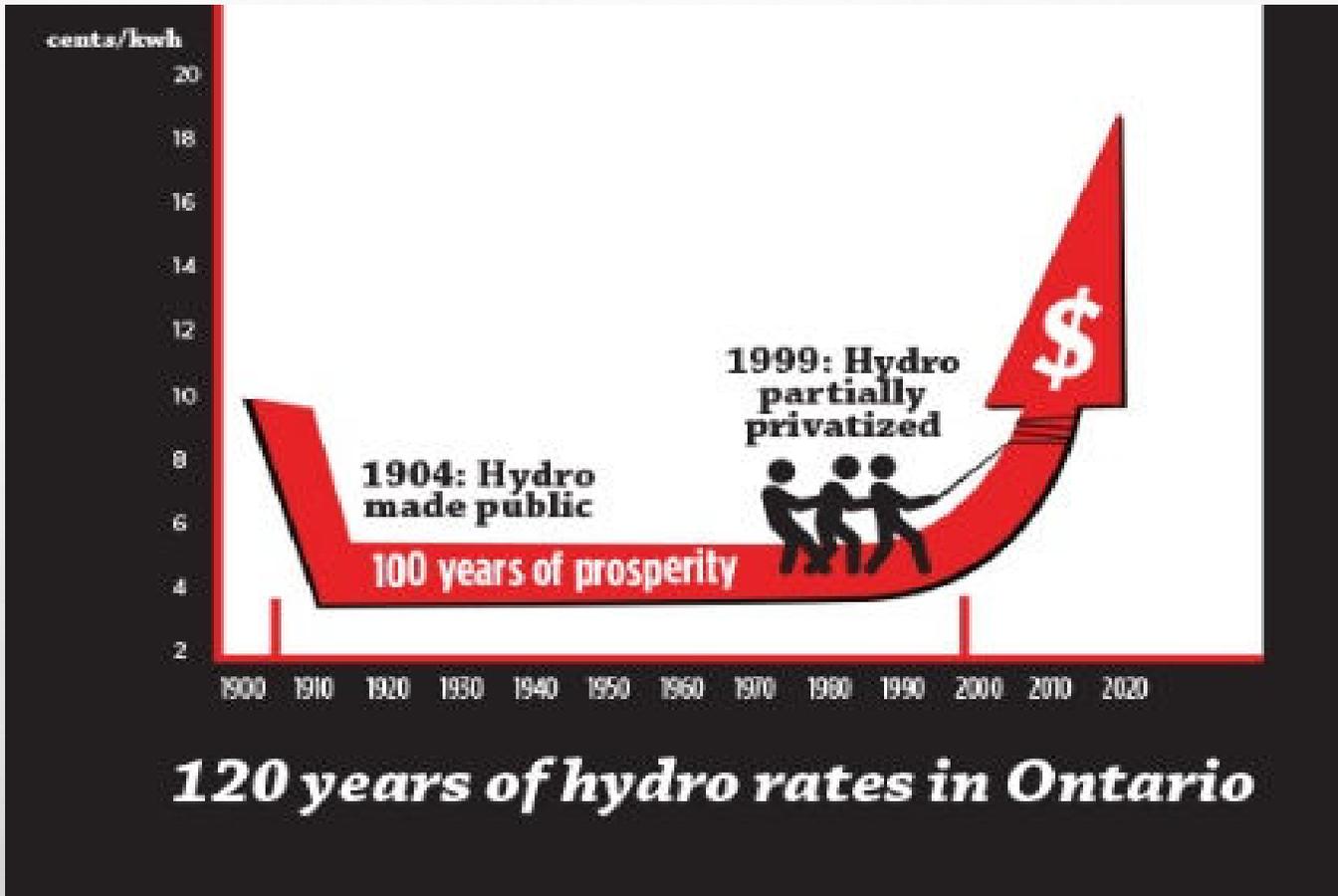


KEEP HYDRO PUBLIC

RESOLUTION REGARDING THE PROPOSED PRIVATIZATION OF HYDRO ONE





London's Hydro History

- Let's remember Sir Adam Beck, Mayor of the city of London and the first Chairman of the Hydro-Electric Power Commission of Ontario.
- He believed passionately that electricity should be made available and affordable to everyone, not just the wealthy and powerful.
- In 1905, after a 10-year campaign and 18 municipal referendums, Sir Adam Beck brought the inestimable benefit of cheap electric light and power to the citizens of Ontario.
- For 95 years, Ontario grew and prospered under public power.
- Interestingly, on his deathbed Sir Adam Beck said, "I wish I could have lived long enough to build a band of iron around Hydro, to keep it safe from the politicians."



WHY SELL-OFF ONE OF THE MOST IMPORTANT PIECES OF ADAM BECK'S LEGACY

- ONE OF THE LARGEST SINGLE SALE OF A GOVERNMENT ASSET IN A GENERATION IN CANADA'S HISTORY
- THE CURRENT VALUATION OF HYDRO ONE IS ABOUT \$15-BILLION TO \$16-BILLION.
- THE GOVERNMENT BELIEVES IT WILL GET \$9-BILLION TOTAL FOR 60 PER CENT OF THE SHARES. OF THIS, \$5-BILLION WILL BE USED TO PAY DOWN HYDRO ONE'S DEBT, WHILE THE OTHER \$4-BILLION WILL GO TOWARDS TRANSIT AND TRANSPORTATION.
- SELLING THE MAJORITY OF SHARES IN HYDRO ONE WILL TAKE CONTROL OF THIS VITAL ASSET AWAY FROM THE PEOPLE IN ONTARIO AND PUT IT IN THE HANDS OF PRIVATE INVESTORS, INCLUDING FOREIGN INVESTORS
- PRIVATIZATION WILL PROVIDE GOVERNMENT WITH A SHORT-TERM CASH INJECTION THAT WILL SOON BE SPENT IN EXCHANGE FOR GIVING UP A STEADY, LONG-TERM SOURCE OF REVENUE THAT PAYS FOR PUBLIC SERVICES WE ALL DEPEND ON. THE COST TO ONTARIANS WILL BE HUNDREDS OF MILLIONS OF DOLLARS PER YEAR.



PROVINCE'S BOTTOM LINE WORSE OFF AFTER HYDRO ONE SALE, WARNS ONTARIO'S BUDGET WATCHDOG

Premier Kathleen Wynne will leave the province's finances "worse" off with the sale of Hydro One, warns Ontario's new budget watchdog in a damning report:

"Assuming the province sells 15 per cent of Hydro One in 2015-16, Ontario's net debt would initially be reduced by \$2.4 billion to \$3.9 billion. However, net debt would eventually increase as a result of the partial sale as the costs of forgone revenues from Hydro One begin to exceed the initial fiscal benefits."

Selling Hydro One will actually make it harder to build new infrastructure. Every year Hydro One brings in hundreds of millions of dollars. Last year alone Hydro One made \$750 million in profit. That revenue could provide more funding for infrastructure than a one-time hit from selling Hydro One.

The provincial government can only sell off Hydro One once and then it's gone. If we keep Hydro One public and commit the revenues to infrastructure, we'd have what we need in five years. And we'd still have affordable and reliable public hydro

PROVINCE'S BOTTOM LINE WORSE OFF AFTER HYDRO ONE SALE, WARNS ONTARIO'S BUDGET WATCHDOG

Still, LeClair predicts “the partial sale of Hydro One could have important direct implications” for ratepayers.

“They pay a debt retirement charge (DRC), which is levied on electricity consumption to help pay down the debt of the former Ontario Hydro, the predecessor to Hydro One,” he writes.

“The DRC is not only an additional charge for electricity consumers, but also a significant source of revenue for the province.”

In a damning report, Financial Accountability Officer Stephen LeClair found that the province would lose money by selling shares in Hydro One under every scenario he examined while adding to the province’s debt. In addition to the lost revenue from a privatized Hydro One, the province would also lose the \$100 million a year it currently gets from the utility in lieu of taxes.

Mr. Le Clair writes that net debt would eventually increase as the costs of forgone revenues from Hydro One begin to exceed the initial benefits of the tax gain and net sale proceeds. Essentially, the planned privatization of Hydro One will cost the government up to \$500-million every year in lost revenue, drive up the province’s debt and “worsen” its fiscal position, he declared.

Ironically, Mr. LeClair said that borrowing money to pay for infrastructure would actually end up being less expensive than selling off 60 per cent of Hydro One, but that doesn’t seem like an alternative the Wynne Government are willing to entertain.

LONG TERM PAIN

**Annual revenues
\$750 million**

**60% annual loss
\$500 million**

HIGHLIGHTED LOSS EQUATION

- 2 YEARS 1 BILLION LOST
- 4 YEARS 2 BILLION LOST
- 6 YEARS 3 BILLION LOST
- 8 YEARS 4 BILLION LOST

- AFTER 8 YEARS, ANY PROFIT MONIES INITIALLY RECEIVED BY THE SALE OF HYDRO ONE WILL BE COUNTER-BALANCED BY THE LOSS OF REVENUE BY THE PROVINCE
- THE EQUATION DOESN'T MAKE SENSE TO SELL-OFF HYDRO ONE IN THE LONG RUN – ACTUALLY IT'S MORE OF A LONG TERM PAIN

PRIVATIZED HYDRO: THE FACTS

RISING RATES

- PROVINCES THAT HAVE MAINTAINED THEIR PUBLIC HYDRO SYSTEMS, LIKE MANITOBA AND QUEBEC, HAVE THE LOWEST HYDRO RATES IN THE COUNTRY.
- NOVA SCOTIA, ON THE OTHER HAND, FULLY PRIVATIZED ITS HYDRO A DECADE AGO, AND NOW HAS THE HIGHEST RATES IN CANADA.

IMPACT OF RISING RATES



WHAT WILL WE BE LEFT WITH?



	Increased	hydro rates
	Decreased	investment by industry
	Decreased	employment
	Decreased	health and safety
	Decreased	revenue for the province (\$500 million)

WHEN ALL IS SAID AND DONE AND HYDRO ONE IS SOLD

