



Back to Ontario's hydro: Debate over hydro ownership reignited

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Three political veterans have been named to study the future of Ontario's electricity sector.

It's an issue that could affect consumer hydro bills.

And it could re-ignite debate in some municipalities – including Toronto – about whether towns and cities should cash in their multi-million-dollar investments in local hydros.

The panel will look specifically at the province's 77 local hydro utilities.

They range in size from Toronto Hydro to small, rural utilities like Niagara-on-the-Lake. Then there's Hydro One, which serves most of the countryside, but has also swallowed up utilities in urban areas such as Brampton.

Critics have questioned whether they're all as efficient as they could be.

Energy minister Chris Bentley said in an interview that he's not starting with any pre-conceived notions about the utilities.

"What's best of the people who need the electricity?" he said. "That's where I start."

"If the panel can show a different organization (of utilities) can save families and businesses money and operate more efficiently, that's something I would be interested in finding out."

The panel consists of Murray Elston, a former Liberal MPP and cabinet minister; David McFadden, a former Conservative MPP, now a Toronto energy lawyer; and Floyd Laughren, a former New Democrat MPP and cabinet minister.

Ownership of the local utilities has been an issue since the 1990s. Before then, they were not-for-profit co-operatives, owned by their customers. The Conservative government of Mike Harris turned them into for-profit corporations, owned by municipalities.

Some municipalities immediately sold them off, cashing in windfall gains of millions of dollars. Hydro One bought up dozens of them.

Other municipalities saw the utilities as perpetual cash machines, kicking out hefty dividends. (Toronto Hydro paid the city regular dividends of \$33 million in 2011, plus a bonus of \$23 million.)

The province essentially froze sell-offs by imposing a prohibitive transfer tax on the sale of the utilities, but the panel could recommend lifting it.

Peter Tabuns, energy critic for the New Democratic Party, says he fears a sell-off to private investors by municipalities who are under financial pressure.

"I think they're setting up for a fire sale," he said.

"These are golden geese. These will be snapped up, and whoever snaps them up will make an awful lot of money."

Conservative critic Vic Fedeli said if the hydro customer's interests are primary, the Liberals should scrap their renewable energy rates rather than studying local utilities.

Fedeli said that as a former mayor of North Bay and chair of the hydro utility, he got a commitment to route power to a business making a \$7 million investment in the city within a day. A regional or provincial utility couldn't move that fast, he said.



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TORONTO HYDRO CORPORATION

"They're going to have a lot of push-back from municipalities," he said.

Charlie Macaluso, who heads the Electricity Distributors Association, representing local utilities, welcomed the review.

He said some utilities would like to expand their scope of business – such as bringing municipal water service under their management.