities and the government was not in a position to dictate to the board. "The government doesn't have input into that," said Duguid.

Nonsense, responded Horwath. "They can rein in the OEB, and they can make sure that people in Ontario don't have to pay for the excessive profits of the utility companies," she said. "The government was caught with their pants down on this one."

No Canadian experts who testified at the energy board recommended an increase in the rate of return, in fact some said it should be lowered, so the utilities brought in American experts who recommended an increase, added Horwath. "The hired-gun American experts argued that utility profits were far too low in Ontario, that Ontarians should be paying more," she said. "And the utilities got exactly what they wanted."

The Progressive Conservatives, meanwhile, said another energy agency, the Ontario Power Authority, had increased its bureaucracy by 450 per cent but still spent \$80 million on consultants, adding even more to hydro bills. "You have turned the Ontario Power Authority into the eHealth of the energy sector," said Opposition Leader Tim Hudak.

"Both have runaway spending, both have become a feeding frenzy for Liberal-friendly consultants, and the OPA is stacked with Liberal hacks and flacks. Just like with eHealth, friends of the McGuinty government are getting rich off the OPA while ordinary, hard-working families and seniors are getting stuck with the bill."

A study by the Canadian Manufacturers and Exporters Association estimates Ontario families will pay an extra \$732 a year in electricity bills because of the province's energy policies, added Hudak. "Ontario families are getting stuck with higher and higher hydro bills because of your out-of-control energy experiments," he said. "They're afraid to open up their hydro bills."

The premier wasn't buying Hudak's argument. "I say with the greatest respect to my colleague, I don't believe his numbers," McGuinty told the legislature.