



OPG to seek 14-per-cent rate hike

Opponents say higher electricity costs will hurt manufacturing and the poor

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TORONTO -- Ontario's embattled manufacturing sector and low-income households will be hardest hit if the province's electricity utility gets the green light to increase its rates by 14 per cent, observers say.

Ontario Power Generation announced yesterday that it will seek regulatory approval to charge more for electricity from its nuclear and hydroelectric plants. It said it needs the extra revenue for new electricity projects.

The company can currently earn no more than 4.5 cents a kilowatt hour on 60 per cent of its electricity production. While it will not formally apply to the Ontario Energy Board for the increase until later this month, it began consulting with customers yesterday. The new rate would take effect April 1.

The spectre of rising electricity prices is a sensitive topic for the government. OPG's announcement comes just three weeks after the provincial election, when Premier Dalton McGuinty's Liberals won a second majority. Energy industry sources said government officials instructed OPG not to apply for the higher rates until after the election.

Energy Ministry spokesman Steve Erwin responded, "It's up to OPG, not us, to decide when they do or do not want to file such an application."

"McGuinty gets re-elected, and the cost of living goes up for Ontarians at a time when they can afford it least," said Progressive Conservative MPP John Yakabuski.

OPG said the average household would see its total electricity bill increase only \$3.50 a month. But observers said this would be just the beginning of price increases as the province executes its plan to spend up to \$40-billion addressing growing energy needs, including building two new nuclear reactors.

"Jacking hydro rates through the roof at this stage is going to kill a lot of jobs and it's going to create a lot of economic hardship for a lot of people," said New Democrat Leader Howard Hampton.

Adam White, president of the Association of Major Power Consumers in Ontario, said the province's manufacturing sector has been hard hit by the high Canadian dollar and electricity costs, which are already higher than in many other jurisdictions. He said the 14-per-cent increase translates into another \$50-million in electricity costs a year for his members.

"It certainly is of concern to us that OPG would feel it appropriate to ask for that much," Mr. White said.

AMPCO's members, including Dofasco, Algoma Steel and Ford Motor Co., account for about 14 per cent of electricity consumption in the province.

The province's manufacturing sector is reeling from the loss of 174,000 jobs since 2002, or 12 per cent of the total. This week, Chrysler LLC announced that it is eliminating 10,000 jobs, including 1,100 at its factory in Brampton, Ont.