



The Ministry of Finance
777 Bay Street, 10th Floor
Toronto, ON M5G 2C8

Attention: Mr. Allan Doheny – Assistant Deputy Minister

Dear Mr. Doheny:

Re: Power Dam Special Payment Program

Thank you very much for your letter dated November 17, 2014 on the above noted matter.

Your letter was received with great interest and relief. The Municipality of Wawa is very pleased that the Ministry of Finance has taken steps to explore the sensible approach of making power dams subject to municipal property taxation. Moreover, we are very pleased at the decision to maintain the 2014 payments at 2013 levels, while not perfect this is a good interim decision.

I have been very pleased to be able to be part of the Ministry Working Group on this matter and I look forward to future discussions. The Municipality of Wawa continues to have grave concerns for any action that moves toward reducing or eliminating the Power Dam Special Payment Program without replacing it with the ability to again tax these assets.

While we appreciate that this is a complex matter, we see no reason why the past tax regime cannot simply be updated and legislated to again apply to power dams, poles and wires. Further, we see no reason why this could not be achieved in concert with a reduction on the Power Dam Special Payment Program thereby making it "revenue neutral" to the Province of Ontario. We understand that there may be some hesitation in moving ahead as increased costs may have a detrimental effect on power rates. If we are accepting of that argument then we are also accepting the fact that the 111

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affected communities (those that receive power dam payments) are now subsidizing the remainder of the power consumers in the Province, but I digress.

Again, thank you for your letter and I look forward as we discuss this matter into 2015.

Best Regards,

Chris Wray, AMCT
CAO / Clerk-Treasurer

Cc: The Honourable Kathleen Wynne – Premier
The Honourable Charles Sousa – Minister of Finance
Mayor and Council
M. Mantha – MPP, Algoma-Manitoulin
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November 17, 2014

Dear Municipal Power Dam Working Group Member:

I am writing to advise you of an announcement regarding the Power Dam Special Payment Program that was made in the 2014 Fall Economic Statement on November 17, 2014.

As you are aware, the 2014 Ontario Budget announced a plan to phase-down the Power Dam Special Payment Program by approximately \$4.4 million over three years, from 2015 to 2017. For 2015, the phase-down reduction would be approximately 3%, and by 2017 when the phase-down is fully implemented, more than 75% of the current funding level would be maintained.

The Province committed to work with municipalities to explore ways to implement the phase-down in a manner that is fair and manageable. We appreciate your time and effort as part of the staff-level working group that has been formed to support these consultations.

Through the working group, we are also exploring the option of re-introducing property taxation for power dams. As discussed in our last meeting, this aspect of the initiative will require careful consideration, complex analysis, and consultations.

The Province recognizes that it may not be possible to complete the property tax aspect of this project in advance of the 2015 municipal budget year. As a result, it was announced today in the 2014 Fall Economic Statement that the planned reduction to the Power Dam Special Payment Program for 2015 will be deferred while work is underway to explore the property taxation option.

For the 2015 taxation year, the payments issued to eligible municipalities under the Power Dam Special Payment Program will be maintained at the 2014 level.

If you have questions regarding this program or the progress of the consultations, please contact Ms. Diane Ross at 416-327-0266 or diane.ross@ontario.ca.

Sincerely,

Allan Doheny
Assistant Deputy Minister
Provincial-Local Finance Division
Ministry of Finance

