

SAVE BC HYDRO¹

Rafe Mair[©]

Thanks to the work of economist Erik Andersen we have a much clearer view of what the Campbell government has done to British Columbia Hydro, what they are obviously going to do, and what the consequences will be. BC Hydro is, so to speak, an integral part of the Province's family jewels. It was created by Premier W.A.C. Bennett to be a tool of government policy. Bennett could see that if BC was to develop it had to have cheap, available electric power, so he implemented the "Two Rivers Policy," whereby large electric dams were built on the Peace and Columbia Rivers. This was at a huge environmental cost but it produced just what Bennett wanted – cheap, available and uninterrupted electric power. His success was little short of miraculous.

Let's look at what's happened in the past decade. Our great public power company has been forced to make unconscionable bargains with private companies (IPPs) which dam our rivers and sell the power to BC Hydro when they are able to do so, i.e. their rivers are high enough, which is mostly during the period BC Hydro has lots of electricity and full reservoirs. Here's the kicker (to our backside, big time): this means that BC Hydro faces two options - it can export this power at half or less than they paid for it, or they can use it at 12 times what they can make it for themselves (this is your business oriented government at work, folks!).

Clearly, this state of affairs can only be dealt with in two ways - BC Hydro goes broke or we pay enormously increased electricity bills. In fact, if BC Hydro is sold or goes broke, the public loses all control and we get huge increases anyway. What we have from Erik Andersen is confirmation of this catastrophe. Erik has also taken a look at some of the accounting "methods" of BC Hydro. For example, the BC Auditor-General has had a similar look. The books disclose how Hydro in fiscal 2009 went from a real loss of about \$700 million to a "profit" of about \$550 million. (When you've read this, try it on your own bank manager).

Here's what they do. They have what they call a "Regulated Asset Account" (I warn you that the old shell game is going to look honest in comparison). They then take their expenses for that year and bundle this into the RAA and, because we the taxpayers pay BC Hydro's bills, make this RAA into an "Account Receivable" and, are you ready for this, it becomes an asset (based on their ability to jack up our power bills to cover the difference) and POOF! There go their losses. The Auditor General has told BC Hydro not to do that anymore!!

How much is involved in this (in Andersen's words) "hanky panky?" Hold onto your hats again. In 2005 the amount in the RAA was zero – now it's about **\$4 BILLION**. This scheme is, according to Andersen, a "reckless endangerment" to the province and BC Hydro.

Why is this happening? Mr. Andersen states the obvious, which is important because the government won't. Andersen points out that this simply cannot be accidental – therefore BC Hydro must be being deliberately set up to fail. What we have from Erik Andersen's work is confirmation that BC Hydro is going down the tube and will only last as long as it can continue to raise our rates in order to stay afloat!

One is reminded of an adage of Woody Allen's which I've cited, only changing "world" to "BC Hydro":

¹ Common Sense Canadian, December 01, 2010

"More than any time in history BC Hydro faces a crossroads. One path leads to despair and utter hopelessness, the other to total extinction. Let us pray that we have the wisdom to choose correctly."

If, like the Campbell Liberals, you want BC Hydro privatized – because you believe in the Fraser Institute’s doctrine that publicly-owned assets must go to private companies – it doesn’t matter much whether you sell or abandon. The numbers with BC Hydro are huge on both sides of the ledger but its actual profit is only big time if a private owner can own it and run it free of government intervention. It is for that very reason W.A.C. Bennett bought out the BC Electric Company and created BC Hydro.

From the Liberals' point of view, selling off BC Hydro, after the fuss the public made when BC Rail was sold, makes no political sense, making bankruptcy a more attractive way to go. Thus it's clear that to save our rivers and their ecologies, we must save BC Hydro. To save BC Hydro, we must all get angry as hell and, in every way we can, take that message not only to the Liberal government but the NDP as well. From every corner of the province must come the cry "Save Our BC Hydro!"

The government must know, with no room for doubt, that not one more IPP project will be permitted and that we will take every available measure to stop them – starting right now!