Toronto Star

Toronto Hydro 'bullying' public; Consumers group says power utility using intimidation tactics

Sat Jan 14 2012
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Section: Business
Byline: John Spears Toronto Star

As Toronto Hydro launches a savage cost-cutting campaign and warns of more blackouts, evidence filed with the Ontario Energy Board shows the utility's revenues are 50 per cent higher than its peers.

But Toronto Hydro's key expenses are also 50 per cent higher than those of other urban hydro utilities, the figures show.

And a lawyer who opposed Toronto Hydro's application for massive increases in spending to renew its facilities says the company is "bullying" its customers by warning of impending trouble.

The company has axed hundreds of contract workers and two executives after the energy board rejected its application to boost spending on renewing its system by $500 million a year. More cuts are imminent.

Toronto Hydro has never proved its case that it deserves more money, said Robert Warren, who represented the Consumers Council of Canada at the energy board hearings.

"They simply argue, in much the same fashion as a teenage child: I'm different," he said in an interview.

"Frankly, I think it's intended to intimidate politicians and ratepayers into fearing that the lights are going to go out."

Toronto Hydro has said that it needs extra money because of the physical characteristics of the city - a dense, highrise core surrounded by older suburbs - plus equipment and a workforce that are both rapidly aging.

The board shrugged that off, saying it had seen no evidence of deterioration or financial stress.

Evidence filed at the board shows that Toronto Hydro's revenue per customer is 48 per cent higher than the average for other big urban electric utilities in the province.

But its spending on day-to-day operations and administration is 51 per cent higher per customer than the other urban hydros.

It owns 59 per cent more property and equipment per customer than its peers. And its spending on new capital equipment is already more than double the average.

Toronto Hydro's chief executive officer Anthony Haines had told the energy board that comparisons between Toronto Hydro and other Ontario utilities are invalid.

A typical, mid-size urban utility in Ontario would be Sarnia Hydro, Haines told the board.

"I do not agree ... that we are comparable to Sarnia Hydro when comparing our costs of organizations against theirs," he said.

Asked who would be comparable, he said: "I think it's probably Chicago and L.A. and others that look similar to what we look like."

Statistics understate Toronto Hydro's size, he noted, because they often treat Toronto's highrise apartments as single customers, when in fact they have hundreds of units. Toronto Hydro vice-president Blair Peberdy said Toronto Hydro trucks are banned from major streets in rush hour, another unique factor.

Haines said if the utility doesn't get the extra $500 million a year for three years it will be forced into "survival mode" with a reduced workforce, fraying equipment and bare-bones service.

The company says the energy board's formula would reduce its budget for renewal to about $140 million annually.