

EB-2018-0242

Save PDI Coalition Submission to the OEB December 19, 2019

Introduction

I submit this letter on behalf of the Save PDI Coalition representing workers, researchers, customers, and concerned citizens and to convey the harm that Peterborough citizens and PDI customers will endure if the sale of PDI to Hydro One is approved.

The Save PDI Coalition organized in 2016 on behalf of Peterborough citizens and PDI customers to oppose the sale of Peterborough Distribution Inc. to Hydro One.

In summary, the citizens of our community don't want it. It would increase rates and reduce service. It would harm our local control over our distribution system. And, most important, it would harm our energy resilience, right as we enter the era of climate chaos.

Background: Citizens Do Not Want It

First of all, an overwhelming majority of Peterborough citizens opposed this sale. According to 2 polls conducted by Environics in the months leading up to the proposed sale in 2016, over 90% of citizens said they were against it.

In all the public consultations on the question of the sale, citizens spoke passionately against it with almost total unanimity. A petition opposing the sale gathered about 500 signatures. It is fair to say that the sale was approved by council against the will of the vast majority of citizens.

Despite vigorous public opposition, the political result was a disappointing vote on December 15, 2016 to go ahead with the sale. The vote was very divisive, and the motion passed by a narrow 6-5 margin.

Citizens coalesced after the vote to support a more progressive Council under the banner "Vote for Sustainable Peterborough." We elected a new Council and replaced the Mayor and many of the supporters of the sale in the next municipal election in October, 2018.

Based on the new Council members' statements and records, it is very unlikely that Peterborough's current Council would have approved this sale in the first place. One of their first actions as a new Council was to meet to see if there was a way to intervene and block the sale. They were advised against that course of action for reasons that are not available to the public.

So, the public didn't want, and still doesn't want this sale. Why not? Because of the harms anticipated to our community. Beyond the obvious harm to citizens' faith in our democratic processes, I'd like to highlight the other ways this sale would harm us.

Rate Increases

The first harm that most people have paid attention to is Hydro One's reputation for poor service and high distribution rates. This reputation is backed up by the OEB scorecard that shows Hydro One has among the highest prices and worst service levels of all LDCs in Ontario.

From the citizens' and customers' perspective, we have good reason to believe that we would be paying more money for worse service.

Loss of Control

Losing municipal control over the utility risks harm to our community.

When the Save PDI coalition began our advocacy work, we brought up our serious concerns about losing control. Our concerns were dismissed. We were told: "Your electricity rates will be set by the Ontario Energy Board, so you won't have control anyways."

But those who dismissed us were totally missing the point. Because controlling a utility is about much more than just controlling rates and monitoring service levels.

It is about the flexibility to connect local energy sources to local energy users. Control is also about being able to make our own decisions that reflect our own local interests.

The alternative, which is what the sale offers us, means having to accept decisions from far away that we would have little influence over and that might not be in our local interests.

Hydro One, a huge company that is increasingly focused on international business and large urban centres, is less likely to adapt to the future needs of a small city like Peterborough when we need it. If there are any economies of scale, they would dictate that more populated centres would be serviced first. This would leave Peterborough unable to innovate in support of its own local needs.

As you know a private company's prime objective is to maximize profit to its shareholders. Today, the city of Peterborough is the sole shareholder of our energy distribution system, so any profits stay in our community. They don't flow away as they would if the sale were approved. If sold, the steady income that the utility provides the city today would be lost.

After all, this is a public utility, a natural monopoly that belongs to the public. It was built with public funds. It has served the public well for a hundred years. Citizens are happy with it. Peterborough, known as "the Electric City", is proud of its distribution system.

Selling it to a remote private company, no matter what regulations might be in place, is a foolish attempt to fix a problem that the citizens simply do not have. Instead, it introduces problems where none currently exist.

Local Energy Resilience & Climate Change

This issue around local control has never been more critical.

When the sale of PDI was announced, consensus around climate change was weak, but NOW we all know it is of primary importance. Just this September, Peterborough declared a climate emergency. Our declaration recognizes the transformational chaos that is upon us as a result of the changing climate and the global energy crisis. The OEB "No Harm" test in no way addresses today's reality. We lose because we will not be able to adapt nor have a say in our future and those of our children and grandchildren.

We know we need to work to transition to more distributed, diversified, renewable, fossil fuel free energy generation and distribution systems. Most energy analysts assert that communities with local control over their energy needs will be best able to adapt to the challenges of the climate crisis.

Because local energy resilience depends on local ownership of distribution facilities like PDI, its sale would reduce our city's ability to make changes in response to the climate emergency that faces us all.

Small Enough to Thrive

In addition to these harms, there has been much talk about economies of scale, that on our own we will be unable to make the investments necessary to take advantage of new technologies that will soon become available.

The underlying implication behind these arguments is that PDI is "too small to succeed". But it simply is not. The fact is it has been succeeding! The fact is that bigger is not always better.

The evidence presented in the OEB scorecard shows that there are many other local distribution companies in Ontario that are smaller than PDI, that are also succeeding with service levels and prices much better than Hydro One's record shows. As an example, Embrun Ontario runs a distribution cooperative with only 2000 households as efficiently as PDI with our 35,000 households.

Reversibility

Right now in Germany and other European countries, many municipalities are struggling to regain public ownership and control of the utilities that they were forced to sell over twenty years ago. We should learn from the examples in Europe, take their experience as a warning,

and avoid that problem in the first place. If we sell PDI now for short term promises of rate freezes and even shorter job guarantees, it will be decades before we can get it back, and the task will be expensive and complicated.

Conclusion

Through all our engagement, members of the Save PDI Coalition have seen no reasons to believe that this sale would make anything better for us, the citizens.

On the flip side, there seems to be quite a lot of evidence that it might make things worse – in terms of rates and service levels, and local control over our distribution system. And most importantly, it would reduce our energy resilience right as we enter the era of chaotic climate change, when we will need it most.

For these reasons, we ask you to reject this sale. Saying NO to this sale means saying YES to local citizens, to local democracy, to local control of power distribution, and to local energy resilience.

Guy Hanchet

On behalf of

Save PDI Coalition

705-875-4488