

TO: CITY MANAGER

2003 February 3

FROM: DIRECTOR PLANNING AND BUILDING

SUBJECT: DEREGULATION IN BC'S ENERGY SECTOR

PURPOSE: To provide Council with information pertaining to the Province's new energy plans and policies, and to respond to Council's request for a report related to correspondence received by Council at its 2003 January 27 meeting.

RECOMMENDATIONS:

1. **THAT** Council write Burnaby MLAs, the Premier and Cabinet to express its concerns over the prospect of a deregulated energy sector in BC and to oppose any privatization of BC Hydro, as well as to request that a public consultation process be undertaken in respect of these matters.
2. **THAT** Council reiterate its support for the UBCM resolution which calls for the halt to the joint venture agreement between BC Hydro and Accenture Inc, which would see at least one third of BC Hydro's current employees transferred to the Bermuda-based company, until public consultation occurs.
3. **THAT** Council forward a copy of this report to Burnaby MLAs, the Premier and Cabinet, the UBCM, the BC Utilities Commission and to Mr. Jim Abram c/o the Citizens for Public Power.

R E P O R T

1.0 BACKGROUND

At its meeting of 2003 January 27, Council received correspondence from a non-profit group known as the Citizens for Public Power, which is concerned over the prospect that BC Hydro will be dismantled and, over time, privatized. The correspondence and its associated attachments made numerous references to the likely consequences of a deregulated energy program in BC, as well as the pitfalls related to the break-up of BC Hydro and privatization of a portion of the Crown Corporation in favour of Accenture Inc., a Bermuda-based consulting firm formerly known as Arthur Andersen Consulting.

The correspondence requested that Council send a letter to local MLA's urging that they vote against any legislation aimed at breaking-up BC Hydro before a full public consultation process takes place. The group also requested that Council reiterate its support for the UBCM resolution calling for a halt to the transfer of one-third of BC Hydro's employees to Accenture (approved at the UBCM's Annual Convention in 2002 September).

Council, upon receiving the above correspondence, referred the matter to staff for a report, and requested that such issues as the Accenture deal and the likely outcomes of the Province's plan to deregulate the energy sector be included. This report is in response to that request, and builds upon the 2001 March 12 report from the Director Finance which provided Council with information on the Interim Report of the Province's Task Force on Energy Policy. At that time, Council forwarded a copy of the report to the Minister of Energy and Mines, the UBCM and Burnaby MLAs. Council also went on record as opposing the directions contained in the Interim Report of the Task Force on Energy Policy which suggest a deregulated energy market - and the potential impacts these policies might have on electricity prices, the development of fossil fuels for energy production and related air quality implications - in the context of advancing such a policy without a meaningful public consultation process.

It is noted that the following subject matter is very complex, and given Council's desire for an urgent response, staff have researched a variety of relevant published materials in the preparation of this report. These documents are cited in the footnotes in the report.

2.0 UBCM POLICY CONTEXT

The subject of energy production and conservation has been an important subject at the UBCM's past two annual conventions. As a result, the resolutions submitted by numerous member municipalities in 2001 and 2002 formed the basis for the UBCM's official standing policy on energy. As this policy is central to the discussion which follows, and forms the basis for most of BC's local governments' energy policies, the endorsed policies for 2001 and 2002 are presented below for Council's information.

UBCM Energy Policy endorsed at the 2001 UBCM Convention:

1. *UBCM does not support the removal of GST/PST on the utility bills but that the provincial and federal governments consider using these tax revenues to promote energy conservation and alternative energy sources.*
2. *Request that the utilities, federal and provincial governments provide funding, advice and tax incentives to all energy users who wish to undertake energy efficiency programs.*
3. *Advise the Provincial Government that the UBCM does not support the deregulation of electricity.*
4. *Encourage the pursuit of alternative energy sources such as woodwaste, tidal, solar, district energy and geothermal as well as any other economically and environmentally feasible alternatives.*
5. *Request that consideration be given to rate restructuring/stabilization or some method of rewards and incentives instead of rebates to address peaks which presently occur.*
6. *Encourage the federal and provincial governments to work in concert with local governments to develop an energy strategy that would include:*
 - *An outline of the energy sources available*
 - *Alternative energy options to be pursued*
 - *A conservation strategy*
 - *A statement relating to domestic energy supply and relations with other international governments*

- Long term planning (ensure reliability of the systems) as well as other issues including statements around air quality and greenhouse gas emissions

UBCM Energy Policy endorsed at the 2002 UBCM Convention:

1. The UBCM supports the maintenance of a regulated price structure utilizing cost-based, postage-stamp rates that ensure economical electricity to all parts of the Province.
2. The UBCM supports community-based energy policies and programs.
3. The UBCM does not support the privatization or sale of BC Hydro electrical generation, transmission or distribution functions, nor does it support the contracting of administrative services to Accenture, and urges the provincial government to recognize BC Hydro as a strategic core public asset to preserve and promote energy advantages for British Columbians.
4. The UBCM supports a program that ensures low cost service extensions to provide electrical power to all areas of the Province.
5. The UBCM urges the BC Utilities Commission, when considering future policy development, to review and articulate the tax load presently affecting BC electricity rates in order to present the true-cost of electricity in the Province.
6. The UBCM recommends the consideration of implications of the Kyoto Protocol and federal legislation that may affect provincial policy.

As indicated, these resolutions which have been endorsed by the UBCM membership over the last two years represent their position on energy matters and more specifically the Province's plan to deregulate the energy sector in BC.

3.0 BC'S ENERGY SECTOR

3.1 General Context

The currently regulated and publically-owned energy production, transmission and distribution system in BC delivers some of the lowest electricity rates in North America (regulation of electricity rates in BC is within the jurisdiction of the BC Utilities Commission). In fact, BC is third only to Manitoba and Quebec respectively. A very large majority of this energy is supplied by BC Hydro, which is a full service power provider in the sense that it generates, transmits and distributes electricity. The only other significant supplier is BC Utilicorp Networks, which is a private utility company owned by an American corporation (Utilicorp) that services the BC Kootenays.¹

Table 1 shows a comparison of electricity rates in canadian dollars for residential customers based on 1000 kW of consumption in cities across Canada and the United States.

¹ B.C. Hydro, Annual Report, 2001

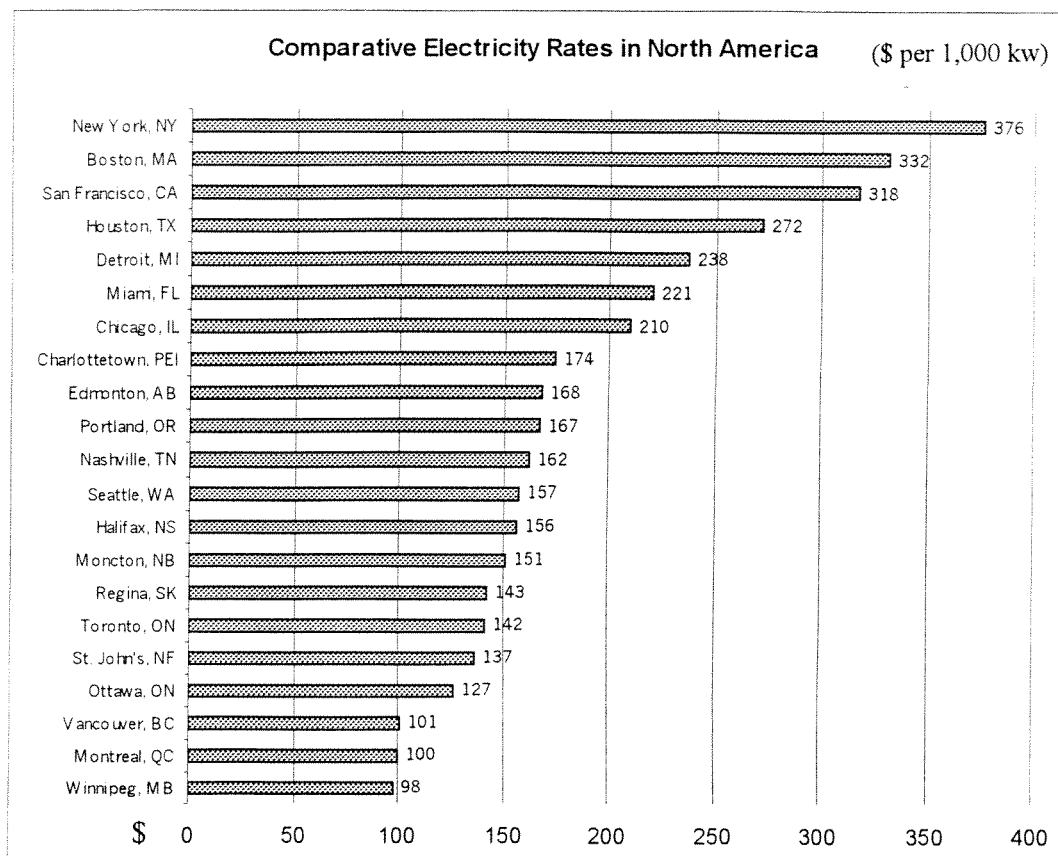


Table 1 - Residential consumption, May 01, 2001 (Source: Hydro Quebec)

BC's regulated system not only provides low-cost electricity to its customers, both urban and rural, but it is self sufficient in the sense that it requires no government subsidies. Rather, BC Hydro reportedly generated \$800 million in profits in 2001 for provincial and local governments.² Finally, it is important to note that more than 90% of BC Hydro's electricity is generated by relatively low-polluting hydroelectric power.

3.2 Province's New Energy Plan

On 2002 November 25, the Province unveiled their new energy plan, entitled "Energy for Our Future: A Plan for BC" with the stated objectives to create investment, jobs and economic prosperity. The general direction of the plan is to take advantage of untapped energy sources and to deregulate the energy sector in BC in order that considerable future demand for energy can be met. It is important to note that the plan is based on a fundamental shift in strategic energy policy and premised on the final deliberations of the Provincial Task Force on Energy Policy. The plan's "four cornerstones" as described in the document are:

² B.C. Hydro, Annual Report, 2001

1. *Low electricity rates and public ownership of BC Hydro.* The plan suggests that BC residents will continue to enjoy among the lowest electricity rates in North America.³
2. *Secure, reliable supply.* The plan indicates that the supply of energy will be secured through development of on-shore resources like coalbed methane, coal, oil and natural gas, clean energy and "other energy sources". The plan also suggests that the provincial government will also proceed with off-shore oil and gas development.
3. *More private sector opportunities.* The plan notes that the private sector will be an important aspect of BC's energy future by developing previously untapped resources. Regarding BC Hydro, the plan states that it will be "restructured" into two separate Crown corporations, one for power generation and distribution, and the other for transmission. Private power producers will be permitted to access the transmission system and sell directly to large customers. The plan contends that this will stimulate new investment in power generation and provide producers with the security they need to expand their supply.
4. *Environmental responsibility and no nuclear power sources.* The plan discusses "enhanced conservation and new investment in clean energy sources" as being the vehicle through which the environment will be protected. The conservation measures identified in the plan revolve around demand-side reductions and acquiring 50% of new electricity from "clean" sources.⁴

The Minister of Energy and Mines, Richard Neufeld, states that this plan "will stimulate the development of new and innovative energy sources to meet the Province's needs and support economic growth and prosperity" and that "low rates will ensure that BC continues to have an advantage in attracting new business and investment".⁵ Presumably, this is in reference to the anticipated added private sector involvement the plan supports.

It is noted that the new energy plan is a part of the Ministry of Energy and Mines' goal of generating \$24 billion in investment and 8,000 new jobs in the energy and mining sectors by 2008.⁶

³ It is noted, however, that rates could increase by nearly 70%, but still be considered "low" relative to other North American cities.

⁴ This is in contrast to BC already acquiring 90% of its power from hydro sources.

⁵ Ministry of Energy and Mines News Release, "Energy Plan to Create Investment, Jobs, Prosperity", November 25, 2002

⁶ Ibid

3.3 Joint Venture Between BC Hydro and Accenture Inc.

As is indicated above, the new plan, and the strategic shift in policy upon which it is based, involve the restructuring of BC Hydro, and the introduction of greater private sector opportunities within BC's currently highly regulated energy sector. In line with this policy, BC Hydro appears to be pursuing a plan of incremental privatization, despite what is stated in their aforementioned plan. BC Hydro's initial privatization plans were for Customer Services, Westech Information Systems (which performed information and systems management functions), and Vehicle Fleet Services in an Expression of Interest on 2001 October 04. However, on 2002 April 19, Hydro extended the scope of that Expression of Interest to include four additional services including human resources, financial services, electrical supplies and internal computer services.⁷

On 2002 July 18, BC Hydro entered into a Memorandum of Understanding with a company called Accenture Inc. in regards to the provision of the above services. Accenture Inc. is formerly known as Andersen Consulting, and has established itself as a multinational management consulting and technology services company based in Bermuda. It has been speculated that the company may be based in Bermuda because of tax advantages, a different system of shareholder rights, and a lax regulatory structure. Moreover, it may be difficult to enforce court judgments obtained in Canada against Accenture. The passage below is an excerpt from Accenture's disclosure statement to the American Securities and Exchange Commission:

"We are organized under the laws of Bermuda, and a significant portion of our assets are located outside the United States. It may not be possible to enforce court judgments obtained in the United States against us in Bermuda or in countries, other than the United States, where we have assets based on the civil liability provisions of the federal or state securities laws of the United States. In addition, there is some doubt as to whether the courts of Bermuda and other countries would recognize or enforce judgements of the United States courts obtained against us or our directors or officers based on the civil liabilities provisions of the federal or state securities laws of the United States or would hear actions against us or those persons based on those laws. We have been advised by our legal advisors in Bermuda that the United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based solely on United States federal or state securities laws, would not automatically be enforceable in Bermuda. Similarly, those judgments may not be enforceable in countries, other than the United States, where we have assets".⁸

⁷ OPEIU 378 Media Release, "BC Hydro union demands delay to process transfer of one-third of BC Hydro workforce to Accenture - controlled corporation, saying 1600 employees do not have information needed but face loss of jobs if they do not agree to transfer immediately; requests arbitrator rule quickly", December 12, 2002

⁸ Quoted in OPEIU 378, "Application to BC Utilities Commission", December 19, 2002, p. 15

It is important to note that there is currently no treaty providing for the reciprocal recognition and enforcement of judgments in civil matters between Canada and Bermuda. Neither is Bermuda a reciprocating state for the purposes of enforcing BC court orders. Therefore, it would appear that Accenture's ability to avoid legal actions and/or judgments brought or awarded against them by BC or Canadian courts is significant. Indeed it is Accenture's legal base in Bermuda that caused the California State Treasurer, on 2002 July 25, to prohibit key state business ventures with Accenture.⁹

The arrangement BC Hydro has with Accenture has been largely characterized as a joint venture involving the out-sourcing of limited BC Hydro functions and services. It is important to note that this arrangement differs from standard contracting-out situations in the sense that contracting-out is usually related to a contractual agreement for a delineated period of time (information provided to staff by BC Hydro and the BC Utilities Commission does not indicate that the proposed agreement is time-limited). It also generally requires the independent contractor to perform the work utilizing its own employees, and its own assets. In an application made to the BC Utilities Commission, Leo McGrady Q.C. on behalf of the Office and Professional Employees' International Union, Local 378 argues that this arrangement with Accenture is "... manifestly not a simple contracting out. Rather, it is a classic case of privatization. These transactions have a number of key features characteristic of privatization, but not found in (typical) contracting out arrangements. They include:

1. the termination of approximately 1,800 employees by BC Hydro, most of whom [about 1,600] are being transferred to Accenture;
2. the transfer of complete control of public duties and obligations from BC Hydro to Accenture."¹⁰

It could be argued, therefore, that this arrangement with Accenture could represent the first significant step towards privatizing BC Hydro.

4.0 DEREGULATION

With the pending deal with Accenture having raised a number of concerns among members of Council, a request was made to have BC Hydro's proposed restructuring put into the context of the Province's new energy plans and policies as they relate to deregulation.

⁹ California State Treasurer's Office, Website: www.treasurer.ca.gov

¹⁰ OPEIU 378 "Application to BC Utilities Commission", December 19, 2002, p. 11. For additional information pertaining to privatization, see J. McDermid, "Privatization: The Purpose, The Process" (1989), Canadian Business Review 16, and M. Wright, "A Critique of the public choice theory case for privatization: rhetoric and reality" (1983), 25 Ottawa, L.R. 1, 9

4.1 Argument For Deregulation

The provincial government, in its latest plans and policies, suggests that an energy crisis by 2007 is inevitable, and that electricity consumption will be exceeding supply by that date.¹¹ Furthermore, the Province contends that BC Hydro is currently a net importer of electricity, and that such a position is not considered economically sustainable. This is why the Province's plans emphasize the need to take advantage of new and/or previously untapped resources. Furthermore, the provincial government feels that private sector entities are best equipped to find such alternate sources of energy production. It is worthy to note, however, that BC imported 13.1% of its power in 2001 only; and this was due to record low snowpack, inflows and reservoir levels throughout the Pacific Northwest.¹² Indications for 2002 show that inflows are returning to normal (106% of average) and that the 2001 levels do not mark a shift in trends, but rather an anomaly.¹³

In short, the provincial argument in favour of deregulation concentrates on the new jobs it would create (through mining, exploration and research and development), the introduction of new power producers tapping into new sources of energy (and thus greater competition which leads to low yet market-determined energy rates), and the new business opportunities private sector involvement brings. It is further contended that the "BC Advantage" that has attracted many energy-reliant industries to BC over the last four or five decades will not be diminished under a deregulated system. It is noted, however, that despite the traditional lower, market-determined prices competition in the energy sector is supposed to bring, the provincial government has indicated that electricity rates are expected to increase by 30-60% during the transition to a deregulated market.¹⁴ A ten year "heritage contract" is intended to prevent dramatic price increases following deregulation, such as those seen in other deregulated markets. At the time of writing, it remains unclear as to what happens once the ten year contract expires. Furthermore, it is noted that many other deregulated markets also have similar protective measures in place to prevent price spikes, but that none have proven to be very effective.

With respect to energy conservation, promoters of deregulation suggest that the market encourages conservation by requiring consumers to pay market rates for electricity, which are usually considerably higher than the actual cost of producing the electricity. This logic, however, seems to be inconsistent with the Province's assertions that electricity rates will not remain high.

¹¹ Taskforce on Energy Policy, Strategic Considerations for a New British Columbia Energy Policy: Final Report of the Task Force on Energy Policy, March 2002

¹² B.C. Hydro, Annual Report, 2001, pp. 1-7

¹³ Ministry of Water, Land and Air Protection, Environmental Trends in British Columbia, October 2002

¹⁴ Ministry of Energy and Mines News Release, "Low Electricity Rates, Public Ownership of BC Hydro", November 25, 2002

4.2 Critiques of Deregulation

Energy Markets

Proponents of deregulation champion the market's ability to determine a fair market price, the primary benefit to consumers in a deregulated energy market. This, however, assumes "perfect competition" among many power producers and distributors. In reality, a state of perfect competition in an energy market has yet to be fully realized anywhere in the world. Rather, typical energy markets become dominated by two or three major firms who gain complete control of the market, thus being able to control the supply (and consequently price) of electricity.¹⁵ Therefore, British Columbians will likely not benefit from added competition in a deregulated energy sector, as true competition does not appear to manifest itself in deregulated energy markets. In such an absence of perfect competition, firms in deregulated energy markets are motivated to hold back production to the point of creating an artificial energy crisis in order to dramatically manipulate the price of electricity. There is some evidence that such an approach contributed to the Californian and Albertan energy crises in 2000 and 2001, where in both cases brownouts and blackouts were experienced followed by dramatically higher electricity rates.¹⁶ In the case of California, it is noted that the Enron Corporation and Andersen Consulting (as well as a subsidiary of BC Hydro that exported electricity to the US) were accused of having adopted a series of strategies designed to manipulate the Californian power market.¹⁷ Furthermore, findings of the British Office of Electricity and Gas Markets indicate that competition among producers virtually disappeared following deregulation, and that market manipulation was a common business practice.¹⁸

Another major flaw in deregulated energy markets is the lack of "demand side management" conservation measures, such as BC Hydro's current *Power Smart* program. Rather, competing firms are inherently motivated to maximize profits, and thus the amount of energy they sell. This is fundamentally contradictory to notions of conservation.

Impact on the Environment

The Ministry of Energy and Mines' new plans and policies suggest that exploration of new energy sources by private firms is a key component of their strategic shift. Essentially, allowing market forces to determine new sources of energy will inevitably lead to greater

¹⁵ D. Vogel, "Deregulation and BC's Crown Corporations - What's the Deal", Canadian Centre for Policy Alternatives, May 2001, p. 1

¹⁶ F. McMahon, "Energy Deregulation Texas Style", Fraser Institute, January 13, 2003

¹⁷ Sierra Legal Defence, "Power Grab: The impacts of power market deregulation on BC's environment and consumers", July 2002, pp. 18-20 See also: R.A. Oppel Jr. and J. Gerth "Enron forced up California energy prices, documents show", New York Times, May 7, 2002

¹⁸ Ibid.

environmental degradation. This is so because in a deregulated system, choices related to production decisions are usually determined by cost, with little or no accounting for environmental impacts. Alberta's growing reliance on coal for new energy production (post-deregulation) serves as evidence that low-cost production is typically given greater consideration than environmental impacts. This is exacerbated by the extensive subsidization (through tax breaks, exploration funding and written-off loans) of fossil fuel production involving coal, methane and natural gas. Consequently, more sustainable options involving wind, water or geothermal sources are most often overlooked because of cost. Finally, it is argued that the Province's lack of support for the Kyoto Accord further widens the gap by not recognizing the full costs of pollution intensive production methods.

It is important to note that a deregulated energy market also allows producers of energy who utilize dirty fuels such as coal to avoid the full cost of energy production. For example, costs associated with climate change, higher rates of cancer and respiratory disease, crop destruction, elevated pH levels in watercourses through acid rain are not borne by the energy producers. Rather, these energy producers are able to "externalize" their pollution costs on to the public. A full cost accounting which involves these externalized costs would render fossil fuel-based energy production facilities uneconomical.¹⁹

Socio-economic Impacts

As mentioned above, the move to market rates for electricity in BC would likely see rates rise between 30% and 60%, according to the Province's new plan. Past examples, however, would suggest that harmonization with deregulated rates in Alberta and those along the western seaboard of the United States could see BC rates rise by at least 100% for residential customers and 200% for industrial users.

A group of major electricity users in BC called the Joint Industry Electricity Steering Committee (JIESC) referred to the Province's strategic shift in policy as "*a dangerous piece of work, with dangerous consequences*", and further suggested that the move toward market rates for electricity may result in a significant loss of direct and indirect jobs. Furthermore, it would appear that individuals most affected by these rate changes will be those on low or fixed incomes, or those living in rural or isolated communities where the cost of electricity will likely rise relative to urban centres. It is interesting to also note that these are the same individuals who are currently most affected by the Province's cuts to other services. This is in stark contrast to the economic growth the Province's plans predict under deregulation.

4.3 Deregulation and International Trade Arrangements

Perhaps one of the most worrisome aspects of the Province's plans to deregulate the energy sector in BC is that there may be no turning back. Essentially, deregulation of the BC energy sector, and concurrently allowing greater foreign investment in same, must be considered within the context of a number of trade agreements – namely the World Trade General

¹⁹ Sierra Legal Defense, pp. 11-17

Agreement on Trades and Services (GATS) which governs Canada's trade relationships with other nations; and the North American Free Trade Agreement (NAFTA), which governs Canada's trade relationships with the US and Mexico. These agreements, particularly NAFTA, include expansive new definitions of property rights. This tremendously limits the government's ability to introduce laws and regulations which may have bona fide social or environmental objectives but which may increase the cost of energy production, without provoking challenges from affected corporations claiming such regulations have the effect of a "regulatory taking". Therefore, it would appear that, in deregulating the energy sector, the provincial government may also be losing control over future social, economic and environmental policy decisions which may raise costs of production, or in some other way constrain foreign (particularly American or Mexican) energy producers in BC.²⁰ It is noted that the functions proposed to be undertaken by Accenture will likely trigger the provisions under the above international trade arrangements. While the province has taken the position that BC Hydro's power generation, transmission or distribution functions will not be privatized, it is emphasized that should a decision to out source these functions occur, it could be an irreversible step in losing public control because of prevailing international trade agreements.

4.4 Case Studies

With the outcome of deregulating the BC energy sector uncertain, an examination of other jurisdictions' experiences with such a policy is valuable in determining some likely outcomes. Presented below are three case studies which provide insight into the potential impacts of the Province's new energy policies.

Ontario

In 2002 May, Ontario deregulated its energy sector. Within a few months, electricity rates rose dramatically, jumping 9.2% from June to July and again climbing an additional 18.3% in August of that year – the overall increase from August 2001 to August 2002 was about 33%. Such an increase in BC would have enormous impacts on most households and businesses.

Another dimension related to deregulation in Ontario, and the resultant rising electricity prices, was its impact on the overall inflation rate. In August of 2002, the Canadian inflation rate rose from 2.1% to 2.6%. The inflation rate subsequently rose to 3.2% in 2002 October as a direct result of further increases in electricity rates in that Province, according to the Chief Economist at Merrill Lynch Canada Inc.²¹

While there are some indications that Ontario is considering reversing its privatization policies, it will be interesting to see whether provisions in the NAFTA agreement (Chapter 11)

²⁰ Adapted from OPEIU 378 "Application to BC Utilities Commission", December 19, 2002, pp. 63-66

²¹ Ibid, pp. 41-42

will prevent that Province from being able to re-nationalize portions of its energy sector without considerable damages to be paid to foreign investors in that market. It is noted, however, that the announcement to not sell Hydro One, the crown company which transmits and distributes power, does not indicate a move away from a deregulated market in Ontario. Moreover, it is understood that Ontario will continue along the path of deregulation and may again propose the sale of Hydro One at a later date.²²

Alberta

While the Albertan experience echoes that of Ontario in terms of rising electricity prices, it also offers more insight into a deregulated market's behaviour and choice of energy supply alternatives. Recall that one of the key thrusts of the Province's energy plans is for exploration of alternative, fossil fuel-related, energy sources. Recall also from the discussion above that such energy sources, because of their relatively low cost, tend to be readily exploited, despite their negative impacts on the environment. The Alberta experience confirms this, as that Province's energy sector is becoming increasingly dependant on coal. Prior to deregulation, approximately one half of Alberta's energy production came from coal, while nearly 40% came from natural gas (the remaining 10% came from "renewables" such as wind). The largest source of new power generation to 2006 is expected to be coal (46%), cogeneration (31%) and natural gas (16%), with renewable resources falling to only 7%.²³

With respect to electricity rates, a deregulated market in Alberta saw rates dramatically increase. Between 2000 June and October, the price of electricity rose well over 500%, prompting the Alberta government to initiate a \$2.3 billion rebate program for households and small businesses to offset a portion of the higher electricity rates. Various sources suggest that this significant price increase was, in part, a result of the two or three major power producers holding back supply, which created artificial energy crises and resulted in roving brownouts.²⁴

It is interesting to also note that the funding for the \$2.3 billion rebate program diverted funds away from other provincial programs and services. A recent study estimates that the total cost to the Province of this tax refund was \$3,026,000,000.²⁵ Again, as with Ontario, Alberta's provincial government may have considerable difficulty in reversing its energy policies, if it so chooses, because of the legal challenges it could potentially face under prevailing international trade agreements, such as NAFTA.

California

The lessons learned from the California experience once again point to the fact that deregulation actually decreases competition in the energy market, thus reducing the reliability

²² Reported by the CBC News, January 25, 2003 and Ontario Electricity Coalition, January 20, 2003

²³ Sierra Legal Defence, pp.15-16

²⁴ It is noted that, for the same period, rates in BC did not change.

²⁵ D. Holgate speaking at a Vancouver conference organized by the Canadian Institute (BC Energy: A New Playing Field, December 9, 2002)

of electrical supply and contributing considerable volatility to the market. This situation is explored in detail by a report produced by the Foundation for Taxpayer and Consumer Rights, in which it is contended that "the elimination of state controls over electricity rates by 1996 legislation sponsored by energy companies, utilities, large electricity users and other special interests...enabled these companies to manipulate supplies, manufacture artificial shortages, inflate their stocks and thus reap windfall profits" and that deregulation "...will cost Californians approximately \$71 billion".²⁶ A number of other studies have confirmed similar costs to California taxpayers.

Recently publicized documents from the now bankrupt Enron Corporation suggest that it, along with the other major companies, regularly practiced holding back electrical supply and production in California to create artificial power shortages for the purposes of inflating the price of electricity. The resultant energy crisis was marked by a series of brownouts and blackouts. During this time (2000 and 2001), it was found that electricity producers and wholesalers overcharged the state by at least \$5.5 billion, and that wholesale power prices experienced a 3000% increase over 1999 levels.²⁷

David Freeman, one of the top American energy advisors and current Chair of the California Power Authority, recently spoke to a Vancouver audience and claimed that, based on the California experience, a deregulated energy sector in BC is akin to an impending chaos. He went on to state that "there isn't a state in the union that wouldn't give its eye teeth for a power system like BC Hydro", and that restructuring Californian utilities was "... the worst thing ever". Finally, in reference to the California experience, he stated that "we made a terrible mistake in California... We thought deregulation and competition were just inherently better than regulation and monopoly. It just all sounded so good. But it turned out to be a dreadful mistake".²⁸ Based on what can be learned from the California experience, it would appear that BC is on the brink of making a similar mistake.

Together, these three case studies confirm the theoretical notions of how a deregulated energy sector behaves. Prices rise because broadly based competition in the market place generally never materializes, brownouts and blackouts are often experienced, and the government can be forced into costly rebate and recovery programs, much to the detriment of other government programs and services. Moreover, the environment can suffer because of an increasing reliance upon cheap energy sources such as coal and coalbed methane, two sources of energy identified in the Ministry of Energy and Mines' own plans and policies.

²⁶ "Hoax: How Deregulation let the Power Industry Steal \$71 Billion From California", January 17, 2002, www.consumerwatchdog.org

²⁷ See Sierra Legal Defence, and OPEIU 378 "Application to BC Utilities Commission", December 19, 2002, pp. 43-50

²⁸ Reported by the CBC News and The Vancouver Sun, September 26, 2002

4.5 Opposition to Deregulation

It is worthy to note that there is considerable opposition to the Province's plans to deregulate the energy sector in BC and privatize all or part of BC Hydro. In fact, the widespread opposition to the Province's plans is notable. Notwithstanding the opposition from local governments through the aforementioned UBCM resolutions, the range of those opposed includes business interests, intellectuals/experts in the field, grassroots citizen groups and BC Hydro itself.²⁹

Recent surveys sponsored by the BC Citizens for Public Power found that nearly 85% of those surveyed want an inclusive public consultation process related to the privatization of BC Hydro or the deregulation of the energy sector in BC. The same surveys found that nearly 80% oppose selling any part of BC Hydro. Related to the Accenture Inc. issue, a survey in 2002 October revealed that 63% of respondents opposed the pending agreement between BC Hydro and Accenture Inc.³⁰

The same citizen group that sponsored the above surveys also launched a class action law suit, in September 2002, to prevent the government from selling off the crown corporation's assets. If accepted, this suit has the potential to be the largest class action law suit in Canadian legal history. As one petition to the BC Utilities Commission states, "the main thrust of the lawsuit is a claim against both the Province and BC Hydro for breach of fiduciary duty and for unjust enrichment. There are also additional claims against BC Hydro for breach of contract and breach of the provisions of the *Hydro and Power Authority Act*, its governing statute.

Perhaps what is somewhat surprising is the level of business opposition to the Province's plans for deregulation. Groups such as the JIESC (mentioned earlier) remain strongly opposed to privatization of all or part of BC Hydro and to market deregulation. These are the same groups one might expect to be heavily in favour of deregulation or supportive of privatization.

In 2002 November, Liberal MLA Paul Nettleton released a seven page letter opposing the Accenture deal, which he believes is the first step toward complete privatization of the crown corporation, especially following the announcement that BC Hydro's power transmission function would soon also be privatized. Mr. Nettleton's letter states that he is "...*firmly convinced that this legislation is only the opening move in a strategy whose ultimate goal is the wholesale privatization of the utility*", and that losing control of transmission will be the "*death knell of BC Hydro*". Also in his letter, Mr. Nettleton suggests that a deregulated market will result in higher prices, dirty energy sources being exploited, loss of competitive business advantage and considerable environmental degradation.

²⁹Adapted from OPEIU 378 "Application to BC Utilities Commission", December 19, 2002, pp. 60-61

³⁰ The polls were conducted by CGT Research (April, 2002) and McIntyre and Mustel Research (October, 2002) respectively.

5.0 PUBLIC INPUT

While public input has yet to be a part of this overall deregulation process, an application to the BC Utilities Commission made on behalf of the Office and Professional Employees' International Union, Local 378 requests, among other things, that a public hearing be held in regards to the Accenture deal. Grounds for this submission, in part, point to the potential loss of considerable public benefit BC Hydro brings to BC residents in a number of areas including:

- environmental impact;
- loss of jobs;
- loss of industry in BC;
- potential for permanent loss due to the scope of various international trade agreements; and
- loss of general revenue (BC Hydro revenues currently greatly supplement BC's education and medical systems).

It is argued, therefore, that privatization of BC Hydro and deregulation of the energy market could significantly impact seemingly unrelated sectors of the economy and the government's ability to effectively continue to fund current social and medical programs, as well as meet other important public policy objectives (such as energy conservation). For these reasons, it is contended that public input ought to be a part of the deregulation process. The application states:

"We respectfully ask the Commission to bear in mind that the system was built with public funds, with taxpayers bearing the risk of loss or failure. This investment was made not only on the premise of future lower hydro rates for consumers, but also for returns in other areas of public interest. These issues also merit a hearing under Part 6 of the Utilities Commission Act, to determine whether the public interest is served by BC Hydro's privatization agreement with Accenture and BC Hydro's plans for transmission.

Serving the public interest is an essential part of the Commission's and BC Hydro's mandate. A public hearing would assist in serving that mandate. We suggest that the exercise of the Commission's public inquiry mandate is even more important because this is not just a public utility, but a publicly owned utility".³¹

Given the above, and given that there is no compelling evidence for urgency in the Province's plans to restructure BC Hydro, delaying the deal with Accenture in order that the public may have an opportunity to be heard appears to be both fair and prudent.

6.0 ADDITIONAL CORRESPONDENCE – HARRY BLOY, M.L.A.

Appearing elsewhere on tonight's agenda is a piece of correspondence from Mr. Harry Bloy M.L.A. for Burquitlam, dated 2003 January 30 in relation to this subject matter. Mr. Bloy's letter essentially makes four points:

1. that the Province has no plans to privatize all or part of BC Hydro (that the deal with Accenture is considered a "back-office outsourcing agreement");

³¹ OPEIU 378 "Application to BC Utilities Commission, December 19, 2002, pp. 39-40

2. that the British Columbia Citizen for Public Power's allegations about Accenture in California are "patently false";
3. that criticisms over Accenture's management of the Ontario welfare system are misguided; and that Accenture's involvement resulted in a \$692 million cost savings.
4. that Accenture "did not move from the US and did not decide to incorporate in Bermuda to avoid US taxes. Accenture is not and never has been US-based or US-operated, and pays taxes on its income in each of the countries in which it operates, including the US".

With respect to the first point, that the proposed deal with Accenture is an outsourcing agreement, Section 3.3 of this report indicates the proposed deal between Accenture and BC Hydro closely resembles a case of privatization.

Regarding the second and fourth points, staff have confirmed the validity of a news release dated 2002 July 25 (see *Attachment 1*) from the California State Treasurer (in a telephone conversation with Mr. Tom Noguera of the California State Treasurer's Office on 2002 February 05) that Accenture's appearance on the list of companies prohibited from doing business with key state interests is not "mistakenly listed". With respect to where Accenture is based, it is noted that Accenture's own disclosure statement with the US Securities Commission indicates that it is based in Bermuda and organized under Bermuda laws. Furthermore, in a recent article in the Wall Street Journal (July 03, 2002), it was stated that Accenture's "*topmost corporate parent [is] in Bermuda and operating companies in Luxembourg, steps that will shield some profits from taxes*".

Moreover, it is suggested that concern over Accenture's base being in Bermuda is related to the fact that Bermuda is not a reciprocating state for the purposes of enforcing BC court orders, and that international trade arrangements may be triggered should the proposed deal between BC Hydro and Accenture be approved. Accenture locating in Bermuda for tax purposes is considered to be of a secondary concern compared to the foregoing issues.

In regards to the third point, it is noted that the Provincial Auditor for Ontario has gone on record to dispute claims by "an independent third party" that Accenture has saved the province \$692 million and that the welfare system is now more efficient. *Attachment 2* contains a piece of correspondence from the Provincial Auditor which contradicts the statements and claims made in Mr. Bloy's letter in respect of the Ontario welfare system.

7.0 CONCLUSIONS

The Province's new plans and policies related to energy production, transmission and distribution in BC involve a deregulated energy sector and a significantly restructured BC Hydro. It is acknowledged that this subject is complex. This report, while recognizing certain underlying principles behind the Province's Energy Plan, has focused on key areas of concern that have been raised in the correspondence to Council by Mr. Abram. Serious concern has been raised that, under the proposed approach, prices for electricity will rise dramatically, new sources for energy will involve unsustainable sources such as fossil fuels (namely coal), environmental quality will be

jeopardized, job loss will occur, further cuts to government programs will be required to fund energy rebate programs or to cover other losses in the deregulated energy sector, sovereignty over decision making will be severely deteriorated or lost completely, and urban-rural and wealthy non-wealthy disparities will be exacerbated. Finally, because of international trade arrangements, there may be no turning back on such a policy.

The Province's deal with Accenture is a key component of its overall strategy to restructure BC Hydro and broaden private sector involvement in BC's energy sector. It is indicated that this deal ought to be seriously questioned for several reasons. First, it may well mark the first step of the Province's apparent (unstated) plan to incrementally privatize the energy sector in BC, which would lead the Province down the path of abating its ability, and some would argue its responsibility, to use the public utility, and the profits it brings to the Province, for other important public policy objectives. Second, the deal with Accenture and the development of the Province's new energy plans and policies have thus far taken place without any meaningful public consultation or a process of involvement of major stakeholders. Finally, Accenture's base being in Bermuda casts doubt as to whether the Province could ever enforce its legal rights or recover damages in the event that legal action is required.

For these reasons, and in light of the lessons learned from other jurisdictions which have undergone deregulation of their energy sectors, it is recommended that Council send a letter and a copy of this report to Burnaby MLA's, to the Premier, Cabinet, and UBCM urging them to take a principled stand and vote against any legislation that would privatize BC Hydro in the absence of a full and meaningful public consultation process, as outlined in the correspondence from the Citizens for Public Power received by Council on 2003 January 27. Similarly, it is recommended that Council reiterate its support for the UBCM resolution calling for a halt to the currently proposed deal between BC Hydro and Accenture Inc. pending the conclusion of a more detailed analysis and public consultation process on the matter.



J.S. Belhouse, Director
PLANNING AND BUILDING

EK\sla\sa

Attachments(2)

cc: Director Finance
City Clerk
City Solicitor



NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE

Thursday, July 25, 2002

California Treasurer Rebukes U.S. Companies for Fake Relocations to Offshore Tax Havens
Cites weakened investor rights and threat to integrity of financial markets

SACRAMENTO, CA – California State Treasurer Phil Angelides today announced a policy prohibiting business dealings with publicly-held U.S. corporations that relocate offshore – *in name only* – to avoid paying taxes and to skirt legal protections for investors. The Treasurer also proposed that California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS), the State's giant pension funds of which he is a Board member, stop investing in or otherwise doing business with, these U.S. corporations that expatriate.

A growing number of companies, such as Tyco International, have flouted U.S. taxation and legal protections for investors by reorganizing in Bermuda, the Cayman Islands and other offshore locales. Angelides criticized these offshore schemes as part of a larger pattern of deception and lack of integrity in the corporate boardroom which has harmed the marketplace and investors.

"Corporations hiding behind a mailbox in Bermuda are shirking their duty as Americans, and undermining confidence in the financial markets. These sham transactions, like the accounting scandals at Enron and WorldCom, are the kinds of deceptive corporate practices that have shaken the financial marketplace, and cost families, pensioners and taxpayers billions. We will use our clout as investors to let companies know we will not tolerate this type of irresponsible conduct," Angelides said.

Angelides took the following steps against corporate expatriates:

- Implemented an investment prohibition by the State's \$45 billion Pooled Money Investment Account (PMIA) in publicly-held U.S. corporations that expatriate. The PMIA is comprised of State and local taxpayer funds, over \$10 billion of which is invested in corporate securities that must be on a State-approved list. Today he removed Ingersoll Rand, a company that expatriated to Bermuda, from the list of eligible investments.
- Prohibited contracts and other business dealings with expatriate U.S. companies by the State Treasurer's Office. In addition, these policies will apply to the various State boards and commissions chaired by the Treasurer, subject to ratification.
- Requested CalPERS and CalSTRS to eliminate their holdings in, and cease to do other business with, expatriate U.S. companies. The two public pension funds, the first and third largest in the nation with approximately \$250 billion in assets, currently hold \$752 million in investments in publicly-held U.S. corporations that have expatriated. Also, he urged the pension funds to vote their shareholder proxies against proposed expatriations by companies in which they hold investments.

(over)

Angelides' policy comes at the same time Congress is debating curbs on corporate expatriation, an accelerating trend which is projected to result in federal revenue losses estimated at \$628 million over five years, and as much as \$2.1 billion over 10 years. He expressed hope that Congress will soon approve strong federal legislation to stem this growing practice, but until then, he vowed that institutional investors must act to protect themselves and to deter future relocations.

"These companies desire all the benefits of the American system, but they are unwilling to play by its rules. Companies that avoid their tax obligations and look for ways to duck their legal responsibilities would not think twice about harming their investors," Angelides said. "The State of California, as a major institutional investor, must use the power of the purse to bring about an end to this misconduct," he concluded.

#

OFFICE OF THE TREASURERP. O. BOX 942809
SACRAMENTO, CA 94209-0001**POLICY OF THE CALIFORNIA STATE TREASURER'S OFFICE**

(Effective July 25, 2002)

In another troubling example of the current breakdown in U.S. corporate responsibility, publicly-held U.S. corporations are relocating, on paper only, to offshore tax havens such as Bermuda and the Cayman Islands. The U.S. Treasury Department has noted that "there has been a marked increase recently in the frequency, size, and profile of" these offshore relocations, also known as "expatriations." These paper relocations enable corporations to avoid payment of U.S. taxes and to skirt legal protections for investors, while still reaping the benefits of ostensibly operating as U.S. companies. A list of publicly-held U.S. corporations identified as having expatriated is attached.

In addition to evading taxes, publicly-held corporations that expatriate may avoid accountability by operating in secrecy, restricting shareholder rights, and insulating themselves from investor claims. For example, it is much more difficult for shareholders to file suits to enforce their rights in tax haven countries. U.S. corporate expatriation is part of a larger pattern of corporate deception and lack of integrity that has plagued the financial markets and jeopardized the long-term interests of investors and shareholders.

The Treasurer is concerned that this trend will continue to accelerate unless strong action is taken. This policy is designed to help stem future relocations and to address the concerns raised by U.S. corporate expatriation. The policy is consistent with the Treasurer's other recent actions designed to protect investors and taxpayers.

Investments In Publicly-Held U.S. Corporations That Expatriate

- The Treasurer oversees the investment of the California Pooled Money Investment Account (PMIA) – which is comprised of over \$45 billion in funds of the State government and over 3,000 local jurisdictions. Over \$10 billion of those funds are currently invested in corporate securities. California law provides that PMIA investments must be in companies organized and operating in the U.S. The Treasurer has determined that companies that are organized and operating in the U.S. at the time they were approved for PMIA investment, but that have since expatriated, will no longer be eligible for investment. Accordingly, the Treasurer has deleted, effective immediately, Ingersoll-Rand Company

from the approved PMIA investment list and will delete any other publicly-held corporations that expatriate.

- The Treasurer will request that CalPERS and CalSTRS eliminate from their portfolios all public equity and fixed income holdings in publicly-held U.S. corporations that have expatriated or do so in the future. In addition, the Treasurer will recommend that CalPERS and CalSTRS adopt policies to cast their shareholder votes against any such expatriations by corporations in which they hold stock or other securities.

**Contracts or Other Business With
Publicly-Held U.S. Corporations That Expatriate**

- Effective immediately, the State Treasurer's Office will not contract or otherwise do business – absent a compelling public interest – with publicly-held U.S. corporations that have expatriated or do so in the future. This policy will, subject to the requisite ratification, also apply to all boards, commissions, and authorities that the Treasurer chairs. The Treasurer will urge CalPERS and CalSTRS to adopt the same policy.

This policy is designed to ensure that companies with which the State Treasurer's Office does business meet threshold standards of corporate accountability. In this respect, this policy is similar to the recently-adopted Investment Protection Principles, which set standards for investment banks doing business with the State Treasurer's Office.

- If, by December 31, 2002, the federal government does not pass legislation that protects shareholders and those who do business with corporations that expatriate, the Treasurer will seek to introduce California State legislation prohibiting the State of California from contracting or doing business with publicly-held U.S. corporations that have expatriated or do so in the future.

Concurrent with the adoption of this policy, Congress is considering actions to address the issues raised by expatriation of publicly-held U.S. corporations. This policy will be reevaluated in light of any federal actions that may be taken to resolve the issues raised by such expatriations.

PUBLICLY-HELD U.S. CORPORATIONS IDENTIFIED AS EXPATRIATING TO OFFSHORE TAX HAVENS
(Partial list based on information available as of 07/23/02)

<u>Company Name</u>	<u>Ticker Symbol</u>	<u>Exchange</u>	<u>Domestic Headquarters</u>	<u>Inversion Date</u>	<u>Offshore Haven</u>
→ Accenture, Ltd.	ACN	NYSE	Chicago, IL	2001	Bermuda
APW	APWLQ	OTC-BB	Waukesha, WI	2002	Bermuda
Cooper Industries	CBE	NYSE	Houston, TX	2002	Bermuda
Everest Reinsurance Group	RE	NYSE	Liberty Corner, NJ	2000	Bermuda
Foster Wheeler Corporation	FWC	NYSE	Clinton, NJ	2001	Bermuda
GlobalSantaFe (Global Marine)	GSF	NYSE	Dallas, TX	2001	Cayman
Gold Reserve	GLDR	OTC-BB	Spokane, WA	1999	Canada
Helen of Troy	HELE	NASDAQ	El Paso, TX	1994	Bermuda
Ingersoll-Rand	IR	NYSE	Woodcliff Lake, NJ	2002	Bermuda
Leucadia National Corp	LUK	NYSE	New York, NY	Pending	Pending
McDermott International, Inc	MDR	NYSE	New Orleans, LA	1983	Panama
Nabors Industries	NBR	AMEX	Houston, TX	2002	Bermuda
Noble Corporation (Drilling)	NE	NYSE	Sugar Land, TX	2002	Cayman
PXRE Corporation	PXT	NYSE	Edison, NJ	1999	Bermuda
Transocean Offshore, Inc.	RIG	NYSE	Houston, TX	1999	Cayman
Tyco International	TYC	NYSE	Exeter, NH	1997	Bermuda
Veritas DGC	VTS	NYSE	Houston, TX	Pending	Pending
Weatherford International	WFT	NYSE	Houston, TX	2002	Bermuda
White Mountains Insurance	WTM	NYSE	White River Junction, VT	1999	Bermuda
Xoma Corporation	XOMA	NASDAQ	Berkeley, CA	1999	Bermuda

Sources: Office of U.S. Representative Lloyd Doggett (Texas) based on Library of Congress records; Office of U.S. Representative Richard Neal (Massachusetts) based on various news sources; Bloomberg.

Note: Chart reflects companies identified as of July 23, 2002, and is not reflective of the status of any company on the list after that date. Investment actions by Pooled Money Investment Account, CalPERS, and CalSTRS would be contingent on independent verification.

FACT SHEET

CalPERS/CalSTRS CORPORATE EXPATRIATE INVESTMENT DATA Holdings as of June 30, 2002

CalPERS:	Equity	\$287,346,915
	Fixed Income	<u>\$ 63,921,316</u>
	Total:	\$351,268,231
CalSTRS:	Equity	\$ 94,655,643
	Fixed Income	<u>\$306,664,228</u>
	Total:	\$401,319,871

PROJECTED U.S. REVENUE LOSSES FROM CORPORATE EXPATRIATIONS

Five-Year Loss (2002-07)	\$ 628 million
Ten-Year Loss (2002-12)	\$2.128 billion

Source: Joint Committee on Taxation (June 13, 2002). Includes prediction of future expatriations based on known data.

Examples:

- Stanley Works – annual tax rate is expected to be reduced from approximately 32% to a range of 23% to 25% (Proxy Voter Services analysis, April 29, 2002). Translates to approximately \$30 million annual loss to the Federal Treasury (Wall Street Journal editorial, May 16, 2002).
- Ingersoll Rand – Company's expectations will create losses to the Federal Treasury of approximately \$40 million annually (Ingersoll Rand Proxy Statement, April 5, 2002).

SAMPLE LIST OF SHAREHOLDER RIGHTS THAT MAY BE LOST WHEN CORPORATIONS EXPATRIATE TO BERMUDA*

- Shareholders may not be able to enforce civil liability provisions of the U.S. federal or state securities laws against the corporation.
- Shareholders may have more difficulty protecting their interests than would shareholders of a corporation incorporated in the U.S.
- The duties of directors and officers of a company are generally owed to the company only (and not to the shareholders).
- Shareholders do not generally have rights to take action against directors or officers of the company, and only do so in limited circumstances.
- Class actions and derivative actions are generally not available to shareholders.

*Source: Accenture Ltd.'s SEC 424B4 filing, July 19, 2001.



Thursday » January 16 » 2003

Ontario auditor responds to Accenture article

Erik Peters

Vancouver Sun

Saturday, January 11, 2003

I am responding to an article that appeared in your paper entitled "The other side of the B.C. Hydro story" (Jan. 2). I take strong exception to the following two paragraphs:

"Accenture critics like to cite the NDP-appointed Ontario provincial auditor who has found fault with a welfare-delivery system the company installed nearly four years ago. But his allegations of high costs and performance failures fly in the face of results of an Independent third-party audit of the system that concluded it has delivered \$692 million in savings. It further confirmed projected savings of \$300 million a year over five years.

"What's more, installing the new system was a benefits-based deal, meaning Accenture was paid on performance and measurable savings. No savings, no payment."

Here are key facts to set the record straight:

- I was appointed unanimously by the members of the Legislature of all three parties in 1993.
- There was no "Independent third party audit" other than the report tabled by me in the Ontario Legislature. The "Independent third party audit" referred to in your article was prepared by a consultant engaged by and paid for by the Ministry.
- The insinuation that savings of \$692 million can be directly attributed to Accenture's system is wrong. While savings were achieved because of a decline in the welfare rolls, the system does not provide the information necessary to assess why welfare roles declined. The much more likely causes for that decline are the improved economy in Ontario and the policy decision to tighten eligibility rules.
- We consider the over \$400-million cost of the new welfare delivery system, of which over a quarter of a billion dollars was paid to Accenture, as substantial, particularly since it will take much more time and many more taxpayer dollars to bring the system up to the state where only eligible welfare recipients are paid in the correct amount. At the time of our audit, the system contained significant flaws.
- The statement that "Accenture was paid on performance and measurable savings. No savings, no payment" reflects the original intent of engaging Accenture, but it is not what actually happened. Accenture was paid millions of dollars before the so-called benefits exceeded costs. In fact, we concluded that the taxpayer took virtually all the financial and performance risks of this project and Accenture reaped a disproportionately large share of the financial rewards.

Erik Peters

Provincial Auditor, Ontario

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