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"I expected better when the new government came in," said Finn. "They've just continued what [former premier] Christy Clark did to hide the true costs of Site C and hope that they get re-elected before the next generation finds out."

"This is the stupidest capital decision ever made by a B.C. premier. I don't know who is giving them accounting advice."

Rob Botterell, legal counsel for the [Peace Valley Landowner Association](http://www.peacevalleyland.com/) (<http://www.peacevalleyland.com/>), representing 70 landowners who will lose homes and property to the Site C dam, called on the NDP government to disclose who advised Cabinet on hydro rate increases in the event that Site C were terminated.

"We call on you and your colleagues in Cabinet and Caucus to publicly release the detailed, un-redacted, information and advice and analysis on which you based this finding," Botterell wrote to Attorney General David Eby and Environment Minister George Heyman.

On Thursday, the landowner association and the Peace Valley Environment Association hand-delivered a letter to B.C. Auditor General Carol Bellringer, asking her to launch an "urgent examination" of the government's Site C termination and completion cost figures.

The letter also asked Bellringer to verify the cash impact of both scenarios on British Columbians.

The Auditor General's office was in the midst of investigating Site C's finances last summer when the new NDP government asked the watchdog B.C. Utilities Commission to review the project, which will flood the traditional homeland of Treaty 8 [First Nations](http://www.desmog.ca/2017/12/11/breaking-site-c-dam-approval-violates-basic-human-rights-says-amnesty-international) ([//www.desmog.ca/2017/12/11/breaking-site-c-dam-approval-violates-basic-human-rights-says-amnesty-international](http://www.desmog.ca/2017/12/11/breaking-site-c-dam-approval-violates-basic-human-rights-says-amnesty-international)), violate basic [human rights](http://www.desmog.ca/2017/12/11/breaking-site-c-dam-approval-violates-basic-human-rights-says-amnesty-international), ([//www.desmog.ca/2017/12/11/breaking-site-c-dam-approval-violates-basic-human-rights-says-](http://www.desmog.ca/2017/12/11/breaking-site-c-dam-approval-violates-basic-human-rights-says-amnesty-international)



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schedule, beset with geotechnical issues and embroiled in legal and financial challenges with its main civil works contractor, which lost its Canadian partner earlier this year when Petrowest Corporation slid into receivership.

NDP Not Following Standard Accounting Practices, Experts Say

[Horgan told reporters \(http://www.peacevalleyland.com/\)](http://www.peacevalleyland.com/) Monday that the only recourse if Site C were cancelled would be to hit BC Hydro customers almost immediately with a 12 per cent rate increase to cover the project's \$2.1 billion in sunk costs and \$1.8 billion in reclamation costs.

But Finn, along with U.S. energy economist Robert McCullough and Harry Swain, a retired bank president with expertise in project financing, told DeSmog Canada that standard accounting practice for utilities like BC Hydro is to write off the costs of a discontinued project over many years.

"What's appalling about this is that Cabinet has been advised by some people who simply don't understand how the finance system works," said Swain, the former CEO of Hambros Canada Inc. and a former board member of Hambros Bank Ltd. of London.

"I can't believe that their arithmetic is that bad," said Swain, who chaired the [Joint Review Panel \(//www.desmog.ca/2017/08/28/pull-plug-site-c-dam-if-completion-costs-more-2b-former-chair-review-panel\)](http://www.desmog.ca/2017/08/28/pull-plug-site-c-dam-if-completion-costs-more-2b-former-chair-review-panel) on Site C for the federal and provincial governments. "It's all very depressing."

McCullough, a former officer for a large hydroelectric facility in Portland, Oregon, said Site C's sunk costs — mainly accrued as former Premier Christy Clark attempted to push the project past the "point of no return" — can be amortized over the 70



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"It's not at all unusual for a project to stop and start for good reason," McCullough said, adding that one common reason for terminating an energy project is a change in policy.

Swain said Site C's sunk costs could be paid off over 30 years "without any heavy breathing at all."

Finn called the government's claim that terminating Site C would immediately incur up to \$150 million a year in new debt service charges "pure financial fiction," pointing out that BC Hydro has already borrowed the money and is paying interest on it so cancelling Site C will not make any difference.

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NDP Government's Site C Math a Flunk, Say Project Financin...

The NDP government's arithmetic on Site C cancellation costs is "deeply flawed," has "no logic at all," and is "appalling," according to desmog.ca

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What About Site C's Reclamation Costs?

McCullough said the reclamation costs could be dealt with swiftly if the government declared the disturbed area of the Peace River Valley a park, making it a provincial asset and removing remediation costs from Site C's books.

The cost of remediating the valley area already disturbed by clear cutting and bulldozing for Site C is a matter of contention.

West Moberly First Nations chief Roland Willson has said the NDP's stated \$1.8 billion reclamation cost is greatly exaggerated. He urged BC Hydro and the government to make Site C's construction site safe and "go home," allowing natural regeneration of the boreal forest.



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government over the next 10 years, and also assuming that Site C's cost does not escalate further.

Site C was announced as a \$6.6 billion project in 2010. The price tag jumped to \$7.9 billion by 2013, then to \$8.8 billion in 2014.

On Monday, the NDP government revealed that the cost has soared to \$10.7 billion just two years into a nine-year construction schedule, raising questions about whether Site C will become a boondoggle like Labrador's [Muskrat Falls](#) (<http://www.desmog.ca/2017/03/13/startling-similarities-between-newfoundland-s-muskrat-falls-boondoggle-and-b-c-s-site-c-dam>) dam, which will add an average \$1,800 to the annual hydro bills of every household in that province.

What Happened to That Independent BCUC Oversight?

The NDP continues to criticize the former Liberal government for failing to send Site C to the BCUC for review before it decided to proceed with the Peace River project.

Yet, according to the three project financing experts, Cabinet neglected to follow proper procedure and allow the BCUC — an independent regulator that makes decisions based on the best financial interests of hydro customers — to decide how Site C's termination costs could be best distributed to avoid a rate shock.

Swain called the matter an "ordinary regulatory decision," while Finn said it is "not the government's business" to decide how Site C's termination costs would be allocated.



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In puzzling logic, Eby said in a public statement on Thursday that the recovery period for Site C's costs would only be subject to an independent BCUC review "if, and when these costs are incurred," meaning that the BCUC would only be able to make that decision after Cabinet decided to cancel Site C.

McCullough, whose testimony to a U.S. Senate Committee helped spark the criminal investigation into Enron, said recovery of an energy project's termination cost is "a very common practice in the utility business and is addressed in every utility's annual report."

What About B.C.'s Credit Rating?

McCullough also pointed out that B.C.'s triple A credit rating has just been confirmed.

Contrary to statements made by the NDP, cancelling Site C does not put the province's credit rating in jeopardy because Site C's sunk costs have already been financed with 30-year bonds, he said.

On the other hand, spending at least \$8 billion more to complete Site C when its power can be replaced for only \$4 billion, "may concern the bond raters," McCullough wrote in a December 11 memorandum for the landowner association.

He pointed out that the same issue was a factor in the [downgrading of Newfoundland](http://www.cbc.ca/news/canada/newfoundland-labrador/moodys-nl-credit-ratings-downgraded-1.3690848) (<http://www.cbc.ca/news/canada/newfoundland-labrador/moodys-nl-credit-ratings-downgraded-1.3690848>) and [Manitoba's credit ratings](https://www.nbc.ca/content/dam/bnc/en/rates-and-analysis/economic-analysis/Public_Sector_Research_21Jul2017.pdf) (https://www.nbc.ca/content/dam/bnc/en/rates-and-analysis/economic-analysis/Public_Sector_Research_21Jul2017.pdf) as both provinces grappled with huge cost overruns on large hydro dam projects.



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11 Comments

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Join the discussion...



Randal Hadland • 3 days ago

The extent of bad advice that the NDP are getting from the Liberal appointed upper level bureaucracy has reached a point where the NDP has to say enough. The government have tried to be fair to public servants but the weight of evidence shows that the incompetence and just plain obtuseness that has been guiding BC government for the last 15 years is not capable of getting back on a straight and narrow path. The three people quoted in the article above might be willing to oversee a transition to a more capable staff. Even if they don't want that job the Government needs to bring people in who are able to put the time into it.

13 ^ | v • Reply • Share ›



Jeanette Pongratz-Doyle • 3 days ago

Do the NDP think the people of BC are just stupid or what? NDP just proved their loyalty to the Unions still exists over the people of BC, the exact reason they could not win an election or be in power for the last 16 years. Now he is just blaming it all on the Liberals to justify their irresponsible decision of not shutting down Site C. The first irresponsible thing out of his mouth in his announcement was they will recover costs in sales when BCUC has stated that they will never be able to sell the excess power for what it cost them to make it !!!!!!! How stupid do they think people are? Now..... we the people of BC will be paying extremely high costs to heat our homes while they sell the excess to the damned Americans for pennies of what we pay ! Where is that

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work on dubious public projects for the sake of short term temporary jobs and more importantly to them, the lucrative amount of member's field dues. They support pipelines, LNG plants and many other damaging fossil fuel projects in BC. The union executives fail to understand that going ahead with Site C will indeed hamper or eliminate more beneficial public projects such as new 21st century hospitals, affordable housing, seismic proof schools, seniors extended care facilities, bikeways, busways, transit infrastructure, the repair and proper maintenance of our public transportation networks, etc.

We have returned to the worst of the NDP's past history, the neo-liberal Glen Clark regime and its allies who now sit on the front benches of the provincial government and those who have been appointed government staffers to the Premier have returned unfortunately. How many more broken promises can voters take?

9 ^ | v • Reply • Share ›



Rick Koechl → Jeanette Pongratz-Doyle • a day ago

Thank you Jeanette....you really are correct in the above assessment. Things will stay "calm" for a while....but all hell will break loose once things get completed....on the rates

Be prepared.... all we will need to do is watch what is happening in Newfoundland now that Muskrat Falls hydro project is nearing completion. This is the sister ship to Site C.... it will NOT be a pretty sight as we watch massive rate increases occur and massive cut backbacks happen..... and their Enquiry into the boondoggle begins in January. Politicians there will be FIGHTING to point fingers at their opponents. All very predictable for here in BC ...soon to come...

3 ^ | v • Reply • Share ›



def → Jeanette Pongratz-Doyle • 14 hours ago

Site C requires a public inquiry on all aspects of its history because it smells of corruption from the get go and continues. If we understood what has/is going down we would be in the streets putting an end to it.

2 ^ | v • Reply • Share ›



AntonvanWalraven • 2 days ago

There is something weird going on in this Government. Things don't make sense. Who are the power players pressuring them?

10 ^ | v • Reply • Share ›

Charlie Harner • 2 days ago

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Good analysis, many Liberals whom were in literal shock at the cost of Site C with very little promise of recouping costs, voted NDP as many NDP members said they would cancel the project. Then many people whom would have liked to vote Green (always vote you conscience in my opinion verses strategic voting), and wished for Site C cancelled voted NDP as they rightly thought the NDP would cancel the project. Then off course many NDP long time members were entirely hoodwinked too. David Eby was adamant he would cancel Site C. They can change their position and cancel the project stating they received inadequate financial information re: that the 3-4 billion sunk costs can be written off via BC Hydro's accounts, thus looking financially responsible and maintaining their integrity, as they can place the blame on their financial advisers, this is the best option for them. If they keep going with proceeding they will then be responsible for this boondoggle, and will then truly be violating the trust of 1000's of voters. Hopefully they do what is right and cancel it.

^ | v • Reply • Share ›



Tweedie • 16 hours ago

The NDP has lost its mind. The only problem is the planet will lose another river ecosystem. Two million dollars a day of taxpayers money to build a dam to produce power we don't need, to electrify a fracking industry that doesn't exist, to possibly sell at a loss to Alberta or the USA sometime in the future and to be paid for by children who are not even born yet and who will pay until the year 2095. If that is not the definition of insanity, I don't know what is. And thank you for providing this important information.

3 ^ | v • Reply • Share ›



joblo • a day ago

Premier John Horgan and the NDP, and even Andrew Weaver and the Green Party, will never get my backing again. I won't even be one who holds my nose just to vote. I will just march on and leave these two in the rear view mirror and watch them and probably even their party's disappear into political oblivion. A pre-selected decision made well in advance by a special interest boot licker for a premier, backed up by a spineless coalition partner that stood by and let it happen. The most disgusting and reprehensible part about all of this was the dirty, sleazy lies pulled from