

Blame bureaucracy for hydro hikes

BY PATRICK MANGION
Staff Writer

Hydro users will see their bills steadily rise by as much as \$30 per year over the next few years and many may be surprised to learn why.

Bureaucracy, not uncapped hydro rates, is the culprit in the latest hydro bill spike.

After announcing last fall Ontario hydro consumers will pay an additional \$4 a month for smart meters — a device used to record power consumption on an hour-to-hour basis to encourage residents to tailor consumption to lower-cost periods — hydro users are now being saddled with a \$3.9-billion debt from Ontario Hydro after the government took a loss on purchasing private power during the 1990s.

It could add \$2 to \$3 to the monthly bill of the average York Region homeowner, using 1,000 kilowatt hours of electricity monthly.

The price spike could remain on electricity bills for the next 15 years, or as long as it takes to pay off the debt.

For PowerStream customers, which includes Markham, Vaughan and Richmond Hill, that could translate into an average monthly hydro bill of as much as \$97 to \$101.

However, PowerStream, York's largest

SHOCK TO THE SYSTEM \$3.9-billion

...debt from Ontario Hydro after the government took a loss on purchasing private power during the 1990s.

utility, is awaiting direction on how to collect the additional charges from the Queen's Park, company spokesperson Eric Fagan said.

"I can tell you this much, it won't come from the distribution costs," Mr. Fagan said.

About 18 per cent of every PowerStream customer's bill is dedicated to local distribution costs, Mr. Fagan said.

Power generation, a provincial responsibility, accounts for as much as 56 per cent, he said.

Because hydro rates are not harmonized across the south end of the region, there will be small differences in hydro bills between Markham, Vaughan and Richmond Hill.

Ontario Hydro bought power from

private generators during the past decade. Ninety long-term contracts cost \$797 million. However, the government was only able to sell the power on the market for \$510 million.

Because the power cost the public more than market value, the contracts have been valued as a liability of \$3.9 billion.

The average length remaining on the contracts is 15 years.

Rather than ask taxpayers to foot the bill, the debt was passed on to hydro consumers by Premier Dalton McGuinty in last spring's budget.

Some experts believe the debt could balloon to \$375 million a year over 15 years.

Following the 2003 election, Premier McGuinty broke his election promise to keep hydro rates capped.

The former Conservative government's \$5.5-billion deficit was blamed.

The Ontario Energy Board is expected to restructure its electricity pricing system in April.

Hydro prices are expected to be based on when power is used. Peak demand periods will result in the highest prices.

Currently, consumers pay 4.7 cents per kilowatt hour for the first 750 kilowatts each month and 5.5 cents for every hour beyond that.

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