

Text of e-mail to Nugget - July 18/16

Recently we've heard that Northern mayors (North Bay, Sudbury, Timmins, Sault Ste. Marie and Thunder Bay) are planning to petition the Ontario government concerning the rising cost of electricity here in Ontario. In expressing his concerns, Mayor McDonald indicated that rising electricity prices are driving industry out of the province and the situation is becoming a crisis.

The fact that McDonald and the other mayors, excluding Timmins which is served by Hydro One, do not mention is that they are complicit in this crisis by overcharging taxpayers for delivery charges.

According to Distributors' year books posted on the Ontario Energy Board (OEB) web site during 2014, North Bay Sudbury, Sault Ste. Marie and Thunder Bay charged taxpayers \$6.7 million more than was required to deliver electricity to their homes and businesses. In 2013 this figure was \$14 million.

This was accomplished because of the cosy arrangement that Ontario municipalities have with the Province which allows Distributors to include a return on capital in their delivery rates. The fact that this return on capital is collected from taxpayers who are the owners of the distribution companies appears to escape the OEB. In return for this largesse, OEB requires that distributors make payments-in-lieu of taxes to the Province amounting to 26.5% of the return on equity amounts.

Virtually all of the approximately 70 electricity distributors in Ontario participate in the charade and in 2014 collectively overcharged consumers \$594.7 million and paid \$39.9 million in payments-in-lieu of taxes. The figures for 2013 were \$696 million and \$71.5 million.

Under the current system, North Bay Hydro will be collecting in excess of \$2.1 million per year from taxpayers that is not required to deliver electricity. This will result in taxpayers being forced to pay approx \$556,000 per year in unnecessary taxes.

The local situation is a direct result of the lack of transparency that exists at North Bay Hydro Distribution and the fact that there is no public or media oversight allowed by City administration at any directors' or shareholder meetings. To protect taxpayers' interests, this situation must change.

I'm going to suggest to Mayor McDonald and the other Northern mayors that they look in their respective mirrors when assigning blame for the electricity pricing fiasco here in Ontario.