

CUPE Local One-Toronto Hydro Workers

Deputation to the City of Toronto's Executive Committee

November 1, 2011

Executive Committee Item 12.3

Monetization (Privatization) Potential of City Assets

My name is Dave Philpott and I am the Vice-President of CUPE Local One working at Toronto Hydro. With me is Paul Kahnert a 33 year Toronto Hydro Certified Crew Leader.

We are here to comment on recommendations 4, 5 and 6 of the Executive Committee report 12.3

Toronto Hydro is 100 years old this year. For most of its history it returned profits to the Citizens of Toronto through low and stable rates and helped make Toronto the financial engine of the whole country. According to CEO Anthony Haines, since amalgamation in 1998, Toronto Hydro has put \$2.1 Billion dollars into city coffers.

Toronto Hydro is the city's biggest asset and revenue producer. It is also one of your biggest public policy levers affecting business, the environment, hydro rates, employment, public safety and service.

There are enormous costs and risks to privatizing 10% of Toronto Hydro. Taking a onetime payment for 10% of all future revenue just doesn't make any business sense. How long will that onetime payment last?

Future city councils will have a 10% shortfall every year, forever. Where are they going to get that money to help pay for all other city services?

What does 10% private ownership mean?? A private owner's fiduciary duty is to maximize profits for the shareholder. Shareholder rights would supersede the rights of the ratepayer. Maintenance, new construction, service and safety will be cut back to increase profits.

This sale would create even more pressure to increase already high hydro rates. Proponents of private power like to claim "It doesn't matter who owns Hydro, it's regulated". Private companies have enormous political power to get regulations changed in their favour. Even 10% private owners will also demand more control over the whole organization. Take Enersource, Mississauga's Hydro utility, when they sold 10% to Borealis, they received 100% veto power over the companies decisions. When exposed, it resulted in a huge scandal there.

On July 6th, 2010 City Council voted 30-6 and are on record in favour of the following motion;
"Toronto City Council unequivocally indicate that, as Toronto Hydro is a necessary instrument to achieve Toronto's environmental, economic development and financial objectives, it is not in the public interest to sell all or any part of it."

Given the record of electricity privatization in the wake of the Enron scandal in the U.S. and around the world, it's hard to understand why anyone would propose even a partial privatization. According to the news service IPS that reported in Berlin, Jan 28, 2010- "After the wave of de-privatization of water services facilities that started across the world two years ago, municipalities in Europe are now buying back the electricity utilities they sold to private investors in the late 1980s and early 1990s. In Ottobrunn, another town on the periphery of Munich, the local government says "the selling of the municipal utilities to private companies, which only obey the shareowners' interest, has proven to be a mistake."

The highest use of Toronto Hydro is its value as a publicly-owned utility.

An excellent example of the way that the City can get further dividends is to invest in Toronto Hydro. By investing we mean getting into renewable electricity generation. Explore in putting solar panels on the roofs of city owned buildings. The city should own the panels and reap the potentially huge feed in tariffs. We think that's a great alignment of public resources - all of the savings and even potential revenue from electricity generated, as well as the benefit of greenhouse gas reductions - all of that good stays with the residents of Toronto - the people who pay for the buildings and for the power. Not to mention the possibility of creating Good Green Jobs from this partnership for this city's youth.

Politicians did not sell Toronto Hydro during the depths of the Great Depression or during the height of the Second World War. Those economic times were far worse than what we face now. Those politicians wisely kept Toronto Hydro to help the economy recover from those lean times. Councillors, at a time of financial and economic uncertainty, the last thing Toronto's economy needs is a risky experiment with Hydro privatization that has failed everywhere else.

Thank you again for this opportunity. I would be happy to take any questions.

Dave Philpott
Vice-President CUPE Local One

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