period of minimal capital investment, with even basic maintenance neglected, under a succession of Progressive Conservative, Liberal and NDP governments. This approach kept rates low in the short term, but at the cost of a growing backlog of needed repairs. When Dalton McGuinty's Liberals came to power in 2003, they were confronted with the news that 80 percent of the system needed to be reconstructed or replaced.

Since then, while the effective rates for the electricity portion of residential bills have approximately doubled, the reliability of the system has been dramatically improved; coal-fired electricity, which once provided 25 percent of the province's power, has been phased out, with major public health and environmental benefits; and substantial investments have been made in renewable energy and energy conservation.

That said, there is no doubt that better decisions could have been made over the past 15 years. Did the province pay too much for renewable energy development under the *Green Energy Act*'s Feed-in Tariff program? Probably yes — this now abandoned program for renewables was designed around the needs of community-based proponents and paid rates for electricity far higher than those needed by larger commercial developers for their projects to be viable. But the role of renewables in the overall increases in electricity costs has been grossly overstated.

Crucially, the focus on the costs of renewables by critics of the *Green Energy Act* has obscured discussion of other major drivers of cost increases, particularly the first round of nuclear power plant refurbishments, which ran billions over budget and years behind schedule.

Key decisions about long-term investments were made in an atmosphere of near panic in the aftermath of the 2003 blackout and the collapse of the previous PC government's experiment with liberalizing the Ontario electricity market. A meaningful long-term planning and public review process was never established. The one and only Ontario Energy Board hearing on the province's electricity plans was terminated a few weeks after it started, and that was nearly a decade ago, in 2008. Legislation adopted in 2016 eliminated altogether the requirement for the board to review electricity plans.

Instead, the province has fallen into a pattern of making decisions around questions with enormous long-term economic and environmental consequences on the basis of short-term political considerations. Examples from the past seven years abound: the cancellation of unpopular plans to build gas-fired power plants in Mississauga and Oakville before the 2011 election; the partial sale of the utility Hydro One, whose primary rationale seemed to be to keep the financing of capital investments off the province's books; the financially calamitous Fair Hydro Plan, designed to provide short-term rate reductions at the cost of tens of billions to future consumers; and the announcement of the second round of nuclear plant refurbishments, for the Bruce and Darlington facilities, along with a "life extension" of the even older Pickering plant in the midst of the 2016 by-election in the host Whitby-Oshawa riding. The Bruce and Darlington projects, for which the best-case scenarios indicate costs of at least $26 billion, have been subject to far less external scrutiny than even the economically disastrous Site C hydro project in British Columbia and the Muskrat Falls hydro project in Newfoundland and Labrador. The nuclear plant refurbishments will drive further rate increases and carry the greatest risk of increases beyond those contemplated in the province's energy plans.

The Liberal government's performance, even allowing for the depth of the challenges it inherited in 2003, does not inspire confidence, and in this election the party does not appear to be offering a more rational approach for the longer term.

The problem for Ontarians is that, thus far, the major opposition parties are offering little better. Ford proposes to retain the fiscally ruinous Fair Hydro Plan. Andrea Horwath's New Democrats essentially commit to the same path. Ford would use the dividends from the province's Hydro One shares to further reduce consumers' bills, while the NDP wants to use the same funds to buy all of Hydro One back. Neither mentions which services and investments that are currently being paid for with the dividends will be cut instead.

Energy conservation is widely accepted as by far the least costly means of meeting consumers' energy needs. It also delivers a range of other benefits, from improving housing quality to increasing the energy efficiency and therefore competitiveness of industrial and commercial power users. Yet Ford proposes to eliminate the small surcharge on electricity rates that currently funds conservation initiatives. That would leave only three options: terminate conservation programs altogether; increase taxes to cover the costs of conservation programs; or cut spending somewhere else to provide the required funding. Ford hasn't indicated which option he has in mind.

Ford's third proposal is to impose a moratorium on new electricity supply contracts and to reopen existing ones. A pause on new contracts (except for conservation and efficiency measures) is not necessarily a bad idea, as long as it applies across the board to all technologies, including the massively expensive and economically and environmentally risky refurbishments of Bruce and Darlington.

There are a number of steps Ontario's political leaders could take from there if they are serious about controlling hydro costs in the future. Regulatory oversight of the semi-privatized Hydro One should be tightened to make sure the utility is not leveraging the money it collects from Ontario customers' electricity bills to finance out-of-province ventures — effectively asking Ontarians to underwrite the risks of enterprises from which they will receive little or no benefit. A strengthened focus on conservation, with an emphasis on the needs of low-income consumers, offers the best option for keeping costs down in the long term.

Finally, the province needs to engage in a meaningful, independent, public review of its long-term electricity needs and options in terms of cost-effectiveness, resilience and sustainability. All options — nuclear plant refurbishments, hydro imports from Quebec, additional renewables and conservation, and distributed generation and storage — need to be on the table. Such a review offers the only option for building some sort of lasting consensus around the system's future direction and putting an end to the practice of managing the system to meet short-term political goals.

Photo: Ontario Progressive Conservative leader Doug Ford holds a rally to speak about Hydro One in Toronto on Tuesday, May 15, 2018. THE CANADIAN PRESS/Aaron Vincent Elkaim.

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Mark Winfield

May 23, 2018

The Canadian Press
Published Tuesday, May 8, 2018 7:43AM EDT

TORONTO - Hydro One Ltd. and Avista Corp. say the U.S. Federal Communications Commission has granted its consent to close their merger.

The companies say the FCC gave its approval on May 4 for a friendly deal announced last summer for the Ontario-based utility to acquire the U.S. energy company.

The agreement, which valued the company at $6.7 billion, received antitrust clearance in the United States in early April.

Avista shareholders and the U.S. Federal Energy Regulatory Commission have also already approved the deal.

It still requires several other approvals, including from utility commissions in the states of Washington, Idaho, Oregon, Montana and Alaska, as well as the Committee on Foreign Investment in the United States.

The companies say they anticipate closing the transaction in the second half of the year.

Ford's claim that Hydro One customers on the hook for $50M in potential severance a 'flat out lie': energy minister

By **ROB FERGUSON** Queen's Park Bureau Toronto Star
Fri., May 4, 2018

Doug Ford's claim that Hydro One customers are on the hook for $50 million in potential severance payouts to American executives in the takeover of U.S. energy company Avista Corp. is a "flat out lie," says Energy Minister Glenn Thibeault.

The Progressive Conservative leader said Friday that Hydro One's $6.7-billion deal to buy Avista includes "golden parachutes" for 13 executives at Avista if they are fired without cause, but wouldn't say whether he would axe the deal if elected premier June 7.

"Salaries and severance payments do not come from Hydro One customers," Energy minister Glenn Thibeault said in a statement. "Doug Ford doesn't seem to know what he's talking about, which is troubling from a self-described sound businessman. Either that or he's deliberately misleading people." (ANDREW FRANCIS WALLACE / TORONTO STAR FILE PHOTO)

Details of the severance terms are in public securities filings for the transaction with Avista, based in Spokane, Wash.

"This makes my blood boil," Ford told a news conference Friday, sidestepping questions on what he would do about the severance and the broader deal with Avista, which is going through a lengthy approvals process in several states.

"We're going to let the new board make that decision," he said, referring to an earlier promise to replace the board of directors at Hydro One, of which the government owns a 47-per-cent stake after a partial privatization by Premier Kathleen Wynne.

"The first thing I'm going to do is fire the six-million-dollar man, replace the board, and put a board in there that can make the proper decisions," he added, singling out Hydro One chief executive Mayo Schmidt, who earns $6.2 million a year in total compensation and would be entitled to $10.7 million in severance if he is fired without cause should the board be replaced.

Speaking for the Liberal government, Thibeault said "Hydro One customers have not paid one penny to U.S. hydro executives at Avista. Nor will they in future" and noted Avista earned a profit of $115 million (U.S.) last year.

"Salaries and severance payments do not come from Hydro One customers," Thibeault added in a statement. "Doug Ford doesn't seem to know what he's talking about, which is troubling from a self-described sound businessman. Either that or he's deliberately misleading people."

Ford's office later challenged Thibeault's argument, accusing him of lying and saying the deal will reduce provincial ownership to 42 per cent with a resulting loss in dividends for provincial coffers.

"Ontario is paying $6.7 billion for this company and all the severances that come with this deal."

NDP Leader Andrea Horwath, who has promised to bring Hydro One back under full government control by buying back shares over a period of years, called Ford's concerns about Avista severance "hollow bellowing."

Ford said it's "just not right" to agree to pay up to $50 million at Avista while many Ontarians are "struggling" with their own hydro bills.

"In Sudbury ... 600 people have notices to turn their hydro off .... That's unacceptable."

Hydro One said it does not send disconnection notices to any customers for non-payment until the weather is warmer in mid-June, and that the 600 notices were sent by the local utility in Sudbury.

The Avista takeover is expected to close later this year, with applications for regulatory approval pending with state utility commissions in Washington, Idaho, Oregon, Montana and Alaska.

Hydro One said approvals must also be granted by the Federal Communications Commission and the Committee on Foreign Investment in the United States. The deal received antitrust clearance in April and approval from the Federal Energy Regulatory Commission in January. Other closing conditions must also be met.

Thibeault said the deal to purchase Avista will benefit Ontarians by making Hydro One more profitable, but critics have warned it could create more financial risk and note Avista owns a coal-fired power plant. The Liberal government has boasted about closing this kind of plant in this province to reduce pollution and gases causing climate change.

Toronto Newspapers

>> BUSINESS

WestJet

Calgary-based airline struggling with fuel costs, looming labour conflict

THE CANADIAN PRESS

CALGARY—WestJet Airlines Ltd.'s 13-year streak of quarterly profitability appears to be in danger as it struggles with rising fuel costs and the spectre of impending labour strife.

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year low after issuing quarter results Tuesday that included a warning that its revenue per available seat mile will be flat to negative two per cent due in part to a possible pilot strike.

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Alterna Bank	3.15	7.15	n,
Alterna Savings	3.20	7.15	n,
Community Trust	n/a	n/a	n
Comtech Fire C.U.	3.45	6.40	6.
DUCA Credit Union	2.89	n/a	4.
Effort Trust	n/a	6.30	n
Equitable Bank	n/a	n/a	n
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