

Fourth Session – Forty-Second Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Social and Economic Development

Chairperson
Mr. James Teitsma
Constituency of Radisson

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MANITOBA LEGISLATIVE ASSEMBLY
Forty-Second Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON SOCIAL AND ECONOMIC DEVELOPMENT

Tuesday, October 11, 2022

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. James Teitsma (Radisson)

VICE-CHAIRPERSON – Mr. Andrew Micklefield (Rossmere)

ATTENDANCE – 6 QUORUM – 4

Members of the committee present:

Hon. Messrs. Friesen, Helwer

Messrs. Micklefield, Redhead, Sala, Teitsma

PUBLIC PRESENTERS:

Laura Cameron, private citizen

Rachael Howgate, Supporting Employment & Economic Development, Winnipeg

River Woods, private citizen

Wendy Boyd, private citizen

Katharina Stieffenhofner, private citizen

Barry Wittevrongel and Madeline McKenzie, private citizens

Stephanie Grout, Council of Canadians-Winnipeg Chapter

Jocelyne Lalonde, private citizen

Dale Friesen, Manitoba Industrial Power Users Group

Natalia Ilyniak, private citizen

Drew Caldwell, private citizen

Lydia Schroeder-Hart, private citizen

Theresa Thordarson, private citizen

Lynne Fernandez, private citizen

Peter Kulchyski, private citizen

WRITTEN SUBMISSIONS:

Wendy Buelow, private citizen

MATTERS UNDER CONSIDERATION:

Bill 36–The Manitoba Hydro Amendment and Public Utilities Board Amendment Act

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Mr. Chairperson: Good evening. Will the Standing Committee on Social and Economic Development please come to order.

Bill 36–The Manitoba Hydro Amendment and Public Utilities Board Amendment Act

Mr. Chairperson: This meeting has been called to continue consideration of the following bill: Bill 36, The Manitoba Hydro Amendment and Public Utilities Board Amendment Act.

I would like to inform all in attendance of the provisions in our rules regarding the hours of adjournment. A standing committee meeting to consider a bill must not sit past midnight to hear public presentations or to consider clause by clause of a bill except by unanimous consent of the committee.

Written submissions from the following persons have been received and distributed to committee members: Wendy Buelow, private citizen, on Bill 36. Does the committee agree to have these documents appear in the Hansard transcript of this meeting? *[Agreed]*

Prior to proceeding with public presentations, I would like to advise members of the public regarding the process for speaking in a committee.

In accordance with our rules, a time limit of 10 minutes has been allotted for committee presentations, with another five minutes allowed for questions from committee members. Questions shall not exceed 30 seconds in length with no time limit for the answers.

Questions may be addressed to presenters in the following rotation: first, the minister sponsoring the bill; second, a member of the official opposition; third, an independent member.

If a presenter is not in attendance when their name is called, they will be dropped to the bottom of the list. If the presenter is not in attendance when their name is called a second time, they will be removed from the presenters list.

The proceedings of our meeting are recorded in order to provide a verbatim transcript. Each time someone wishes to speak, whether it be an MLA or a presenter, I first have to say the person's name. This is the signal for the Hansard recorder to turn the mics on and off, and I expect that will be a learning process as we go through our evening, as it so often is.

As we get to our list of presenters, if you have that in front of you, a new presenter has been added to the list. Her name is Madeline McKenzie and she's requested to do a joint presentation with witness No. 10, Barry Wittevrongel. Is there leave to allow them to do a joint request when that—or a joint presentation when that time comes? *[Agreed]*

On the topic of determining the order of public presentations, I'll note that we do have some out-of-town presenters in attendance marked with an asterisk on the list. With these considerations in mind, then, in what order does the committee wish to hear the presentations?

Yes. *[interjection]* I'm sorry, Honourable Minister Helwer.

Hon. Reg Helwer (Minister responsible for the Public Utilities Board): So I suggest that we call out-of-town presenters if they are present in the Chamber or in the committee room. Otherwise, just proceed as the list is presented.

Mr. Chairperson: The suggestion is to call any out-of-town presenters that are present in the committee room with us today first, and then to proceed with the order in the list supplied. Is that agreeable? Agreed and so ordered. Thank you for your patience.

We will now proceed with public presentations. I will scan the list for out-of-town presenters and see if they are in the room. Stephanie Grout. Stephanie Grout, from the Council of Canadians, Winnipeg chapter. Okay.

Drew Caldwell. Drew Caldwell.

Lydia Schroeder-Hart.

All right, it appears that we do not have any out-of-town presenters in the room, so we'll just proceed in numerical order through the list of witnesses—or, list of presenters, sorry.

So I will now call on Laura Cameron, private citizen. Laura Cameron. All right, I believe Ms. Cameron is attending virtually and so we'll just need a moment to get the connection put together.

Hello, Ms. Cameron, I can see you now and hopefully, we'll be able to hear you shortly. You have up to 10—

Floor Comment: Hello?

Mr. Chairperson: —minutes to make your presentation. Go ahead.

Laura Cameron (Private Citizen): Great. You can hear me okay?

Mr. Chairperson: Yes, we can.

L. Cameron: Okay. Thank you, committee, for hearing me this evening. I would like to speak because as a citizen of Manitoba, I am very concerned about this bill and I would really like to see this bill withdrawn.

There is no justification that I can see for this bill. The Public Utilities Board provides really important independent oversight of Manitoba Hydro. This—the list of examples of how this has come *[inaudible]* is lengthy.

Just one example is when the Public Utilities Board recently heard testimony from northern First Nations on energy poverty and has put in place measures to remedy this—their concerns and therefore plays an important role in building relationships and healing relationships between communities and Manitoba Hydro.

The public 'utility'—utility board also protects against high rate increases for ratepayers in Manitoba. For example, in 2018, the Manitoba Hydro applied for a rate increase above 7 per cent. And the Public Utilities Board approved only a rate increase of around 3 per cent. And the Public Interest Law Centre found that this saved Manitobans up to \$60 million that year.

And on the sort of other side of that is the debt repayment scheme that this bill seeks. There's no justification that I can see for paying down the debt faster than it is currently scheduled. It only—I can only imagine that it will hurt Manitobans and ratepayers even more. Debt—because the debt repayment on the proposed schedule would increase—would, I assume, would require rates to increase beyond their typical rate annually.

And at a moment of crisis of affordability and cost of living that is affecting everyone across this province, I think it really doesn't seem like the time. There's no justification for paying down this debt faster than it's currently scheduled, and having even more impact on the cost of living for people who are just struggling to get by in this province.

And that's all I'd like to say.

* (18:10)

Mr. Chairperson: Thank you very much, Ms. Cameron, for your presentation.

We'll now roll into questions.

Hon. Cameron Friesen (Minister responsible for Manitoba Hydro): Thank you, Ms. Cameron, for being present at committee with us this evening. We share your concerns around Hydro and about keeping rates low. I'm not sure if you are aware, but the bill actually contains a provision that would hold down rates. And so I wanted to just ask you, you said that maybe paying down debts would cause rates to rise. Were you aware that the debt of Hydro now sits at \$24 billion? And I just wanted you to comment. Do you think that that \$24-billion debt also creates impacts on rates and rising?

L. Cameron: I'm aware that the bill proposes, I believe it's 5 per cent, sort of, cap on rate increases annually.

However, my understanding is that that 5 per cent is even more—significantly more—than the typical annual rate increase over—in recent years and also that that doesn't seem to be compatible with the sort of debt repayment schedule in order for Manitoba Hydro to meet the debt-to-equity targets. I don't see how that would happen without increasing the rates to Manitobans or cutting staff to Hydro or other sort of problematic things that will have a really damaging effect on the Crown corporation.

Mr. Adrien Sala (St. James): Thank you so much, Ms. Cameron, for your presentation. And it was great, and I think you did a great job explaining the concern here, which is that the financial targets that this government is imposing on Hydro in this bill would require an expedited paying back or an expedited raising of rates at levels that are not necessary. I'm wondering if you could just provide your thoughts on what the impacts of five-year rate—5 per cent rate increases would be on Manitobans.

L. Cameron: Yes, thank you for the question. I mean, as a young person living alone in Winnipeg, I've seen the—and experienced and feel in my day-to-day life the impact of cost of living, from rent to utilities, and I, yes, I can only imagine that it would have—like, a 5 per cent increase may not seem like a lot, but for people who are just struggling to get by, that's potentially 5 per cent year after year. Within the next five years, that could have huge, huge implications on the, yes, ability for people who are just living paycheque to paycheque to get by and to be able to pay their utilities and not go into more debt themselves. And so I think it's really important not to put any more of that burden onto ratepayers.

Mr. Chairperson: Any further questions from members of the committee?

All right, seeing none, I will thank you once again, Ms. Cameron, for your presentation and for interacting with committee members.

We'll now call the next presenter, Rachael Howgate.

Rachael Howgate, I'm told, is available virtually, and so I'll just give a moment for her to join the meeting.

Hello, Ms. Howgate. I can see you, and shortly I expect we'll be able to hear you. You can go ahead. You have 10 minutes to make your presentation.

Rachael Howgate (Supporting Employment & Economic Development, Winnipeg): Hello, good evening, everyone. I'm going to keep this brief because I understand there are a number of presenters to follow me. But, yes, my name's Rachael Howgate, and I'm here on behalf of SEED Winnipeg.

So, as an organization that serves financially vulnerable community members, we are concerned that the changes in this bill will have a disproportionate impact on the people that we serve.

Specifically, I would like to highlight that at SEED we fully support and encourage that the Public Utilities Board remain independent and has the ability—conduct robust and transparent processes that are accessible to community members. And so creating restrictions that feedback may only be submitted in writing is a barrier to some people, and so we would encourage that the process remains open to do something as we're doing tonight. We have the opportunity to present in person or we have the opportunity to present virtually. And so, really encouraging that those avenues are available to hear from community.

Secondly, according to recent public opinion polls, Manitobans agree that there should be public input on these decisions. So, again, ensuring that voices are heard, especially as an organization that represents vulnerable community members, really making sure that we have the interests of all Manitobans at heart in decisions and rate setting.

And lastly, pertaining to section 10.2, just supporting the ability for the Public Utilities Board to question and investigate all relevant information that is in front of them.

And so those are my very short points for tonight. Thank you for giving me the opportunity to present.

Mr. Chairperson: Thank you so much, Ms. Howgate. We'll now roll into questions.

Mr. Friesen: Thank you for your presentation this evening.

I just wanted to make clear to you that the bill actually contains provisions to do exactly what you say, to keep the PUB independent and have robust hearings, continue to do so and hear from the—a broad number of Manitobans that—probably the best process in the country, only it proposes to do so once every three years instead of one year. And that's industry standard and best practice.

Just invite you to comment on that.

R. Howgate: Definitely, thank you for the opportunity. Yes, so, as we have it right now, the PUB is very strong and does do its role very well in supporting Manitobans. Three years as opposed to one year, if three years is industry standard, I mean, I would obviously support having it more often. And—yes, thank you.

Mr. Sala: Thank you, Ms. Howgate, for your presentation, and thanks for the great work that you're doing at SEED. It's a really important organization here in Winnipeg and in Manitoba.

I just wanted to give you an opportunity to maybe elaborate on your concerns about how this bill will ultimately reduce the independence of the Public Utilities Board. What is some of the changes that are most concerning to you? And, you know, feel free to comment on any of the changes that you're seeing being brought forward in Bill 36.

R. Howgate: So, one thing that we're concerned about is allowing the government to set a financial target in law. And so, just setting those financial targets and the Public Utilities Board not being able to consider everything in front of them when reviewing this legislation and providing—or, sorry, not legislation, but when reviewing changes and providing feedback, from my understanding, this bill does set parameters on the points that the Public Utilities Board and the information that the Public Utilities Board is allowed to bring forward, and so it's not—they aren't able to present everything that they would have concern with or would have found. There are restrictions on the information.

Mr. Chairperson: Further questions from the committee?

All right, seeing none then, Ms. Howgate, I'm going to thank you for your presentation.

And on a personal note, I will also join the member, Mr. Sala, in recognizing the great work that

SEED Winnipeg does for our most vulnerable in our city. It's something that I've very much appreciated ever since I was first elected, and even before that.

We'll now call the next presenter, Nancy Kurtz. I'm told that Nancy Kurtz is not available at this time, so her name will be moved to the bottom of the list—or will be dropped. Okay.

And so, some explanation for anybody who's listening, I have a list of presenters in front of me with 24 names on it. Some of them were already on the list of names at the last meeting, so they were all called one time at that meeting. And so if I call someone a second time, the rules of the committee say then their name is dropped from the list of presenters. But—yes, that's—I've got a bit of a split list. The first few that I'm going through are going to be like that, so hopefully they're all here.

Henry Shorr is the next presenter. Henry Shorr. Okay, I'm told that Henry Shorr is also not available, so his name will be struck from the list.

River Woods. River Woods. I'm told that River Woods is available, and so we'll just give a moment for them to be connected virtually.

* (18:20)

All right. River Woods, I see you there on the screen. Welcome to the committee meeting. You can begin with your presentation. You have up to 10 minutes.

Go ahead.

River Woods (Private Citizen): My understanding is that the Public Utilities Board is about protecting the best interests of the public. That means me, my neighbours, you—our best interests. It's also the place where northern communities who are most affected by dam projects can take their concerns.

And yet, if Bill 36 is passed, you are taking a public, transparent program and putting it behind closed doors. I'm concerned that critical environmental oversight will be discarded.

I heard Minister Friesen say, on October 6th and again today, that the PUB is important to him. So why take away the public's voice, especially those most impacted by hydro rates and dam projects?

I do not support Bill 36.

Thank you.

Mr. Chairperson: All right. Thank you very much, Ms. Woods, for your presentation.

We'll roll into questions.

Mr. Friesen: Thank you for being here.

I just want to clarify the record. Section 15(3) in the bill actually indicates that the boards and the proceedings are to be open to the public. In addition to that, this bill actually calls for broader powers for the PUB to be able to look at major projects in the future to avoid cost overruns like on Keeyask.

Just inviting you to comment on that and say, were you aware of those provisions of the bill?

Mr. Chairperson: Ms. Woods.

R. Woods: It's Mx. Woods, thank you.

I will say that, as some of the other presenters have mentioned already, it's—it is limiting, right, in request—in requiring people to do—to respond in writing and not in the public way that we are able to do today.

And I'll mention that I was also watching the proceedings the other day, on October 6th, and I saw the way that the meeting was manipulated in a way to prevent those of us who were going to be—hoping to speak today, to prevent us from doing so.

And so, yes, I am pretty concerned about the openness and transparent nature when I see those kind of shenanigans.

Mr. Chairperson: Mr. Sala, do you have a question?

Mr. Sala: Thank you, Mx. Woods, for making time today to be here and to share your thoughts on the bill. It's great that you're able to participate in this process.

I just wanted to ask you: you referenced the North and some of the impacts of this bill and having northern communities be able to have as much of a say in the projects that will impact them. I'm not sure if you're from the North or if you're situated up there, but I would be grateful if you could comment on some of your—elaborate a bit on your concerns about how this bill will impact the North or other communities to be able to comment on projects going forward.

R. Woods: Yes—no, I am not from the North. I'm a Winnipegger and I'm here in Winnipeg. But, you know, these proceedings here, government decisions, often get made here in Winnipeg, which is pretty far south.

And so, it's important to me that, although I am not, you know, a northerner and these proceedings are not happening in the North, it's really important to me that those communities in the North that are affected

by those projects, that they will have a voice, you know.

They probably can't come here in person to places where decisions get made, and so it's really important to me that the transparency of the PUB is retained, so that those from kind of far away from Winnipeg, but still Manitobans, that their voices are able to be represented.

Mr. Chairperson: Any further questions from members of the committee?

All right, thank you, Mx. Woods, for presenting this evening and for interacting with the questions from the committee members.

We'll now call the next presenter, Wendy Boyd.

Wendy Boyd is appearing in person and is our first in-person presenter this evening. Welcome to the committee meeting, and you have up to 10 minutes to make your presentation.

Go ahead whenever you're ready.

Wendy Boyd (Private Citizen): Thank you for the opportunity to speak to you all. Just catching my breath, I was battling the wind on my bicycle on the way here, so bear with me.

And I also was here on October the 6th when Mr. Lamont was here, so I had a brilliant little entrance planned. I was born and raised in the—St. Boniface and lived there for 30-odd years, and then I moved to various places, one of which was Brandon West. So, I both had representation from Mr. Helwer, who's not paying any attention at the moment but—and Mr. Lamont. So, I felt well represented.

So, my name is Wendy Boyd, and I'm a private citizen—and not a terribly knowledgeable private citizen, but very interested in the process.

Could people hear me before? Wouldn't want you to miss any of my brilliant comments.

Yes, I'm a private citizen. I'm retired and I don't have the expertise that many of the people that were ahead of me have demonstrated. But some of the things they said really resonated with me. And so, really, there's only a couple things that I want to speak to, and there were couple of clarifications.

I read not the entire act, but much of it, and there were two things: one the previous speaker spoke to, and that was that it seems like there's less possibility for people like me to come and share our concerns, and then I was reading about changing the wording

from the Public Utilities Board to the regulator, and I wasn't quite sure who the regulator was. It was referred to many times, but it seemed to me that the Public Utilities Board was having some of its powers stripped away, that it could advise but it could no longer recommend—or, it could recommend but it couldn't dictate rates or overturn them if Hydro presented them.

So that's one thing I'm concerned about. And I'm sure somebody will explain to me why the change was made between the PUB and—to the regulators.

And then, I guess, the other point—yes, here it is—that, if authorized by Lieutenant-Governor-in-Council and all that—which I assume is the Cabinet but I might be wrong—then the PUB can make recommendations to Hydro or the government, but is not authorized to issue orders or directives about the rate increases. And that seems to me problematic because the Public Utilities Board is really where private citizens can be heard. So, that's a concern.

And the other—and, again, I'm not an economist, but it did seem to me that the targeted debt-to-capital—capitalization ratios, and the amount of time that was given to reach those, would sort of contribute to austerity measures. And perhaps—you know, to me, the government of Manitoba is different than a private consumer. Manitoba and Hydro both have excellent credit ratings. These things that they're undertaking are huge projects, and seems to me that can be spread out over a longer period of time than is given now.

So, if anybody has any clarifications or questions, I'd be happy to try and speak to them.

Mr. Chairperson: Thank you very much, Ms. Boyd. We'll roll into questions and hopefully, for you, some answers.

Mr. Friesen: Thank you for presenting.

They keep me really locked down to short questions, so if we—need be we're going to respond to one of your questions afterwards in a written form, on the question of PUB and reference to the regulator.

The point I wanted to make is you expressed a concern that somehow the process could become less open, and we've heard that before tonight. There's a section of the bill that says, may conduct a written hearing. It means that the hearings could be written or oral, just like these proceedings. It's meant to open it up and not close it down. Many of our presenters tonight will actually be here virtually. It's that kind of accessibility that we're interested in.

Just comment on that, please. *[interjection]*

Mr. Chairperson: One moment.

Ms. Boyd, now you may respond.

* (18:30)

W. Boyd: Sorry. Yes, I just didn't know why it was just written because for some people they may be comfortable speaking or appearing on a—you know, a virtual thing, but not writing, you know, something in detail. So perhaps that could be, you know, everybody could be made more—it could be more widely known that you didn't just mean written; you meant written and oral and virtual and all of that.

So, thank you.

And you're going to *[inaudible]* to the PUB later. Sorry?

Mr. Chairperson: The minister's indicating to me that he will email you, but we're just going to roll into the next question.

Mr. Sala: I just wanted to thank you for your presentation, Ms. Boyd. It's great that you could be here tonight and I appreciate what you shared.

I share your concerns across the board. The financial targets set out in this bill will force Hydro to aggressively raise revenues in a way that will impact rates, and also I share your concerns about the reduction in transparency at the Public Utilities Board that this bill will create.

The minister continues to selectively identify a couple aspects in the bill which he's leaning on heavily to suggest otherwise.

However, I am strongly in agreement with what you've concluded there about what this bill will do to the Public Utilities Board and its independence.

So, thank you so much for being here this evening. *[interjection]*

Mr. Chairperson: Ms. Boyd.

W. Boyd: Someday I'll get the hang of it, if I come back.

Okay. Yes, well, thank you, Mr. Sala, that's very helpful and I thank you all for your attention. Except Mr. Helwer again is not paying attention—sorry.

Thanks.

An Honourable Member: If I could, Mr. Chair? You asked for a follow-up question.

Mr. Chairperson: I did.

I'm sorry, Ms. Boyd. Apparently the minister has a follow-up question for you, unbeknownst to me, so thank you for returning so promptly to the podium.

Mr. Friesen: Sorry, I just wanted to clarify because the members of this committee are actually responding in real time to the question that you're raising, so the member you just cited was actually working with me to try to get the answer to one of your questions.

So I just wanted to indicate to you that, you know, when you asked about the PUB and regulator, PUB equals regulator and there's a section in the bill where it talks about definitions.

Just ask you to respond to that.

W. Boyd: Sorry. I was in my head thinking, oh, I hope Mr. Helwer isn't—because I lived in Brandon for 24 years, so.

And I'm sorry, Mr. Friesen, can you just restate your question?

Mr. Friesen: Yes, I just asked—I was just clarifying that in this bill, PUB equals the regulator. And I was just going to ask you to comment any way back you'd like to. There's some definitions sections, but let us know if you'd like us to send you more information written just on that definition and how we've used those terms interchangeably.

W. Boyd: I was trying to get it right this time. Okay. Well, thank you, that's helpful. I'll just read it again because I am concerned that sometimes, buried in legalese and legislation, things like—people like me will miss. And I have heard other people when they're speaking, talking about the narrowing of possibilities for input into these kinds of issues because of Bill 36.

Mr. Chairperson: Any further questions?

Seeing none, then, thank you so much, Ms. Boyd, for your presentation and for the interaction on questions.

We'll roll to the next presenter, Ellen Karlinsky. Ellen Karlinsky. I'm told that Ellen Karlinsky is not available, so her name will be struck from the list.

Tyler McGibney. Tyler McGibney. I'm told that he's also not available and so his name will be struck from the list.

Carrying on, Katharina Stieffenhofer. All right, I believe this might be our third attempt to have Ms. Stieffenhofer join our meeting virtually. I'm hoping that it will be successful this time. We had two

failed attempts on the night of the—our first committee meeting, so hopefully, all goes well as we welcome Katharina Stieffenhofer to this meeting.

Floor Comment: Hello?

Mr. Chairperson: Yes, it appears to be working. I see you, Ms. Stieffenhofer. I hope I'm pronouncing your last name correctly and welcome to the meeting. Go ahead. You can go ahead.

Katharina Stieffenhofer (Private Citizen): Thank you very much for having me. My name is Katharina Stieffenhofer and I'm a private citizen and concerned, very concerned about Bill 36. And I would like to respectfully ask that this bill be withdrawn. I agree with all of the previous presenters' arguments against Bill 36, The Manitoba Hydro Amendment and Public Utilities Board Amendment Act.

Manitoba Hydro is a Crown corporation and belongs to the people of Manitoba, not to the government of the day. Bill 36 amends The Manitoba Hydro Act, The Public Utilities Board Act and The Crown Corporations Governance and Accountability Act. The legislation would allow political interference in Manitoba Hydro rates and undermine the rigorous oversight we, the people of Manitoba, have been relying on by the independent Public Utilities Board; PUB, short. The majority of Manitobans, 69 per cent, surveyed by Probe Research in June, consistently insisted that an independent board should set rates charged by our Crown corporation.

Bill 36 changes the list of things that PUB must consider when approving or modifying a rate increase requested from Manitoba Hydro. For example, Manitoba Hydro will no longer be required to operate or provide information about a formal reserve sinking fund, even though electricity revenues will be used to fund operating expenses and pay interest.

Along with these changes to the way electricity rates are set, Bill 36 also allows the Cabinet to change the rules for regulating gas rates. Allowing the government to set a financial target in law sets a dangerous precedent.

Bill 36 will reduce the PUB's independence and does not allow for evidence from other interveners to question and challenge the material presented by Manitoba Hydro. There is no information on the rules for setting gas rates, and by allowing these to be created through regulation, they could happen with no warning or public review.

Bill 36 wants to reduce the yearly PUB rate setting hearings to once every three years. As we have experienced just in the past couple of years, weather events such as droughts or floods, or political changes such as wars or pandemics can affect hydro rate changes very drastically from year to year, which requires the flexibility of open and transparent yearly hearings from an arm's-length, independent body such as PUB, which has served Manitoban consumers well over the years.

Further, Bill 36 could limit hearings from a live, in-person setting in favour of strictly written presentations. In some cases, rate hearings could be held completely behind closed doors.

When Hydro wants to increase electricity prices, it has to make an application to the Public Utilities Board. The PUB holds a hearing on the application where they consider the information that Hydro presents to justify the price increase. These hearings also provide an opportunity for interveners to submit their own evidence and critique of information in Hydro's application. Typical interveners at PUB hearings include the Consumers' Association of Manitoba, which represents low-income Manitobans, the Manitoba Industrial Power Users Group, Indigenous organizations and other businesses engaged in the provision or maintenance of electricity in Manitoba.

Bill 36 also adds new factors such as a new requirement that Manitoba Hydro be able to achieve a set debt-to-capitalization ratio. Bill 36 adds a new target for Manitoba Hydro to pay off this debt. The debt-to-capitalization ratio is a financial metric that measures the total debt of Hydro which—with the value of its assets: dams, transmissions infrastructure, other buildings and so on.

Under Bill 36, new financial targets are introduced and 80 per cent debt-to-capitalization range by March 31, 2035. The bill also establishes a maximum annual rate increase of 5 per cent. There is little evidence that the debt-to-capitalization ratio is based on sound planning or is needed.

Previous attempts to pass a bill similar to this one contained different debt-to-capitalization ratio targets, suggesting that the number chosen is arbitrary.

* (18:40)

The PUB has found, in previous hearings, that suggested that the capitalization ratios were not necessary. The 5 per cent annual increase limit was introduced as protection from inflation. Increases of the 5 per cent or more are extremely rare historically,

and Hydro is less affected by the inflation rates than the numbers—than the numbers that get published, which are for consumers.

Bill 36 allows for the private retail sale of electricity without a clear framework or strategy on what will be permitted. While some of the changes contemplated in Bill 36—such as authorizing the sale of power for recharging electric vehicles—are important and, in fact, may be necessary, however, the way Bill 36 has been written makes it unclear how the new process is going to work, and why this approach has been chosen.

If we are going to open up the electricity market to other players, should we not have a broader public debate about the strengths and weaknesses of opening up to current—the current monopoly? What are the impacts going to be for consumers?

There are two major planning documents being developed by Manitoba Hydro that will provide important details that should be considered when developing new electricity rules. Shouldn't we wait to see what these documents have to say before changing the law?

Bill 36 is also not in line with other legislation, in that it would not use the same standards for environmental assessments on new developments. Bill 36 limits the Public Utilities Board from being able to comment on government policy and regulation. Bill 36, section 10.2, will limit the ability of PUB to comment on the validity of government regulations of—regulations or other directives such as a mandate letter given to Manitoba Hydro.

Bill 36 is a terrible deal for Manitoba Hydro consumers and should be scrapped once and for all. It endangers the Crown corporation's viability via too-aggressive debt payments, and makes it vulnerable to privatization. This Conservative government needs to listen to the majority will of Manitobans and withdraw Bill 36.

Thank you very much.

Mr. Chairperson: Thank you so much, Ms. Stieffenhofer, for your presentation.

We'll roll into questions.

Mr. Friesen: Thank you for your presentation.

We actually agree with you that it's important to protect Manitoba ratepayers' low rates, rates that we believe, and the evidence shows, were threatened by

the massive piling on of debt by the previous government.

I wanted to ask if you are aware that you've actually got the formula wrong in the bill. It actually says that a general rate increase cannot exceed 5 per cent or the rate of inflation. Were you aware of that cap that lowers the rate increase, either 5 per cent, or the rate of inflation?

K. Stieffenhofer: The 5 per cent historically have rarely ever been exceeded. And it would be wrong to tie the hands.

I am, as I stated before—the huge debt that Manitoba Hydro has accumulated is because of these huge developments that we are starting to see the benefits of. And, especially last year with the drought, we had less than expected income from Hydro.

But this year, because of the abundance of water, and also would've meant for Hydro, there is a much bigger surplus. And as has been stated, the debt is not such a large concern, and Manitoba Hydro can take a much longer time to repay that debt. So it's, you know—nobody else has a big concern about the size of the debt.

Mr. Sala: I'd like to thank you so much, Ms. Stieffenhofer, for your presentation, and strongly agree with your comments across the board.

One thing you reference was that this bill creates a financial target for Hydro that is different from a financial target that was put into a previous bill, which was very similar.

What does that tell you about the quality of planning that went into this bill or the validity of that target; that we have one target in this bill, which is driving rates in a certain direction, but they had a different target in a previous incarnation of the same bill?

K. Stieffenhofer: It appears that this target, this unusually high and fast target, is quite arbitrary.

And I am very concerned that there may be alternative motives behind this rate setting and the speed in which it is, you know, this debt is supposed to be paid down, because it would make Hydro vulnerable, and also it would require of Hydro to raise rates. And it would just not be good for Manitobans, wouldn't be good for consumers, wouldn't be good for Hydro. And it's not necessary.

Mr. Chairperson: Any further questions from members of the committee? All right. Well, then, I will

thank you very much on behalf of the committee for your presentation and for interacting with the questions and the committee members.

I will now go to our next presenter, and I will call Barry Wittevrongel, and as previously indicated, Barry will be making a joint submission with Madeline McKenzie.

And so welcome, Barry Wittevrongel and Madeline McKenzie to the podium. We don't often get joint presenters, so I will do my best. I believe if you have a written submission you can hand it to one of the staff and they'll have that distributed to committee members. But, otherwise, I think you're free to begin your presentation whenever you're ready.

Barry Wittevrongel (Private Citizen): Good evening. My name's Barry Wittevrongel and I'm here to present, along with Madeline McKenzie, as private citizens.

Our presentation is in two parts, hence the two people. The first addresses the issues related to government accountability and transparency to its citizens. The second addresses issues reflected—related to the economic impact of such changes on the citizens of Manitoba.

We live in a democratic society where input from its citizens should be valued. In the interests of democracy this board has regulated services since 1913. The current PUB act was passed in 1959. This was progressive legislation that enabled PUB to assess the performance of utilities seeking to optimize value for citizen owners; and we're all citizens and we're all owners.

The PUB actively assesses whether goals and outcomes of a utility are being met in a cost-effective and timely manner necessitating a comprehensive examination of the operations. As an open and transparent body, the PUB welcomes and encourages public participation in its hearings.

Here, an important distinction needs to be made between representative democracy, which involves delegating authority to government to act on many matters affecting the well-being of its citizens, and participatory democracy, which involves delegating authority—pardon me—which—I lost my place here—it's an important distinction being made between representative democracy, which involves delegating authority to government to act on many matters affecting the well-being of its citizens, and participatory democracy, which allows for public participation of citizens on specific matters affecting its well-being.

Public participation ensures that all public issues and perspectives come to the board's attention in a transparent process. The PUB is a crucial entity for ensuring neutral, objective analysis of proposed rates. The PUB operates independently from government and fairly and transparently weighs the financial needs for the sustainability of each utility with the needs of citizen owners in rate-setting decisions.

The PUB serves as our watchdog and, as such, plays an important role, ensuring the participation of those affected by decisions in a democratic society. A healthy democracy is, in part, measured by its transparency and participation.

* (18:50)

What are the implications of Bill 36 in its current form? Well, as I see it and it's been described, Bill 36's impact on transparency includes the following.

Cabinet, by an order-in-council, will be allowed to change the rules regulating natural gas rates, meaning, no explanation as to the reasons why such rules were even contemplated. Questions in the House couldn't even be asked. It's a done deal, *fait accompli*.

Manitoba Hydro will no longer be required to operate or provide information about a formal reserve/sinking fund, even though electricity revenues will be used to fund operating expenses and pay interest. Bill 36 will reduce the PUB's independence and does not allow for evidence from other intervenors to question or challenge the materials presented by Manitoba Hydro.

Bill 36's impact on participation: The ministry would control the budget line for citizen participation, particularly for groups representing consumers, low-income households, remote First Nations and vulnerable Manitobans, as well as their independent experts—experts.

As well, Bill 36 could limit hearings from a live, in-person setting, in favour of strictly written presentations, and this has already been stated. In some cases, rate hearings could be held behind closed doors resulting in no transparency.

If there is even the possibility of reduced citizen-owner participation and clearly far less transparency with more direct government intervention, how does this serve the citizen owners of this province? The democratic rights of citizen owners to intervene in decisions made under this proposed legislation are being stripped away.

It is a well-known fact that stripping away opportunities for public participation is contributing to the alienation of citizens from government and the public's loss of trust in government decision making. It's shameful that this government would want to proceed with this bill.

Madeline McKenzie (Private Citizen): Bill 36 amends The Manitoba Hydro Act and changes the factors considered in setting electricity rates in Manitoba. A hydro rate cap of the lesser of 5 per cent or the rate of inflation is introduced in Bill 36.

Historically, an increase of 5 per cent or more is very rare in Manitoba, and because Hydro is less affected by inflation because it doesn't pay rent, doesn't buy food or many of the other goods that are included when calculating the CPI, including the rate of inflation in legislation seems unnecessary.

Besides, the Public Utilities Board already considers operating costs in determining electricity rates. Further, these figures do not take into account or consideration whether the increase is required or enough to meet Hydro's needs. The rate cap is determined by legislation, is not evidence-based, and removes all transparency in decision making.

Bill 36 also removes considerations such as whether Hydro's financial targets set out in law, rather than through evidence as is currently done, are appropriate for rate setting, and whether its day-to-day expenditures are well advised.

In fact, under the legislation, hydro rates can no longer be reduced from imprudent expenditures approved by Treasury Board. It's worth remembering that in 2018, the Public Utilities Board rejected Hydro's six-year plan of an annual 7.9 per cent increase to meet a 75-25 debt-to-equity target, not supported by capital markets at the time.

Instead, PUB approved a 3.6 per cent increase, saving Manitobans about \$60 million. More recently, Hydro proposed a 5 per cent interim rate increase, but the PUB determined that only 3.5 per cent was required, a decision that was based on evidence and saved Manitobans more money.

Further, this reduced rate does not appear to have negatively affected Hydro's bottom line, as net revenues of \$585 million are projected for 2022-23. A PUB decision from August 2022 found the average cost of electricity rate applications from 2015 to 2022 was about \$2.95 million. This translates to a cost of approximately 19 cents per month for consumers, and a savings of \$3.51 per month.

Once more, these rulings were based on fair, independent oversight that assures that monopolies such as Manitoba Hydro do not charge unfair or unjust rates. Manitobans understand this legislation and the changes it will introduce in setting electricity rates. This concern is demonstrated in a Probe Research survey: 95 per cent of respondents rejected the change, the change that government be responsible for setting the rates in Bill 36.

Regulation and rate setting are meant to ensure that rates are prudent, just and reasonable, that services are reliable and safe, and that the balance is reached between consumer needs and the revenue requirements of the utility, when rates are approved. Fairness is key. And rates must be set to ensure that Manitobans don't pay too much or too little. Perhaps the old adage, if it ain't broke, don't fix it, applies here.

Bill 36 is a step backwards. It supports political interference in rate setting, in that it sets financial targets for Hydro rate setting in law, rather than through research and relevant data collection, as is done now. Setting targets without the independent oversight afforded by PUB is irresponsible. This has been demonstrated by past decisions when PUB found proposed financial targets unreasonable.

Bill 36 removes PUB's ability to investigate financial targets the government is imposing on Hydro. In the past, PUB has recommended changes to government policy with important implications for Manitobans. For example, since 2014, the PUB has recommended Manitoba Hydro prepare an integrated resource plan, which is currently underway. These recommendations can only come from PUB's ability to question and investigate all relevant information.

Bill 36 is regressive legislation. It enables political interference in Hydro—in setting Hydro rates, no matter what political party is in power, and undermines the role of the Public Utilities Board, which provides necessary oversight and acts in the public interest in ensuring Hydro rates are just and reasonable. Bill 36 does not benefit Manitobans in any way, any shape or any form, and consequently should be removed from the legislative agenda.

Thank you for this opportunity to share our concerns, which we believe are representative of so many Manitobans, which has been demonstrated earlier, I believe.

Mr. Chairperson: Thank you, Mr. Wittevrongel and Ms. McKenzie, for your presentation, I did allow it to go a little bit over time. But we'll get into questions

now. I just ask, if you can give me an indication of who's going to answer the question as it's being asked, that will help me help Hansard.

Mr. Friesen: Thank you both for being at committee and presenting this evening and being here in person. I was just going to ask you to comment on section 15 of the board that explicitly states that hearings of the board are to be open to the public.

I was going to ask whether you were aware or not of this condition; protects individuals and their enshrined right to come to proceedings. Probably the PUB has the best proceedings in terms of openness in all the country, and it will remain that way. Just ask you to comment on that.

B. Wittevrongel: My comment to that would be that, open to the public once every three years? Why wouldn't it be open to the public every year, when Hydro needs to come and ask for a rate increase or an adjustment because of what other people mentioned: pandemics, floods, droughts, et cetera, and financial conditions change.

We should have that opportunity all of the time. We should have that opportunity with Hydro like we do with Autopac and all of the other public utilities.

Mr. Sala: Thank you so much, Mr. Wittevrongel and Ms. McKenzie, for your presentation.

You know, it wasn't long ago that all parties in this province agreed on the importance of a strong, independent Public Utilities Board. There used to be bipartisan agreement on that in this Legislature until this government began introducing bills that serve to reduce the independence of the PUB.

I'm just hoping you can comment on how that makes you feel as a citizen, either of you, to see a government working to reduce our democratic engagement in these kinds of questions, and to see them bringing forward a bill that will reduce the independence of an important regulator like the PUB.

M. McKenzie: Okay, well, I would say that as a citizen, PUB has served us well for a very, very long time. And I would also say that Manitobans have a great deal of faith in the decisions that are made through the Public Utilities Board, because we know that it is evidence-based. We know that they have done their research. We understand that.

* (19:00)

So, it's very easy then—not easy, perhaps, but it's very—people will accept the decision that they made

because they know that it was based on—it has nothing to do with politics, it has simply to do with cost effect and just—reasonable and just reasonable rates, that type of thing.

So, that would be my opinion, and I think the people—and I think you can tell from the presentations tonight—people are not happy with the Public Utilities Board being removed from that process every year when rates are set.

Mr. Chairperson: Okay, further questions from members of the committee?

Seeing none, then I will thank both Mr. Wittevrongel and Ms. McKenzie for your presentation this evening, and we'll move to the next presenter.

I'll call David Alper. David Alper. I'm told that Mr. Alper is not available, so his name will be struck from the list.

Lynn Livesley. Lynn Livesley. Told that Lynn Livesley is not available, so her name will be struck.

Stephanie Grout, from The Council of Canadians, Winnipeg Chapter. Stephanie Grout, I'm told, is available virtually, and so we'll just give a moment for Ms. Grout to join the meeting and then we can continue.

Stephanie Grout, if you can hear us, we do require that your camera be turned on in order to join the meeting. There you are. All right, we can see you. Hopefully we'll be able to hear you shortly. You have up to 10 minutes to make your presentation, go ahead.

Stephanie Grout (Council of Canadians-Winnipeg Chapter): Great, I appreciate this opportunity. I'm speaking to you today as the member of The Council of Canadians, Winnipeg Chapter, as concerned consumer of hydroelectricity and as one of the many people who are raising questions about the proposed Bill 36 that has been most recently introduced to the Legislature on March 24th.

Bill 36, The Manitoba Hydro Amendment and Public Utilities Board Amendment Act, is proposing so many changes that it needs to be completely withdrawn as it is a highly flawed piece of legislation that seeks to politicize a key economic regulator in this province. It will deprive the public of the opportunity to raise issues, voice their concerns and participate in a meaningful way in an open and public forum.

The PUB has a long history of protecting and benefitting Manitobans' economic interests. There has

been a citizens' consensus that rate setting and regular reviews be conducted in an open and transparent manner, which affords public participation and input. As a result of the commitment to a strong democratic process, Manitobans have some of the lowest energy costs throughout Canada.

The Public Utilities Board is an integral part of our regulation process that Manitobans cannot lose to—afford to lose. As an independent, quasi-judicial, administrative tribunal that supervises our public utilities and designated monopolies, they are best suited and trusted to wholly consider both the impact to customers and financial requirements of the utility in approving rates.

The PUB should remain as an independent utilities regulator with unbiased experts providing impartial reviews and rulings for all stakeholders in Manitoba. These reviews should be conducted on a yearly and consistent basis that would allow for stakeholders to prepare their submissions to the board, but also allows for a transparent process by which the public can review, assess and critique. Protecting the PUB's ability to comment on public policy makes decision making more robust.

The PUB should retain its ability to hear from all stakeholders and assess their input, feedback and concerns, especially from consumers with diverse perspectives and needs, which are often overlooked. This enables the PUB to issue evidence-based, consistent rate guidance for utilities and, therefore, create a stable economic situation for both consumers and businesses. This would further economic growth in the province, as business investors and consumers would be assured of a stable and consistent energy pricing without political interference. This would avoid rent-seeking behaviour and give impudence to long-term planning and investment.

Inserting Cabinet directives into the PUB process would politicize utility rate setting and create uncertainty for stakeholders, especially if the government was facing re-election and wanted to try and influence voters or consumers.

The PUB has an independent—as an independent and impartial organization allows for reasonable rate of return for utilities and affordable cost for consumers and businesses. In order to maintain the regulatory framework that's given Manitobans some of the lowest energy rates in Canada, I strongly urge the—that the Bill 36 be withdrawn for the good of all Manitobans.

Thank you for your attention.

Mr. Chairperson: Thank you, Ms. Grout, for your presentation.

We'll roll right into questions.

Mr. Friesen: Thank you for being here tonight.

Our government agrees with you that actions need to be taken to protect the lowest energy costs in Canada—actually the second lowest in North America, but it's a great legacy for us and a great competitive advantage for ratepayers in Manitoba.

Do you agree that the tripling of the debt to \$24 billion, and now carrying costs of \$1 billion a year in just debt service costs, is something that threatens our ability to deliver low rates year after year?

S. Grout: Sorry. Yes, debt repayment is always an issue, and there's multiple ways and approaches to doing that.

And that's why something like a PUB is so important, it's because they can provide feedback and review on proposals by various different governments. Because what the impact of that repayment plan is going to be is going to affect the delivery of services and the expansion as needed.

Mr. Sala: Thank you, Ms. Grout, for your presentation.

There's one thing you touched on, which is just the importance of stability and consistency in rate setting and how important that is to have that reliability and to—for Manitobans, businesses and citizens alike to know that rates are being set in a fair and independent process.

Can you just elaborate on that importance of that and why we need to preserve that here in Manitoba?

Mr. Chairperson: Sorry, that's my bad. Ms. Grout, go ahead.

S. Grout: Yes, it's—sorry, I'm just sort of organizing my thoughts around this one.

But legitimate businesses are interested in investing in themselves, in value added to their companies, right? And whenever it comes to a situation where there could be political manipulation, is you start ending up being in that political economy area, and they invest in currying favour with specific politicians or government agencies, right? Decision making. And that's not in the best interest, actually, for Manitoba's economy, because you're going to attract businesses

that are willing to participate in that sort of behaviour, opposed to actually making the investments into themselves to be competitive.

Mr. Chairperson: All right, thank you. Any further questions from members of the committee?

I'm not seeing any, so Ms. Grout, I'm going to thank you once again for your presentation and for answering questions from members of the committee. We'll now roll to the next presenter.

Michelle Darrmann. Michelle Darrmann.

I'm told Michelle Darrmann is not available, and so her name will be removed from the list.

Jocelyne Lalonde. Jocelyne Lalonde is appearing in person. Welcome, Ms. Lalonde, to today's presentations at committee. You have up to 10 minutes to make your remarks. You can go ahead whenever you're ready.

Jocelyne Lalonde (Private Citizen): Hello, I am here speaking on behalf of myself, of course, but also my family, which includes my father-in-law, my mother-in-law, my partner and our three young girls. We all share a home; we have an intergenerational household. They're looking after the kids right now.

* (19:10)

I am concerned about Bill 36 for many reasons that I will outline now. I hope all members of the committee use their wisdom and their heart to make a decision that is best for our citizenship in the long term.

Manitobans, including myself, want utility rates set by an independent, arm's-lake—arm's-length commission or board. I do not want a government which is only elected for four years at a time to have the power to influence this process in any dramatic or significant way. It's in the best interests of Manitobans for the independence of the Public Utilities Board to remain how it is.

I believe it's my right as a citizen to voice my concerns. Bill 36 could change this as oral hearings would no longer be required and written hearings could take their place. This would exclude folks from participating and would make the whole process less accessible and user friendly, so to speak. This new process of written hearings would smother our ability as citizens, as well as other key stakeholders, to ask important questions as these hearings could even take place behind closed doors.

I know this is an issue that several speakers already addressed. I don't want to belabour the point,

but we know that all Manitobans have a lot on their plate and asking them to come and speak to committee can be a lot of work and can be very intimidating. So, to make that process even less accessible by having it being done in a written format is even more exclusionary, and why would we want to do that as a government? We want to promote active citizen participation.

We know that Manitobans think there should be public input on these decisions as was found in a recent public opinion poll commissioned by the Consumers Coalition. Bill 36 begins to erode the transparency that Manitobans want and deserve. Currently, only Manitoba Hydro is allowed to sell power to the retail market. Bill 36 would allow regulations to be created that allow others to sell power in certain circumstances. This, of course, is a huge deal. If Manitoba Hydro is going to essentially lose its monopoly, it should be done with great care, and Bill 36 is certainly shaking our foundations here.

And the language found in Bill 36 allowing for regulations to be created means that government can go ahead and make the regulations with little consultation with stakeholders perhaps. And, again, this could be done through written hearings behind closed doors, all very concerning to me.

I'm concerned that Bill 36 is a step towards privatization. This would be a bell that could not be unringed. I think back to the example of the privatization of MTS in 1997, of course. As a result, telecommunication costs have risen substantially, good Manitoba jobs are gone, as well as a steady revenue for all Manitobans is now gone forever. This writing is on the wall. To be clear, I'm adamantly against the privatization of Manitoba Hydro. I want my children to continue to enjoy the benefits that come with this utility being publicly owned.

Bill 36 creates a slippery slope that would allow for steps to be made towards privatization. It's my guess that this government would put their foot down and say, absolutely not; that's not the direction we're going in. But, of course, we've seen this happen in the past.

Perhaps one of my biggest complaints is that Bill 36 limits the Public Utilities Board from being able to comment on government policy and regulation. We need the Public Utilities Board to continue to be a valuable, independent voice, and the government should not silence that voice through law. I think most of us would agree that the more expert oversight the better. For example, the PUB recommended that

Manitoba Hydro prepare an integrated resource plan, a recommendation which was endorsed by the Wall commission and is currently under way.

I'm here today as a concerned citizen. I see more and more examples here in our home province and, of course, elsewhere in the world as well, where humans are being forgotten in favour of the almighty dollar. I'm asking that you please withdraw Bill 36. I want a world for myself, for my family and for my community where elected officials really think about the impact on the individual citizen, on families and instead of creating opportunities for the rich, for shareholders to get richer.

Please hold the majority of Manitobans, the average citizen, in your mind and in your heart as you choose to withdraw Bill 36.

Thank you so much for your time.

Mr. Chairperson: Thank you, Ms. Lalonde. We'll now roll into questions. I'll give you a moment to grab some water there.

Honourable Minister Friesen, whenever you're ready.

Mr. Friesen: Thanks for being here on behalf of your family and yourself.

The Chair keeps me to a very brief question, so I'll make it quick.

We're also adamantly against privatization of Manitoba Hydro. But the section I want to mention was section 15 where you talked about it could open the door to private actors that threaten the monopoly. There's no such thing. This actually contemplates northern communities and the ability for those communities to maybe have a third-party generate power and distribute it to the community itself. It can't connect with Hydro itself, so it can't compete with Hydro. Just wondering if you were aware of that in the bill.

J. Lalonde: I was aware of that. I do understand that that is a provision that is in the bill. However, as I mentioned in my original statement, it does feel like a slippery slope, and I worry that it opens the door for something else. I'm just a suspicious citizen.

Mr. Sala: First of all, thank you so much for your presentation, and thanks for taking time away from your family to be here tonight. Thanks to your family for minding the kids while you're here.

I think you're right to be really concerned about that provision that where we lose our monopoly over the ability to sell power to Manitobans. There's a

potential for generation to happen outside of Manitoba Hydro's grid that could result in us losing a significant amount of customers and cannibalizing hydro customers. So there's a lot of real risks here, where big money could possibly seek to enter the market and we could lose that monopoly as Hydro. So that's a big concern.

So, just wanted you to—invite you to, you know, elaborate or provide any thoughts around that concern or go as far as you'd like to in summarizing why that's a worry for us here in Manitoba.

J. Lalonde: It just reminds me of what happened with MTS, right. A big argument, at the time, was that it would make telecommunication services more widely accessible, cellular service would become more accessible to northern communities. It's almost line-by-line verbatim, the story that I heard back in 1997. Or perhaps, maybe not me, but my dad telling me the story back then, you know.

So, to me, it's just the same—it's the same story, it's the same verbiage. I'm hearing it all over again, and the same argument being applied to why we should take this step with Bill 36. But I don't think it makes sense.

Mr. Chairperson: Any further questions from members of the committee?

All right. Hearing none, then, Ms. Lalonde, I will thank you, once again, on behalf of the committee for your presentation and for answering the questions, and call on the next presenter.

Dale Friesen, from Manitoba Industrial Power Users. Dale Friesen is appearing in person before the committee today and we welcome him to the table.

You can now begin your presentation, up to 10 minutes, whenever you're ready. If you have a written submission, there is staff here that will take that and distribute it to all the members of the committee.

Thank you.

Dale Friesen (Manitoba Industrial Power Users Group): I want to thank the committee for providing this time for me to speak, and I want to acknowledge that we are on ancestral lands of our Indigenous and Métis friends.

So, the Manitoba Industrial Power Users Group is comprised of 14 large industrial energy consumers in Manitoba that co-operate on energy matters during the utility rate hearings and other forms pertaining to energy, including engagement of government.

They participate in the chemical, foundry and steel processing, food processing, forestry, paper, packaging and other sectors supporting customers both within Manitoba and outside of Manitoba. They often are located in rural communities where they are primary employers and strong contributors to local economic development. They represent a significant employment base in Manitoba, creating thousands of well-paying jobs that support vibrant communities.

Together, collectively, they account for about 20 per cent of domestic electric and natural gas consumption within Manitoba, and many of those electric loads are capable of supporting the optimal performance of our electric grid. They are also often larger—part of larger multinational companies with locations across Canada, North America and around the world.

In short, members face global competition. Energy costs form a material component of total operating costs and therefore make energy rates an important consideration when prioritizing investment capital.

A few energy-related facts and priorities for MIPUG members: Members share common interests and priorities with respect to energy that are shared across the industrial sector generally and by rate-payers broadly. They need reliable and cost-effective energy supplies in concert with a strong and effective regulatory environment to support critical ongoing capital investment needed to sustain a competitive position in their market.

Electric grids in Manitoba have been under threat for five—or since Manitoba Hydro sought five years of 7.9 per cent increases in 2017-18. They no longer represent the lowest or even the bottom quartile energy costs in North America for some MIPUG members.

Manitoba's much-touted energy advantage is rapidly eroding after a decade of rate increases that have exceeded the historic rate of inflation. Manitoba Hydro requests over the last 11 years have a cumulative effect of 72—would have had a cumulative effect of 72 per cent rate increases if approved.

During that time, the PUB approved rate increases of 45 per cent. In spite of that much, much lower approved rate increase, Manitoba Hydro still managed to accrue \$1.8 billion in net income. So, obviously, there's a significant departure between the request and the necessary.

* (19:20)

Also, during that time, the cumulative rate of inflation was about 34 per cent. So rates have included—increased in Manitoba well above the rate of inflation.

Higher energy rates constrain industrial investment and ultimately result in plant closures that bring job loss and declining economic activity. MIPUG members support regulatory principles that prioritize cost-based rates with equitable and transparent allocations of costs, fair and reasonable rates for an efficient and well-managed utility, stable and predictable rates in the long term to support necessary investment, sufficient to ensure a reliable supply of quality power and balance the interests of both the ratepayer and the utility.

Regulation is a proxy for competition when utilities have a monopoly position for generation, transmission, distribution and retailing of electricity and natural gas. This should not be optional. This should not be government directed. It should be independent and it should be transparent. And it should address key considerations for energy rates, including utility risk factors, revenue requirements, financial forecasts, load forecasts, integrated resource plans, capital planning and include a mechanism that supports recommendations on government policy. There are charts in my presentation that I have provided to you which help to, you know, clarify some of these things.

A few key points on Bill 36. Review of major projects: the bill ensures that large capital projects and export contracts be reviewed by the PUB prior to government approval. Let's be clear: this is the only element of Bill 36 that mandates non-discretionary comprehensive independent and transparent reviews. Nothing else is covered.

The current financial status of Manitoba Hydro largely reduces the prospect of that particular clause even coming into effect in the near future. Manitoba Hydro's debt is high. We all acknowledge that. Targets within Bill 36 will hamper Manitoba Hydro's ability to respond to future changes, and some of those future changes may be significant.

Rate caps in the bill propose a rate—a limiting—a cap limiting a rate increase to lesser of inflation or 5 per cent.

Let's be clear again: this is not a replacement for regular transparent and independent regulatory review. There is no guarantee in a cap of an efficient and well-managed utility. It may actually degrade

reliability, and it also creates significant potential conflict with the achievement of financial targets. There's no risk assessment associated with this.

So, multi-year rate applications: the bill requires three-year rate applications. Current legislation already provides for three-year rate applications. There's no legislation required. All we need is directive from the government to Manitoba Hydro. Manitoba Hydro has made the choice to go with one- or two-year rate applications.

The projected electric regulatory costs associated with multi-year rate hearings are highly inflated. And as for the integrated resource planning process—great process, we support it, but the bill lacks requirements for regular planning cycles and doesn't even mandate mandatory independent reviews. It's all discretionary.

So what are the challenges that are created by Bill 36? First and foremost, arbitrary financial targets fail to provide a mechanism for independent transparent analysis of risks faced by Manitoba Hydro. How much equity does Manitoba Hydro really need to address its risk? Is \$7.5 billion the right number? That's what Bill 36 mandates. There's no evidence to support that.

It ignores the generational equity for a large investment with hundred-year 'revenue' streams. It provides no alignment between financial targets and relevant risk factors and it forces about \$4.5 billion in accelerated repayment of debt. At the same time, the government draws about \$9.5 billion from Manitoba Hydro in direct cash transfers. So, why is this wrong?

Firstly, the descope and authority of the regulator has been severely constrained. There are limits and constraints on the ability of the PUB to review and provide recommendations and directives on elements of rate applications that are crucial to appropriate rate setting. It prohibits review and recommendations on cost elements approved by government. The regulator is unable to consider the prudence and efficiency of the utilities' specified or stated revenue requirements when approving a rate, and it seeks to unreasonably limit the scope and budget for regulatory processes.

Finally, it politicizes energy rates, focuses too much discretionary power within government while constraining the authority of the regulator. It lacks an emphasis on independent, qualified review and transparency. It creates uncertainty regarding the long-term trajectory of rates and its ambiguous language—creates further uncertainty about regulatory—rate regulation.

Cash transfers. I spoke about the cash transfers of \$9.5 billion. They annually account for nearly 30 per cent of Manitoba Hydro's domestic revenues, one third of every bill. They require—they—it's a very rigid structure, has no flexibility in it, and it significantly hampers the ability to achieve the financial targets set out in Bill 36.

It's the most rigid fee structure in Canada, and the most expensive. It has no dividend-based mechanism in, like other jurisdictions, and—or, jurisdictions like BC have actually suspended payments to protect the debt-to-equity ratio when undertaking major projects like Site C.

So, debt to equity. There's been a lot of talk about debt, debt to equity, credit ratings. We've all known about this since 2014, but it hasn't prevented Manitoba Hydro from financing a large portion of its long-term debt at favourable rates on extended terms: 15 years, 2.16; 37 years at 2.15; 24 years at 2.42. Of course, that's before the government adds 1 per cent to the debt cost.

Mr. Chairperson: All right, Mr. Friesen, unfortunately, your 10 minutes are up. But as we go through questions, you do have unlimited time, up to five minutes total, during question period to continue to share.

Mr. Friesen: Thanks for being here. Thanks for your presentation to committee.

You've got lots of information in your debt. What you don't have is comparisons to Hydro-Québec and BC Hydro. You know full well that, with interest rate hikes and with the cost of servicing that debt going higher, Hydro-Québec and BC Hydro are both articulating plans to 80-20 and 70-30 and well ahead of us on the way.

You seem to say it doesn't matter, it doesn't make sense, but they seem to take a different approach. Please comment.

D. Friesen: Thank you, Mr. Friesen.

I direct you to page 7, slide 14 of the presentation I handed out. You will notice that Bill 36 is the—will make Manitoba the only jurisdiction in Canada that accelerates repayment of utility debt. There has been no substantive or material repayment of debt or reduction in debt levels—let's use that word because you misused the repayment of debt thing last meeting. There has been no substantial reduction in debt to increase debt-to-equity levels in any Crown corporation utility in Canada. None.

Mr. Sala: Thank you for your presentation.

Mr. Friesen, I think as a representative for Manitoba Industrial Power Users, it's fair to say that you represent a very important perspective here in this province: of business, some of the biggest power users in this province.

What is your opinion on the impact of Bill 36 on our business environment around the competitiveness of Manitoba as a place where businesses would want to invest?

D. Friesen: The script for bill 44, 35, 36 was created in 2017-18 with Manitoba Hydro's rate application. It called for dramatically accelerated rate increases.

When we looked at IFF, the last long-term financial forecast provided by Manitoba Hydro, in part because of all of these pending bills, we look at the rate increase required to achieve a 70-30 debt-to-equity ratio. It's about 120 per cent cumulative rate increase by 2040. It's more than a doubling of rates in Manitoba.

That will drive industry from Manitoba. It will destroy energy-intensive industry in this province. It'll destroy jobs. It'll destroy economic activity. It's already happening.

Mr. Chairperson: Further questions?

* (19:30)

Mr. Sala: You mention that this bill would require Hydro to raise \$7.5 billion, I believe by 2040.

What's the impact on Hydro's ability to mitigate risk by generating \$7.5 billion of revenue? Does that actively, in any way, protect Hydro hedge against some kind of financial risk that they're facing?

D. Friesen: Sorry. One of the commonly accepted regulatory principles in Manitoba is that we will use our debt-to-equity ratio and the retained earnings that it provides to mitigate drought risk and other risks, such as rising interest rates that may be faced by Manitoba Hydro.

With the construction of Bipole III, with the construction of the Manitoba-Minnesota transmission line, we have actually reduced our liability for drought. We have made it easier to protect ourselves against drought. So, as Manitoba Hydro testified at the interim rate hearing last fall, our drought risk today is actually substantially less than it was a decade ago.

So, there's no need—a decade ago, with the proper risk analysis, we determined that \$3 billion in equity

was more than adequate. There's nothing to suggest that Manitoba Hydro needs \$7.5 billion in equity to protect itself against the risks that it faces.

Mr. Chairperson: One more question.

Mr. Sala: No, I'm very grateful to have your perspective here. I just want to put a finer point on it.

If Bill 36 passes, will Manitoba lose jobs?

D. Friesen: I can't tell you that with a degree of certainty. I would be remiss if I did that. But I will tell you that there is competitive rate pressure on electricity. Manitoba Hydro—or Manitoba is non a low-cost jurisdiction to do business in. Historically, lower energy rates relative to other jurisdictions offset the higher cost of doing business in Manitoba. When we lose that advantage, when we lose that low-rate advantage, obviously decisions are made differently.

I know that bill 44, bill 35 and Bill 36 have jeopardized investments in sustaining capital for Manitoba MIPUG members. I also know that there—members that have told me they would not have invested in Manitoba if they had been aware that this was the rate trajectory when they initially came to Manitoba.

Mr. Chairperson: All right, our time for questions is expired. I thank you very much, Mr. Friesen, for taking time tonight to spend with us and making your presentation and also answering questions.

I'll roll to the next presenter, Natalia Ilyniak. Natalia Ilyniak, and I am told that Natalia Ilyniak is available online, and so we'll get her hooked up virtually and go from there.

All right, Natalia Ilyniak, good to see you. You can proceed with your presentation whenever you're ready.

Natalia Ilyniak (Private Citizen): Awesome.

Good evening, members of the committee. My name is Natalia Ilyniak, and I'm here on Treaty 1 territory to oppose Bill 36. I don't think the bill is salvageable and—yes, I want to go on record saying that it should be withdrawn.

Before I dive in, I—just for background information, I wanted to tell you that I'm an instructor at the University of Winnipeg in the department of sociology, and just to give context, my academic background focuses on colonial genocide in Manitoba and in Canada. I also volunteer with the Manitoba Energy Justice Coalition, specifically supporting the work of the Manitoba Hydro Accountability Board, a group of

public experts with first-hand experience with the devastating environmental and social impacts caused by actions of Manitoba Hydro, a supposedly green resource.

So, I volunteer my time and energy towards holding Manitoba Hydro accountable because its operations are destroying communities. And that's the same reason I'm here today fighting for the Public Utilities Board.

I mean, it would feel like I don't need to tell you, but I will, how removing accountability and transfer—transparency from a public utility is definitely a dangerous precedent, especially when this public utility is already making decisions against public interests.

This bill will allow any current and future government to create new rules from a public—new rules on how electricity rates are set without having to justify it before the Legislative Assembly, you know. And what is the point of a censured PUB, you know?

I have the same concerns most folks do. I am worried that Bill 36 will raise the price of hydroelectricity for Manitobans and disproportionately impact vulnerable people. The bill strips the Public Utility Board of its impartial oversight role in setting hydro and natural gas rates.

Additionally, to echo a lot of my other speakers tonight, Bill 36—I'm concerned about it's limiting, in terms of having the public able to access these conversations. Some conversations will only be—could only happen in written, rather than oral hearings, and in some cases meetings might be completely happening behind closed doors.

So, of course, I echo everyone's concerns when, if there is any risk to the public's ability to participate in these conversations, then I think that is a red flag.

Currently when Manitoba Hydro wants to increase electricity prices, it has to make an application to the PUB and they hold a hearing on the application, where they consider the information that Hydro presents to them, and—in terms of trying to justify the price increase.

And these hearings also provide an opportunity for interveners to submit their own evidence and critique the information in Hydro's application. And importantly, the interveners at PUB hearings include groups such as Consumers' Association of Manitoba, which represents low-income Manitobans, the Manitoba Industrial Power Users, Indigenous organizations and other businesses engaged in the provision

of maintaining or providing electrical–electricity in Manitoba.

You know, we need to be transparent on these decisions that impact consumers' lives across the province and we shouldn't be limited to accessing these conversations; like, we should be growing access to these conversations.

Especially because Hydro is, you know, a de facto monopoly and Crown corporation. The Consumers Coalition—this has been mentioned too, but the Consumer's Coalition commissioned a public poll that shows that Manitobans do want public input on these decisions.

And removing power from the PUB puts communities at further risk, that are already shouldering a lot of the burdens of Hydro's impacts. Northern and rural communities experience disproportionate harms from Manitoba Hydro utilities.

The majority of energy produced meets the demand of southern, urban communities—Winnipeg—leaving little to no power at much, much higher costs in the North. And these are the voices that we need to have access, make space for, increasingly. Not making it more difficult to access these conversations.

You know, maybe if we had the PUB, the Churchill River Diversion would never have happened. The diversion diverted 75 per cent of the river—river to power their dams, and South Indian Lake is a really important example of an ecological community, you know, including humans, plants, animals, that continue experiencing the social and economic ravages of this mega dam.

You know, the entire community was displaced, never able to return to their homes, never given a choice of where they could live. Their fishing economy was destroyed, despite promises of more and bigger fish from Hydro and the government.

And there are correlations between man camps, Hydro man camps, and missing and murdered Indigenous women, girls, and two-spirit persons.

And, you know, the PUB is literally the only body right now that exists to hold Hydro accountable for this type of action. It's the only, you know, barrier that exists; and to like, thin it even more, is really scary. You know, hydroelectric projects should have the highest level of public and government scrutiny, and we shouldn't be taking it away.

And, yes, quickly, I wanted to make one more point. I'm also concerned that Bill 36 will allow the

private retail sale of electricity without the clear framework or 'strategy' on what will be permitted.

* (19:40)

And you know, I was writing that and thinking that, actually, you know, like, this is already happening. Already Manitoba Hydro keeps their decision-making process very inaccessible to the public. Winnipeg consumers and surrounding communities are really largely unaware that they are paying for expansion to sell energy outside of Manitoba—for discounted rates, no less—you know, when it is northern Manitoba that is eating all the burdens and all the costs for this.

So, it just seems like Hydro has free rein to build environmentally destructive, financially questionable and socially disastrous projects, all while using public funds. And this already happens with the PUB existing, and so, this is definitely a plea to have, you know, more power in this third-party entity, rather than less. It's the only barrier that exists between, you know, the PUB—between, you know, Hydro just be—having carte blanche, the ability to make these decisions, and the government being able to make these decisions without public input.

So, yes, I mean, if we are serious about keeping the public utility public, and if we're serious about honouring treaties and Indigenous rights to land and sovereignty, then we need a PUB that actually has teeth, in its ability to hold Hydro and government bodies accountable. It needs to be accountable, it needs to be transparent and it needs to operate for all Manitobans, not just, you know, a select few more privileged people.

Okay, that's it. Thank you so much for listening.

Mr. Chairperson: All right, thank you, Ms. Ilyniak, for your presentation.

We'll roll right into questions.

Mr. Friesen: Thanks for your presentation, lots of thoughts there. I'll just hone in on one, because of the short time.

Section 15 of the bill, you talked about it, and you suggested it might open up, you know, power to companies or private sector; what this actually does is provide a mechanism to help First Nations communities in the North who might be running diesel power be able to switch over to renewable sources of energy.

I thought, considering your background, I'd like your opinion and response to that, to say whether you

favour this kind of section of the bill that would see a translation from fossil fuel burning to renewable energy sources for remote communities in the North.

N. Ilyniak: What I think is that we need the input of northern communities around this type of decision making. And, I think that, I just don't see how, you know, Bill 36 would in any way open or invite those kinds of conversations to be had. And it just seems like a barrier to discussing different energy options, and, yes, I would say that I still feel like this bill is like a really scary precedent that isn't an invitation to collaboration and working together.

It's, you know, a barrier, and for that reason, yes, I think it should be dismissed.

Mr. Sala: Thank you, Ms. Ilyniak, for your presentation. You should be concerned about the—that aspect of the bill which you reference, which is the loss of the monopoly.

There's a section of the bill here, 15.2(c), establishing terms or conditions under which a person other than the corporation may engage in the retail supply of power, pursuant to a regulation made under this subsection; and that's offering the Lieutenant Governor and Counsel those powers to make changes under regulations.

So, it does open the door wide open; you are right to be concerned about that, that is a significant concern. I do just want to ask you, given your work with the Manitoba Energy Justice Coalition, to comment on, maybe elaborate a little bit further on some of your concerns about how Bill 36 will impact the ability of northern communities, rural communities to have a say in decisions at Manitoba Hydro.

Mr. Chairperson: And before you reply, Ms. Ilyniak, I'll just ask the member to try to keep it to 30 seconds.

N. Ilyniak: Thanks. Yes, I feel like, I don't know, to kind of just echo what I've already been saying, I think that this bill is, you know, going to serve as a block rather than an invitation to these conversations. I think that it is really important to understand that the harms have not been, like, experienced equally between northern communities and the south.

And, yes, I really feel like the more we hear about it, the more we invite those voices to come and speak, we're going to see how important it is to find a different way to do this, because right now those voices aren't being included at all, and yes, they need to be. And that's going to be the biggest, scary thing that comes from this bill.

Mr. Chairperson: Any further questions from committee?

All right, seeing none, then, Ms. Ilyniak, I'm going to thank you very much for your presentation and for answering the questions and for your time tonight. Thanks so much.

That takes me to the end of the list of presenters who had been called in previous nights, so the remaining ones that I'll call from now on, we will have to go through twice.

The next presenter is Drew Caldwell, who certainly is no stranger to these hallowed halls. As a former MLA, I'm sure he spent far more time sitting in the chairs around this table than probably anybody else here, except for, perhaps, the honourable minister on my left. But, in any case, I welcome you, former MLA Caldwell, to the committee, and I invite you to make a presentation. You have up to 10 minutes.

Drew Caldwell (Private Citizen): I'll be brief.

I think the two nights of committee hearings that have taken place so far really do reflect Manitobans' opinions and views on this piece of legislation, both from industrial users, which have potentially catastrophic implications for our economy and the job opportunities in Manitoba, as well as individual users and residential users.

I do want to say, though, and I think it's important, because oftentimes these sorts of public hearings are just a charade, and although they're an important aspect for public involvement and engagement, oftentimes—the vast majority of times—minds are already made up when governments bring pieces of legislation to a public hearing stage.

And I want to comment on that, because I think we've been pretty universal in terms of the presenters that have been appearing before this committee—universal in their opposition to this bill. Industrial users, businesses, individuals, homeowners, the consumer associations, the public interest groups are universally panning this legislation. And there's a significant—that has significant force and ought to have significant force.

And I want to—particularly government MLAs—I want to remind those MLAs that, you know, these hearings shouldn't be a charade. These hearings should have some meaningful impact on decision-making and on the contents of pieces of legislation that are brought forward.

And I will say that, in my time at this Legislature, and in my time introducing bills before the Legislature, we did and I did, as a minister, change legislation based upon the public hearings. And I'll reference the school division amalgamation that took place under my tenure as minister of Education. There was significant—days and days and days, in fact, of—evenings and evenings and evenings—of public hearings on the issue of school division amalgamations, and we did change the legislation based upon the input from the public that we heard before committee.

So I would urge members to take that sort of lead in their deliberations on this bill when you've got a reality where the public, the business community, public interest groups are universal in their approbation of the bill.

* (19:50)

It is a very, very, very poor piece of legislation—one of the most damaging pieces of legislation I've seen in terms of the removal of accountability, the removal of transparency, the providing for arbitrary decision-making at a political level on one of Manitoba's jewels and probably our—Manitoba Hydro is one of the—Gary Doer, my colleague, Gary Doer, used to refer to Manitoba Hydro as Manitoba's oil, in terms of its ability to generate huge, huge benefits for this province in terms of financial benefit, in terms of job benefit, in terms of low power rates for Manitobans, to have a—the Manitoba advantage, as it's referred to.

So, you know, having a bill that seeks to remove public accountability and transparency on all sorts of not just rates, but the ability to break up the monopoly, the ability to—for third parties to come in and start to generating revenue and private revenue—there's so many things wrong with this piece of legislation that it—you know, I'm not the first one here tonight to suggest that it should be withdrawn in its entirety, but I would say it ought to be withdrawn in its entirety, as was bill 64. And I credit the government for making that decision, that determination to withdraw a very, very bad piece of legislation.

This piece of legislation equals, if not surpasses—in fact, I would suggest it surpasses, in its negative consequences for Manitoba, because it strikes at the pocketbook at every single Manitoban and it strikes at the viability of every single business that uses power in this province.

So, you know, I think I would urge the committee to reflect on the purpose of public hearings and the

meaningfulness of public hearings and the words and the thoughts of the people who have appeared before this committee in opposition to this bill. And I would urge committee members and government committee members to reflect on the words that I've suggested—said earlier about the fact that we did change pieces of legislation based upon input from the public in my time, and you have a precedent with bill 64 where the bill with—was withdrawn in its entirety last session.

I would urge this committee and I would urge the government to withdraw this bill in its entirety. It has catastrophic consequences for Manitobans, for businesses in this province, and that's not even delving into the accountability and transparency and the ability for sound, thoughtful decision making, which the politicization inherent in this bill throws out the window.

And that's really all I really have to say tonight. Thank you very much.

Mr. Chairperson: Thank you very much, Mr. Caldwell, for your presentation.

We'll roll into questions.

Mr. Friesen: Welcome to committee. I'll be brief. It's interesting you should invoke the phrase Manitoba's oil. The full phrase was, and the planned investments of Keeyask and bipole won't cost Manitobans a cent. And the former NDP government you were a part of hid those cost overruns from Manitobans. Resulted in \$24 billion of debt at Hydro.

Wonder if you would comment on the catastrophic consequences of \$3.7 billion in cost overruns for Keeyask and bipole and the 'implication' for rates now. *[interjection]*

D. Caldwell: The premise of the question, to be quite frank, reject it entirely. The ability for Manitoba to export clean, sustainable energy into the North American market is probably the best investment—long-term investment, that was made by the Doer-Selinger governments, and it's going to pay—provide benefits, financial benefits, tangible financial benefits, for Manitobans for decades into the future. And in an environment where sustainability is becoming increasingly important, that places Manitoba and Manitoba Hydro in a very favourable position to reap the benefits of sales into that North American market.

Mr. Sala: Thank you so much for the presentation. I just wanted to—you mentioned bill 64. That was another bill that sought to erode our level of representation here in Manitoba in school boards, of course.

This bill would seek to erode our representation in energy rate setting.

Could you just comment a bit more on your concerns around how this bill ultimately impacts democratic representation here in Manitoba?

D. Caldwell: While other presenters have made reference to this, the fact that the Public Utilities Board has served this province exceedingly well and served consumers exceedingly well for decades—in fact, for the entire length of my lifetime—is proof positive how the ability for democratic participation for interest groups, for professionals, for experts in the field to provide substantive information to a public utility board to consider and to be part of its deliberations, which is removed completely from this bill, you're not going to have any ability in any meaningful way for expert opinions, for thoughtful analysis, for long-term projections provided by people who, in—not just people, but institutions that are—have the capacity and have the expert capacity to meaningfully have a thoughtful and considered discussion and a thoughtful and considered resolution to whatever the issue is before the Public Utilities Board.

So an erosion of the Public Utilities Board, it really is an erosion of the ability for Manitobans to participate in their own economy.

Mr. Chairperson: Further questions? All right. Seeing none, I'm going to thank you once again, on behalf of the committee, for your presentation this evening. It was an honour to have a former MLA come and present to committee.

Floor Comment: Thank you very much. And I would again say, just in closing, that I urge the government and the MLAs to consider these public hearings seriously and the views of the—the unanimous views of the presenters that this bill should be rethought up.

Thank you.

Mr. Chairperson: Thank you very much.

We're going to move now to the next presenter, Lydia Schroeder-Hart. Lydia Schroeder-Hart is available online, so I'll just give a moment to have them connected.

All right, Ms. Schroeder-Hart, I hope I'm pronouncing your name correctly. Welcome to the meeting. You can begin your presentation. You have up to 10 minutes, whenever you're ready.

Lydia Schroeder-Hart (Private Citizen): Okay. Thanks for hearing me. We are sitting on Treaty 1 territory and the homeland of the Manitoba Métis.

As he said, my name is Lydia Schroeder-Hart. I retired myself in April of 2022 from a professional position that I held for six years, and I was a small business owner prior to that for 22 years.

My pensions currently provide about 68 per cent of the income I earned prior to retiring, so I have had to budget more carefully than I did while I was working. So I think you can see where I'm going with this.

I live approximately 30 miles out of the city of Winnipeg and I don't have access to natural gas, so all my electrical and heating is provided by Manitoba Hydro. In doing my budget since I retired, I've realized how much of a portion the hydro budget takes up every month. I'm not living below the poverty line, but a large percentage of Manitobans are. I own my house that I've done most of the required upgrades on to ensure that my house is running efficiently from an energy and condition perspective. I'm not subject to escalating rents and living in houses that landmarks haven't maintained well that cost much more to heat than my heating bills.

An increase in Manitoba Hydro rates for me would be uncomfortable. For many, many Manitobans it would be impossible. With food costs almost doubled, gas prices almost doubled, rents up 30—approximately 30 per cent, and mortgage interest rates up for those low-income Manitobans able to own their own homes and incomes and not any way keeping up with the costs of all that inflation, this is the wrong time to say to Manitobans that they should be comfortable with rate hikes from an already typical 2 to 3 per cent under the management of the Public Utilities Board to the 5 per cent or more that this provincial government is suggesting.

It will be a hard sell, then, to get them to trust that government to look after their interests after this.

* (20:00)

A little bit about the Public Utilities Board: the structure and composition of the existing Public Utilities Board, prior to amendments proposed under Bill 36 is outlined in the Public Utilities Board Act. The board is a quasi-judicial administrative tribunal delegated decision-making authority under provincial statute. That public hearing process—their public hearing processes follow many procedures of court, and they satisfy standards of procedural fairness.

Their decisions can be appealed to the Manitoba Court of Appeal. Moreover, they act as an appeal body for several other administrative tribunals, including the highway traffic board.

Administrative tribunals are government agencies tasked with making decisions otherwise made by the government's Cabinet or one of the ministers. In keeping with this principle, the chair of the board currently reports to—reports on an annual basis to the Minister of Finance (Mr. Friesen).

There are several reasons why governments choose to delegate authority from Cabinet to administrative tribunals. First, governments seek to ensure that decisions involving essential public services are insulated from public pressures through the independence and the objectivity of an administrative tribunal. Secondly, they seek to ensure that decisions are made on the basis of specialized technical expertise, which is particularly important when dealing with complexities of public utility regulation. Third, they seek to ensure fair and equitable treatment of affected parties through structured public participation.

The Manitoba Public Utilities Board must, by law, be composed of not less than three members, and currently the board is composed of 12 members with only a chair acting as a full-time member; it's fairly efficient. All of them have been appointed between 2012 and August of 2022. The board members' bios reveal members with good, broad-ranging qualifications that speak to the specifics of the utilities and organizations they serve. Board members do not have fixed terms. All members are appointed by the Manitoba Lieutenant Governor on the recommendations of the Premier (Mrs. Stefanson) of Manitoba, and serve at his or her pleasure.

The board has broad supervisory powers over public utilities and designated monopolies, such as Manitoba Hydro and MPIC. The Manitoba—the mandate of the board is to balance the interests of the customer—that's you and me—and of the utility and the procedures are transparent. The board has a long-standing proven track record that met their mandate to raise or lower the asks of Manitoba Hydro and MPIC and other entities under their supervision, depending on what is justifiable.

The board serves as a tribunal independent from political influence. Political interests can speak to agendas that don't necessarily land themselves to—lend themselves to good governance on the broad picture of utilities, so—also, the ultimate interests of the broad base of customers, as has been shown by polls taken

in the past couple of months. There's decreasing dissatisfaction and non-confidence in a broad base of customers according to those polls.

The PUB traditionally has been recommending rate increases up to approximately 3 per cent. The PUB currently also supervises over Stittco Utilities, Centra Gas, Manitoba Water Services Board Act, municipal act for sewer and water, excluding the city of Winnipeg, the City of Winnipeg Charter, Crown corporation governance and accountability act, Gas Allocation Act, and Gas Pipe Line Act. Proposed amendments to Bill 36 affect many of those entities to effectively give legislation direct governing without the the requirement for disclosure to the public and input from the public. Transparency is a big concern.

The reason why this is not typically done is because Manitoba Hydro and MPI and other utilities are effectively monopolies in Manitoba, so this leaves decision making open to abuse by elected officials, who may only serve in legislation for a term and—but their decisions may have long-term, and in some cases adverse, impacts. The independent tribunal is asked—is tasked to ensure sustainable long-term benefits to the people and businesses they serve.

About Crown corporations, why a Crown corporation? Well, this is the other part of this. Crown corporation is a hybrid between governmental body and private enterprise, and it's owned by the state, but operates at arm's length from government. It operates in a business or commercial capacity that can at times conflict with the government's policy mandate.

It's generally created to fill a mandate necessary to the public interest but not feasible to be met by private sector for the public good. In the interest of Manitoba Hydro, it's essentially a monopoly that could abuse its monopoly position if it was operating as a private-sector industry, thereby putting the rate-payer, residential and commercial customers at risk. This is regulated and supervised by the PUB to prevent such an occurrence, while also forging a solid business plan for the utility. Analysis has been very recently completed by Efficiency Manitoba, confirming all of that, along with some productive recommendations.

About the customers, well, rising gas, food and construction materials, prices and rental rates have all gone up sharply. Mortgage interest rates are higher, which will prevent more people from getting into the housing market. Wages and pensions have not kept up will all that inflation, and investments have tanked in the face of economic climate. This is a worldwide

phenomena; this is not just a Manitoba situation. We do not—we while we do have to be responsible fiscally, but we also have to be realistic about how to address the challenges. Debt reduction is important, but so is industry generation to develop domestic product, produce more exports to generate more income to reduce that debt.

It's much easier for policy-makers to raise prices on essential products for people who have no choice in their use than to do the hard work of developing creative markets, but it's a lazy choice that results in declining markets. The downside of raising prices on essential products in that way is the dampening effect it has on actual spending power, which in turn reduces the flow of money in the marketplace and therefore reduces the amount of debt that can get paid down.

And the other part of this is Manitoba has 40, -40° temperatures in the winter. You know, landlords and low-'incun'-income homeowners don't or can't always maintain their homes to an efficient level for heating. Tenants and low-income homeowners would be the most affected by undue rate increases for public utilities and with the least able—and the least able to compensate with it—for it with alternate technologies. And what it—

Mr. Chairperson: Thank you, Ms. Schroeder-Hart, but our—the 10 minutes are up. But we are going to have a five-minute question period, and you're welcome to continue some of your remarks during that.

We'll go to Honourable Minister Friesen for the first question.

Mr. Friesen: Thanks for being here and for making your presentation tonight. We agree with you that there should be concern about keeping Manitoba rates low.

I want to know if you were aware that under the previous government, in a period of time of 14 years, there were 14 years of hydro increases that would have been lower were this test of 5 per cent or CPI in place at that time. Were you aware, and I invite you to respond.

L. Schroeder-Hart: I'm somewhat aware of that. But the fact is, that was still—that was too high and so is the 5 per cent. People—wages are not keeping up with anywhere near any of this, and so we're already just behind the eight ball.

And so you might say, well, it's only 5 per cent. And that's only 5 per cent, perhaps, to you and me and legislators, but to the people who are having problems

feeding their kids and paying for their transportation and paying their rents, 5 per cent is a lot of extra money; 2 or 3 per cent is difficult. So many of these people are already having a very hard time paying their hydro and gas costs.

And, you know, -40 below with no heat? That's not a doable situation in Manitoba.

Mr. Sala: Thank you so much for your presentation. I don't have a question, I just want to state that I'm in strong agreement with you about the threat that this bill poses to the affordability of life in this province. Especially for seniors, low-income people, people on fixed incomes, this bill is a real threat to their ability to make ends meet at the end of the month.

* (20:10)

And I do appreciate that you made time to be here tonight to share your concerns and to be part of this process. So thanks so much for being with us tonight.

L. Schroeder-Hart: Thank you for hearing me, I'm very happy to be here.

Mr. Chairperson: All right then, any further questions from members of committee? I'm seeing none, so I'm going to thank you once again, Ms. Schroeder-Hart, for your presentation this evening and we'll go to the next presenter.

Jarvis Brownlie. Jarvis Brownlie, I'm told, is not available to join, so that name will be added to the bottom of the list.

Peter Kulchyski. Peter Kulchyski?

I'm told Peter Kulchyski is not available, so his name will be brought to the bottom of the list.

Theresa Thordarson. Theresa Thordarson, I'm told, is available and so we'll just give a moment for the connection to be established and then she can begin her presentation.

Welcome, Ms. Thordarson. I can see you on the screen and soon we'll be able to hear you. You can begin with your presentation whenever you're ready. You have up to 10 minutes.

Mr. Vice-Chairperson in the Chair

Theresa Thordarson (Private Citizen): Wonderful. Thank you for having me. Thank you to the committee for providing this public hearing.

I'm speaking tonight as a private citizen. I am a young person. I am hoping to make my life here in

Manitoba, and for me the Public Utilities Board is an important factor in that possibility.

As a science-based and science-consulting arm's-length regulatory board, it provides such—a transparency that is so needed, stability and also the possibility of a reconciliatory approach to rate setting in the future.

I feel like Bill 36 is a conversation that is taking us backwards. It is a threat to that possibility and it should be withdrawn in its entirety. The Public Utilities Board, as we've heard tonight, is widely supported by Manitobans. The recent consumer commission polls have been slated.

The things that concern me about this bill include arbitrary deadlines, arbitrary rate setting and a lack of transparency and closing doors to Manitobans providing input, such as this hearing, having fewer consultations.

Some other specific things that have provided some concern: there is no specific information on the rules for setting gas rates; important terms such as clean, renewable source of energy are not defined in the act, and there is no universally accepted definition of something like that.

So, in terms of changing climate, this bill provides less stability in my reading of it.

I also find it extremely concerning that, according to acting grand chief Eric Redhead, there has been no consultation with First Nations leadership on Bill 36. Despite statements that this would be benefiting northern First Nations, I don't think that we have any true representation from those leaders, and it should be coming from them.

So, I don't have a long speech tonight, but those were the statements I wanted to make, and I think I am open to questions.

Mr. Vice-Chairperson: Thank you, Ms. Thordarson, we are grateful for your time and presentation.

The Chair had to step away for a moment. Your presentation did not cause me to lose all my hair. I'm a different person.

So, just—I will allow some questions. The rules permit some questions, and the minister has the first question.

Mr. Friesen: Thank you for being here and for your presentation this evening.

I really don't have a question for you. I just want to convey to you that the spirit and intent of this set of amendments is to actually stabilize Hydro. With a debt that's been tripled, threatens young 'preople' like yourself with long-term longevity of Hydro's ability to generate low rates. It's trying to protect the low-rate advantage of Manitoba Hydro and is actually trying to expand the role of the PUB.

I'd just invite you to comment on any of those things, if you will.

Mr. Vice-Chairperson: Ms. Thordarson, sorry if I struggle with your last name. Did I say it right?

T. Thordarson: Yes.

Mr. Vice-Chairperson: Yes, please go ahead.

T. Thordarson: It's Thordarson, yes. Thank you. It is very difficult for me to see any expansion of the PUB. The—it is necessary for the PUB to be an arm's-length organization; to be able to comment on the many government—the now—the increased ability of the government to have more say in Manitoba Hydro's workings as a de facto monopoly.

Mr. Chairperson in the Chair

So, just the fact that this is seen as an expansion is extremely worrying to me, and I think that is my response.

Mr. Sala: Thank you, Ms. Thordarson, for taking time to be with us tonight and thanks for your presentation.

You are, again, it—we, you know, yet another individual who's come here tonight—or come here before this committee to share your concerns with the bill. Again, it's been near-unanimous opposition to this bill to date, over the two nights.

I don't have any questions for you, but I just want to thank you and let you know that we, as the opposition, will continue to fight against the passage of this bill and do everything we can to make sure it gets scrapped.

So, thank you for your time.

Mr. Chairperson: Ms. Thordarson, any response?

T. Thordarson: No, thank you for the time of the committee. I appreciate it.

Mr. Chairperson: All right. Thanks very much for appearing before committee and for answering the questions.

We'll now move to the next presenter, and I'll call Lynne Fernandez. I'm told that Lynne Fernandez is attending virtually and once we get them connected, we'll be able to proceed.

All right, Ms. Fernandez, I can see you on the screen. You can begin your presentation whenever you're ready.

Lynne Fernandez (Private Citizen): I'm concerned about how Bill 36 erodes the transparency and independent oversight of the Public Utilities Board.

This concern was highlighted this summer, as I spent time in Europe while energy costs skyrocketed, causing political and social unrest. Millions of people are facing an uncertain winter as privately owned and deregulated energy companies in the UK rake in huge profits at the same time as families are having to choose between eating and heating. Now, France has nationalized its energy providers in order to control things better and as a result, is in better shape than other countries.

I often thought about how lucky I was to be coming home to a province with a publicly owned utility that provided such reliable, affordable energy. The same scenario played out two years ago when customers in Texas, all reliant on private, deregulated utilities, were subjected to huge rate increases when the polar vortex sent temperatures plummeting. It's hard to imagine living under such circumstances.

Now the reasons we have such—we will hopefully never have to face these dire situations, and we have such reliable and affordable energy, is the fact that Manitoba Hydro is a publicly owned utility and we have the PUB acting on behalf of citizens and ensuring that important decisions are not overly influenced by politics.

Arguably the most important player in the province's economy, Manitoba Hydro provides an irresistible platform on which to score political points. Looking at the controversy around, for example, the Nelson River hydroelectric project, demonstrates that many of the issues being debated today, such as project mismanagement, too much debt, not enough demand for power to justify new developments and lack of consideration for First Nation communities have all been part of past political debates.

Nonetheless, the excellent service Manitoba's settler community enjoys, whether in for—whether industrial or residential users, is a result of the considerable investments made by Manitoba Hydro and its

15 generating stations and transmission lines that were paid for with debt financing.

In fact, Manitoba Hydro had single-digit debt ratios between 1970 and '95 and the sky did not fall. I contend that the Crown is not overly indebted and that the investments it has made in Keeyask and Bipole III reinforce Hydro's ability to provide renewable energy to Manitobans in an increasingly carbon-restrained environment.

* (20:20)

The PUB's 2014 needs for and alternatives to report did not highlight single-digit equity ratios as a risk when Keeyask was approved. And I can only speculate that maybe that's why you want to limit the PUB, because you didn't like the decisions that it made, but at the same time, bond-rating agencies felt the same way. They did not have any problem with those debt-equity ratios, and it is—that finding has been confirmed several times over recent years.

It does not, therefore, makes sense to force Hydro to adopt rate increases to support a 75-25 debt-equity target when the Crown has no problem accessing the financial market with much higher ratios, and is able to borrow at low interest rates. In fact, in 2020 the province issued two 300-million century bonds on behalf of Manitoba Hydro that pay less than 3 per cent.

It is also important to note that the 2014 NFAT report noted the considerable payments that were going to flow to the province from the Keeyask project. A prediction that has proven accurate, as I understand that in July of this year, it was anticipated that Hydro would deliver at least \$500 million in fees, surcharges and taxes.

Back to the NFAT report of 2014, it recommended that, and I quote, the government of Manitoba direct a portion of the incremental capital taxes and water rental fees from the development of the Keeyask project to be used to mitigate the impact the rate increases on lower income consumers, northern and Aboriginal communities. Also that Manitoba Hydro relax its 75-25 debt-to-equity ratio to moderate its proposed rate increase. Unquote.

I believe that this advice provided in 2014 is still valid today. It is also an excellent example of how the PUB looks at all stakeholders' concerns and is able to recommend rate increases that meet the needs of the Crown with fair increases.

So, to conclude, the PUB serves an invaluable service to Manitobans by providing expert independent analyses that balance the interest of all of us, including the Crown. It is a—it is crucial that the non-partisan 'guidin'—guidance it provides not be diminished.

I cannot see the value Bill 36 will provide and worry about Manitoba Hydro being subjected to more political influence. There has to be a balance between the debates that take place between political parties and the measured, impartial, expert opinions that inform PUB decisions. So, I would respectfully request that you not table Bill 36.

Thank you.

Mr. Chairperson: Thank you, Ms. Fernandez, for your presentation.

We'll roll into questions.

Mr. Friesen: Bill 36 is our government's approach to try to do three things at once: to give the PUB an appropriate role, even expand their powers in some way; try to keep rates low, even at a time of rising interest rates; and also, besides that, you know, to help Hydro do things like finish its IRP.

And I just want to ask you to comment little bit more—we also are very concerned about when we see rising prices of utilities in places like Europe—comment on Manitoba's low-rate advantage being the second lowest utility rate in North America.

L. Fernandez: Not sure I understand that that's a question or just a request for me to expand my appreciation of, I guess, having Hydro, having a regulated, publicly owned utility.

But I think it's important to note that that needs to—it needs to be balanced. We do have to have an ability to restrict too much political interference, and it doesn't matter—I—this is a non-partisan comment. I'm not referring to one party over another. And the PUB does that. The PUB also—it could potentially recommend that you reduce rates if need be. It balances the needs of users, whether they be industrial or residential, with the utility.

And there's all kinds of examples when the PUB has over—not recommended things that Hydro wanted to do. For example, it did not allow it to go ahead with Conawapa. So, I—that potentially could have been a political decision to go ahead with that.

So, I'm—I—it's not clear to me how the—or how Bill 36 expands the PUB. I only see it restricting the PUB.

Mr. Sala: Thank you, Ms. Fernandez, for your presentation.

I know that the minister, after—well, we've had almost 50 presenters now and again, it's been near unanimous agreement that the bill should be scrapped. And we've heard from expert presenters speaking about their concerns about how this bill will limit the power of—the authority of the PUB. And yet the minister, just again in his question to you, asserted that the bill expands the powers of the Public Utilities Board.

Can you just comment on his assertion?

L. Fernandez: Once again, I don't understand why he says that, when it's—I think it's clear to everybody that it actually restricts the PUB and it also very, very clearly is connecting rate increases to, I think, an unrealistic debt-equity ratio that, you know, that is politically motivated. I just see this government as being unduly obsessed with debt and deficit, and it is pulling the 75-25 ratio out.

And I know earlier, the minister noted that other Crown corporations are actually trying to reduce their debt-equity ratio. But this does not—you know, whether they are, they have not necessarily invest—made the same sort of investments that Hydro has. And you know, we've invested in some pretty important capital investments here like Keeyask and bipole, which are going to deliver reliable service to Manitobans for the next hundred years. And the other utilities have not necessarily done that. In fact, Site C has turned out to be a bit of a debacle for BC Hydro.

So I don't think it's fair to make those comparisons at all.

Mr. Chairperson: Okay, I'm not seeing any further questions from members of the committee. So, once again, Ms. Fernandez, I'll thank you for your presentation and for taking time to answer questions from committee members.

That takes me to the end of the list of presenters, but we have a few that we should call a second time though. And so I will do that at this time.

We'll call Jarvis Brownlie. Jarvis Brownlie. I'm told that Jarvis Brownlie is not available and so that name will be struck from the list.

And Peter Kulchyski; Peter Kulchyski—I am murdering your last name—I'm so sorry—I believe, is available and we'll just give a moment for the connection to be made.

All right, I think I can see you now, Peter Kulchyski. You are—and you can let me know how to pronounce your last name, I'd appreciate it. And you can proceed with your presentation whenever you're ready.

Peter Kulchyski (Private Citizen): Thank you so much, and Kulchyski is fine the way you've been saying it. Most people often put an N in there and feel compelled to say, Kulchynski. You haven't done that, so we're good to go.

And I guess I want to echo, I think, what I've heard from lots of different presenters. I'll try not to repeat, but I think that, you know, in Manitoba we developed a very good oversight set of mechanisms to both, you know, question government's best plan scenarios and Hydro's best plan scenarios.

My work over the last few years—I'm just speaking to you as a citizen, but I have worked with Hydro-affected Indigenous communities in northern Manitoba and they are very vulnerable communities. They haven't been, I think, getting adequate compensation for what's been taken away from them. We have a lot of unfinished business to do in northern Manitoba with trying to pay the actual costs of hydro production and those actual costs include the costs on the social and cultural impacts on northern Indigenous communities that are all along the, you know, developments that may arguably benefit us.

I would say that this is, I mean to me, this is poorly crafted legislation, but it's also coming to us at a very bad time. I think this is probably a time, given the challenges around climate change and energy security. You know, the Public Utilities Board is a mechanism that allows us to have independent expertise and allows us to try and make decisions in a sort of politically neutral—as much as is possible—way that draws on, particularly with the Public Utilities Board, you know, economic expertise.

* (20:30)

And so I fear that any watering down of its independence and its, you know, ability to do what it has been doing is basically watering down, kind of an independent check on decision making that the Province and most jurisdictions probably desperately need right now because none of us can really predict what the economic energy future is going to be like in 20 years.

You know, things have changed dramatically in the last 10 years, and I don't expect that's liable to stop.

So we've had a very robust system, you know, through the Clean Environment Commission and the Public Utilities Board that allows for independent assessments, arm's length from government, arm's length from the utility, and I should say I trust neither provincial governments nor the utility, all of which are primarily concerned about painting rosy scenarios so that they can continue to grow and grow and grow.

I think that neither body necessarily—certainly is going to look at the interests of Indigenous people in northern Canada, which is a constitutional demand now; they have constitutionally recognized Aboriginal rights, which I think in this province we're still a long ways from getting on board with or really understanding what that means, on the one hand. And then on the other hand, as I've said, there are these extraordinary changes taking place, and, you know, so we need, I think, more of a technically robust and independent agency to oversee that, and I think this is exactly the wrong time to be watering down their independence.

You know, I note that it's the Public Utilities Board that recommended against the Conawapa dam going ahead because of the costs of its production, and the Public Utilities Board also noted that even the Keeyask dam might not be economically feasible, but it approved it on the basis of sunken costs; there was already, you know, enough money that was put in there that the cost of stopping it would've been worse than the costs of going ahead.

And so, you know, that tells me that, you know, our processes certainly could probably use improving, but I would say the improvement would be probably to be giving the Public Utilities Board more timely reviews of these matters so that there are no such things as sunken costs. I think sunken costs are a travesty and it's just the corporation going ahead and spending money assuming they're going to get it approved down the line.

So I would say giving the Public Utilities Board increased independence and increased capacity to make, you know, to inform themselves technically about decisions that are made.

You know, I also know that in the round of hearings around Keeyask and Bipole III and Conawapa and all of that, you know the Public Utilities Board had specifically recommended, you know, Hydro review its management decision-making

approach. And it had also done something that I think was long overdue in suggesting that First Nations not pay the rate increases that they were approving, that First Nations' rates be held at a certain line. And this, to me, is a very, very important thing.

We need to start trying to do something, trying to find revenue streams rather than simple one-time cash payments for northern Indigenous communities. And I think the Public Utilities Board was coming around to that same perspective. And certainly it made one modest attempt to try and do something that would recognize that First Nations communities are ones who are giving up their lands in order to allow these projects to take place and are having to pay very exorbitant hydro rates and are not benefiting at all from what's happened on their territories.

So I think there's lots of work to be done for the Public Utilities Board as currently constituted or even given, you know, substantially more independence. But I think it's exactly the wrong time to tie their hands and move in the direction of a less independent Public Utilities Board and more ability to, you know, do what they want on the part of either Manitoba Hydro or the provincial Cabinet, which I think, you know, the current mechanisms allow some sort of a brake on.

So, you know, I'm opposed to this legislation. I know that we can cherry-pick and say, oh, there's this nice thing, that nice thing in it. I just think it's moving profoundly in the wrong direction for the province. It will hurt vulnerable people who, you know, are on the marginal side of society and for whom small rate increases are a significant part of their budget.

But I also think, you know, it means we're into planning strategies that aren't necessarily good for the province as a whole. We don't—it's not a time for us to reduce our deliberative, you know, powers that we have and the ability of a strong, independent body to provide some sober second thoughts to the plans of the Province and the plans of the utility, which can often be very close to each other.

So, maybe I'll end there, and I—I'm—you know, I was just trying to add something to what other people had said at—in this meeting, and I've heard a lot of good comments from many people.

So, thank you.

Mr. Chairperson: Thank you, Mr. Kulchyski, for your presentation.

I'm going to exercise some discretion as Chair and ask, on behalf of all members of the committee, if you

could identify the location of the photo that's forming your virtual background. I think how we've enjoyed seeing it. If you could just let us know where it is, that would be great.

P. Kulchyski: Yes, this is my fishing hole, so all I'll tell you about it is it's on the Manigotagan River.

Mr. Chairperson: All right. We'll have—we'll let you have to keep that secret, then. We'll move on to questions.

Mr. Friesen: Well, I'm terribly disappointed now, not for your presentation, but because the Chair has stole the question that I was planning to ask you, which was what that beautiful backdrop was. It looked to me a bit like Pisew Falls on Paint Lake except that it's not high enough for Pisew Falls. So I know that you will not want to disclose to us the location of your fishing hole, but I do thank you today for your representation. Thank you for taking the time and for a really extemporaneous and, you know, broad series of points that you've made to us tonight. Thank you.

Mr. Chairperson: Mr. Kulchyski, any response?

P. Kulchyski: Yes. Just to—so this is the Manigotagan River and this is, you know, not affected by Hydro right now. And I do have pictures of Pisew Falls and I have lots of pictures of damaged rivers. And it is a shocking thing to travel on the Nelson River. Every little curve, every little wind in it, you know, is affected by the fluctuation of the water levels. And so, you know, I like pictures of rivers that haven't been touched. But we have huge, huge shoreline problems all across northern Manitoba, thanks to Hydro, that need to be addressed.

Mr. Chairperson: All right. Thank you.

Mr. Sala: Thank you so much, Mr. Kulchyski, for—Dr. Kulchyski—for your presentation. I want to thank you, also, for your work as an advocate for Hydro-impacted communities and for your work with Wa Ni Ska Tan. I know you've done a lot in this province to support and advocate for Hydro-impacted communities and just want to thank you for that work, and I appreciate your concerns about the way that this bill will impact those voices and their ability to be heard with Hydro decisions.

So, thank you for being here and thanks for being part of this.

Mr. Chairperson: Mr. Kulchyski, any response?

P. Kulchyski: My pleasure. I wish I were a little more coherent. I got the—I didn't think I was going to be up

tonight so I was, like—and then I realized, oh, my gosh, I'm on. There we go.

Mr. Chairperson: All right. Well, we're—I can say, on behalf of the committee, that we're very glad that you joined us and were able to make your presentation. We appreciate your expertise, also, and your advocacy.

That brings me to the end of the list of presentations at this time.

* * *

Mr. Chairperson: So we'll now proceed with clause by clause of Bill 36.

Does the minister responsible for Bill 36 have an opening statement?

Mr. Friesen: I do.

Mr. Chairperson: Please proceed.

Mr. Friesen: I would like to begin by thanking all the presenters, both tonight and in our previous committee last Thursday night. I continue to believe, and I know my colleagues across this table do, too, that these committee stages are—they're important steps in law-making process in Manitoba. It's important to have public input. We have heard you tonight and we'll listen carefully to your comments and suggestions.

The bill proposes amendments across three acts: The Manitoba Hydro Act, The Public Utilities Board Act and The Crown Corporations Governance and Accountability Act.

The primary objectives of this bill are to enhance the oversight of major capital spending by Manitoba Hydro, increase the efficiency and effectiveness of the regulatory process, as well as create role clarity for the government, for Manitoba Hydro and for the Public Utilities Board.

For Manitoba Hydro, the proposed legislation will increase the efficiency of the legislate—of the regulatory process and lower costs to Manitoba Hydro customers. Approving a series of annual rate changes at three-year intervals will provide better predictability and cost certainty. It makes it easier for households and businesses to budget energy costs and mitigate the risk of rate shock and to answer concerns expressed by presenters this evening.

Rate decisions can always be reopened. The bill considers this. Rate decisions can be reconsidered if

there are material changes from the forecast used to set the rates, so that provision is contemplated.

* (20:40)

It puts Manitoba, also, in line, though, with most provinces that have multi-year rate-setting mechanisms already in place governing their public utilities. People said, well, why would we do that? Because other jurisdictions besides Manitoba have found the value and the merit in it.

For government, the bill allows a greater focus on overall sustainability of Hydro. And in many presentations we did not hear people talk about sustainability of Hydro. Some did. But especially given its current debt-equity position that we simply do not believe that we can ignore or pretend it will be self-correcting. The Public Utilities Board will still have to hold hearings. The Public Utilities Board will still set just and reasonable rates. It will hear from a broad array of presenters, Manitobans and third-party organizations and non-profits and advocacy groups and, you know, MIPUG and other groups.

The debt-equity targets will help Manitoba Hydro to reach levels which other public utilities in Canada currently achieve. And I have to reinforce that. Ours is not an enviable position. Heard people say, it's going to be fine in time, just given, you know, the slow descent. That's not what the evidence shows, and so we know that action is needed. Government continues to borrow on behalf of Manitoba Hydro; it ensures that the corporation and Manitobans benefit from the preferential ratings of the Province.

We heard individuals tonight talk to us about the scariness—and I agree—of what we're seeing in other parts of the world. I have a brother in Europe right now. We see great concerns about energy cost increases in the US, Europe, Asia and we're concerned about that too.

The corporation's debt-reduction targets will help ensure that Manitoba's ratings are not jeopardized by Manitoba Hydro's financial status, especially in light of market rates rising due to inflationary and other issues impacting financial and economic markets globally. Right now, Manitoba Hydro's debt currently represents over 40 per cent of the Province's total debt, and \$1.1 billion just goes to service that debt.

I apologize if I misspoke last week at one point in time—it was a six-hour committee—I remind that one presenter who flagged it. Yes, it's a debt service cost; a very different scenario than a debt repayment. Manitoba Hydro hasn't made a payment against its

debt since 2008. It's only made three payments against this debt in 20 years. So I—yes, we know the difference between debt service and debt repayment, and I hope that Manitobans do as well.

Government has a vested interest in understanding capital projects and is ultimately accountable for major project decisions made by its Crown corporations. As was identified in the expert report on Bipole III and Keeyask, there was a lack of accountability on the part of the previous government when decisions about these projects were being made. There's a whole report on it. I invite Manitobans to read it and to not be fooled again. History should teach us to look hard at the lessons of the past and to make efforts to not repeat those errors.

There was little evidence in the—of fiscal oversight for those projects by the previous government; it ended up with massive cost overruns. In the case of Keeyask, the need for it at the time was questionable at best. The government has an obligation to review and approve Manitoba Hydro's capital budgets. This also provides clarity for the Public Utilities Board while still giving the regulator the ability to review major projects before they are approved.

Under Bill 36, the Public Utilities Board remains the strong, independent regulator solely responsible for establishing electricity and natural gas rates in Manitoba through their independent public hearing process. To be clear, the Manitoba government has no role in establishing electrical rates under Bill 36; it is the Public Utilities Board that sets rates. Do not be misled by the opposition party in the Manitoba Legislature. It may fit their narrative to suggest otherwise, but it is not grounded in fact.

The board's oversight will actually increase as the government will now be required to refer—it must refer—any proposed development of a new major facility for generating or transmitting power, any new major power purchase from a Manitoba producer or any major new export contract to the Public Utilities Board for review and recommendations before approval.

The preliminary budget for a major project must be reviewed by the Public Utilities Board before significant planning and other costs may be incurred. In addition, Manitoba Hydro will be required to develop and submit an—for approval, a comprehensive, integrated resource plan that considers future energy needs and how best to meet those needs.

Public Utility Board will submit annual budgets and business plans for government approval as a means of increasing transparency and accountability. This will not impact their independence, it does not diminish the effectiveness of the public hearing process. If the Public Utility Board says it needs to grow and have its own expertise in shop, then that's what gets considered by the Treasury Board.

Protecting Manitoba's future means addressing today's priorities with an eye on tomorrow, and indeed, many of our presenters spoke about tomorrow, and we also have an eye on the future.

This bill ensures Manitoba Hydro is on a sustainable track for Manitobans today and into the future. It promotes accountability and transparency between Hydro, the Manitoba government and the Public Utilities Board.

Tonight's committee stage consideration of Manitoba Hydro amendment and public utilities amendment act, allows us to continue progress on our government's priority to strike the right balance of ensuring that Manitoba Hydro is on the right path to improved financial health, protecting Manitobans from rate shocks, keeping hydro rates affordable in Manitoba, and maintaining the independent, effective Public Utilities Board.

I have one amendment that I hope to introduce in a few minutes that will bring further clarity to one section of the bill that was referenced and I look forward to doing that in a few minutes.

I'm looking forward to this continued debate on Bill 36 in the Manitoba Legislature and I thank everyone for their efforts to present at committee.

Mr. Chairperson: We thank the minister.

Does the critic from the official opposition have an opening statement?

Mr. Sala: I just want to begin by putting on the record that the statement that was just shared by the Minister responsible for Hydro can only be described as Orwellian.

What's up is down, what's black is white. Reductions in Hydro and the PUB's independence is actually an increase in the PUB's independence.

It must be incredibly confusing for the 40 or so presenters who just made time to come speak to this committee, to hear the minister characterize this bill in the way that he just characterized it, as though this

is somehow, you know, going to protect rates in the province, going to make life more affordable.

It must be downright confusing, because every single presenter unanimously stated that this bill is bad for Manitoba, and I can't imagine what it's been like for the minister to have to sit through that many presentations, which were not organized by the opposition party, which have no connection to us, which is simply the independent voices of many Manitobans, including a huge number of experts who've come to him tonight and on Thursday to outline their concerns with this bill.

It must have been a very difficult two days, and it's—there's no way to spin his way out of it. He's heard this over and over and over again. And I hope that, you know, one of the presenters, Mr. Caldwell, I think made an important point, which is that, you know, partisanship aside, this committee and what we've heard over Thursday night and over tonight, which was unanimously in opposition to this bill, I think it's—everyone here should be hopeful that this government is listening.

And I hope that the MLAs here at the table, the ministers have heard what presenters have brought forward, and will seek to take that back to the Cabinet table, to have conversations with the Premier (Mrs. Stefanson) and others in positions of influence within their government, to state this bill is not welcome in Manitoba.

Manitobans do not want this bill to pass. They should be questioning why they're continuing to push this bill forward against such an incredible amount of opposition. I hope that the minister takes something away from these two nights. I hope that he's learned something in listening to the experts and the many Manitobans who've presented to us. We've heard from dozens of presenters representing a broad cross-section of Manitobans.

* (20:50)

The overwhelming consensus is that Bill 36 unnecessarily interferes in the independent rate-setting process of the Public Utilities Board, and it will cost us more money. Bill 36 allows this government to set hydro rates at the Cabinet table. The minister can continue to refute that as many times as he'd like, but Manitobans have spoken clearly over and over and over again at this committee.

This bill represents the total and complete politicization of hydro-rate setting in this province. It weakens the role of the Public Utilities Board as it

moves us away from independent rate setting and gives government the power to increase hydro rates without expert oversight. And to make matters worse, they're looking to increase hydro rates in the middle of an affordability crisis, as we've heard many presenters speak to over this evening and Thursday.

Manitobans are struggling to get by. This bill is a hydro-rate-increase bill. It's a piece of legislation that serves to figure out how we can increase hydro rates as quickly as possible. I'd suggest that it's the last piece of legislation this government, or any government, should be bringing forward at this point in our province's history.

Bill 36 is a continuation of this government's attack on Manitoba's Crown jewel, Manitoba Hydro. We know that their plan involves hiking Manitobans' hydro rates and opening up Manitoba Hydro for further privatization. This short-sighted plan will only make Manitobans' lives more expensive and our province worse off.

This committee tonight shows the importance of the democratic process, and I need to emphasize that at our last sitting of this committee, the government attempted to close this committee before all presenters had brought forward their concerns; they attempted to close it down.

It was an incredibly disappointing experience for me, as a legislator who's been here for only a matter of years, to see the unwillingness of this government to listen to Manitobans who'd taken the time to come, sign up for committee, to put together presentations, that they were willing to try to silence those voices was deeply concerning to me. And I know it was deeply concerning to many, many Manitobans who reached out to me after Thursday's proceedings to state their concern with what this government and this minister tried to accomplish.

I'd like to thank any and all presenters who have come on Thursday night and this evening for contributing their voices and their perspectives by speaking to this important issue, this bill, and for contributing to the democratic process. Community members such as yourselves have clearly demonstrated to this government that they should withdraw Bill 36.

Thank you.

Mr. Chairperson: We thank the member.

During the consideration of a bill, the enacting clause and the title are postponed until all other

clauses have been considered in their proper order. Also, if there is agreement from the committee, I, the Chair, will call clauses in blocks that conform to pages, with the understanding that we'll stop at any particular clause or clauses where members may have comments, questions or amendments to propose.

Is that agreed? [*Agreed*]

Clause 1 and 2—pass.

Shall clauses 3 through 5 pass?

An Honourable Member: No.

Mr. Chairperson: Clause 3—pass; clause 4—pass.

Mr. Chairperson: Shall clause 5 pass?

An Honourable Member: No.

Mr. Chairperson: I hear a no.

Mr. Friesen: Mr. Chair, I would like to present one change to Bill 36, The Manitoba Hydro Amendment and Public Utilities Board Amendment Act.

The change makes an amendment in the wording that clarifies that retail sales of electricity to an entity or individual in Manitoba is only permitted when it is (1) produced from renewable energy sources; and (2) not connected to Manitoba Hydro's electrical grid.

Although the original draft of the bill did require Lieutenant Governor-in-Council authorization making a regulation, the amendment further clarifies the intent. Currently, Manitoba's electrical—electricity market is open on the wholesale side. Manitoba Hydro can buy wholesale power from anyone but limited to only Manitoba Hydro on the retail provision of power throughout the province. Manitoba Hydro has a monopoly on selling power to retail customers.

The intent of the legislation is to allow for the retail sale of power to entities other than Manitoba Hydro who are not connected to the electrical grid and are producing renewable electricity, which is what the committee stage amendment reflects. An example of this could be the four First Nations off-grid communities in northern Manitoba not connected to Manitoba Hydro's electrical grid. Those communities currently are serviced by diesel-generated electricity that create both environmental and economic challenges. Considerable work has already been done studying options that would eliminate or reduce diesel use in these communities through adoption of renewable energy sources.

The provision in Bill 36 is attended—as intended, could support the economic business case for these

renewable options, as well as address reconciliation objectives of the Province.

The existing provision of section 15.2(2) reads as follows: (b) authorizing the retail supply of power by persons other than the corporation in circumstances where (1) the supply or distribution of power does not involve an interconnection with the corporation's transmission or distribution system, or (2) the power is generated from a clean, renewal source of energy or for research or experimental purposes.

I would propose that the committee amendment read as follows,

THAT the proposed subclause 15.2 sub 2 (i), as set out in Clause 5(2) of the Bill—5 sub 2 of the Bill, be amended by striking out "system, or" and substituting "system, and".

Mr. Chairperson: It has been moved by—that the proposed subclause 15.2 bracket—oh, my mic was off. It has been moved by the Honourable Mr. Friesen,

THAT the proposed subclause 15.2(2)(b)(i), as set out in Clause 5(2) of the Bill, be amended by striking out "system, or" and substituting "system, and".

The amendment is in order.

The floor is open for questions.

Seeing no questions, is the committee ready for the question?

An Honourable Member: Question.

Mr. Chairperson: The question before the committee is as follows,

THAT the proposed subclause 15.2(2)(b)(i), as set out in Clause 5(2) of the Bill, be amended by striking out "system, or" and substituted "system, and".

Shall the amendment pass?

Some Honourable Members: Pass.

Mr. Chairperson: The amendment is accordingly passed.

Mr. Sala: I'd just like to ask a question about an aspect of—some language within this clause.

Mr. Chairperson: We haven't passed clause 5 yet, so we can still consider clause 5 as amended, if I understand correctly. We are currently discussing—no, the amendment passed. The clause 5 as amended has not yet passed.

So, Mr. Sala, on clause 5, not yet—or, clause 5 as amended.

Mr. Sala: I do want to ask the minister about, you know, this is something we heard repeatedly over Thursday night and this evening, which was concerns about the private retail sale of electricity.

This bill permits, the—essentially the opening up of the private retail sale. And one of the main concerns that was brought forward by many Manitobans was the lack of a clear strategy in allowing for the private retail sale of electricity. We know that the minister has repeatedly tried to minimize concerns, position this as a benefit.

I'd like to just have the minister, if he could, elaborate on how his government came to developing this language and who they consulted with in preparing this clause within the bill.

Mr. Chairperson: Thank you, Mr. Sala.

Mr. Friesen: I'm not sure what the member is trying to do. This is not the period for debate. The member has first reading, second reading, a Q&A with the minister in the House. We've heard from committee, and he even had third stage in order to make comments and ask additional questions.

But this amendment is clear. And it makes clear that the objective of the government was to always be able to address communities in the North, for instance, who are using electricity generated through diesel. And it's very important. Actually, what this amendment does is it keeps Hydro as the sole provider of hydroelectricity in this province.

We heard presenters tonight say they had a concern that this clause was somehow perhaps not as explicit as it should be in terms of making sure that Manitoba Hydro remains owned by the people of Manitoba. That is exactly what this amendment does. That's the clarification we've brought in this.

If the member has another opinion, the opinion he's expressing is that he wants to see privatization of Hydro.

We don't agree with that. That's why we brought this clarification in the amendment today.

* (21:00)

Mr. Chairperson: Clause 5—pass; clause 6—pass; clause 7—pass. *[interjection]*

Oh, I'm so sorry. Shall clause 5 pass as amended, is what I should've said. Clause 5 is passed as amended.

Clause 6—pass; clause 7—pass; clause 8—pass; clauses 9 through 12—pass; clause 13—pass; clauses 14 and 15—pass; clauses 16 through 19—pass; clause 20—pass; clauses 21 through 23—pass; clause 24—pass; clauses 25 and 26—pass; clauses 27 through 30—pass; clauses 31 and 32—pass; clause 33—pass; clause 34—pass; clauses 35 through 38—pass.

Shall clauses 39 through 42 pass?

Some Honourable Members: Yes.

Some Honourable Members: No.

Mr. Chairperson: I hear a no. Shall clause 39 pass?

Some Honourable Members: Yes.

Some Honourable Members: No.

Mr. Chairperson: I hear a no.

Clause 39.

Mr. Sala: I have a question for the minister regarding, this is regarding clause 39. This pertains to the debt-to-equity targets—debt-to-capitalization ratios, sorry, that are outlined within the bill.

I just want to give the minister an opportunity; he did hear over the last couple days, Thursday and this evening, that there is significant concerns with the debt-to-equity targets that this bill will force Hydro to achieve by 2035 and 2040. And I just want to give the minister an opportunity to respond to those concerns.

Why does his government know what Hydro's financial needs will be by 2035? Where did they get those insights, and why do they know more than what the Public Utilities Board has assessed and the need for an alternative to hearing?

Mr. Friesen: Seeking a clarification from the member. Can he indicate what, in particular, in sections 21 and 22 repealed, he's referring to?

Mr. Sala: I'm simply asking a question about clause 39, so, if the minister wants I'm happy to repeat the question. Maybe I've got the number wrong.

Mr. Chairperson: I think there might be a mix-up of the numbers. We'll just get that clarified, one moment.

All right, I think we've got it squared away.

Clause 39—pass; clause 40—pass; clause 41—pass; clause 42—pass; clauses 43 through 46—pass; clauses 47 through 50—pass; clause 51—pass; clauses 52 and 53—pass; clauses 54 through 56—pass; clauses 57 through 63—pass; clause 64—pass; clauses 65 and 66—pass; enacting clause—pass; title—pass. Bill as amended be reported.

The hour being 9:05 p.m., what is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Committee rise.

COMMITTEE ROSE AT: 9:05 p.m.

WRITTEN SUBMISSIONS

Re: Bill 36

Dear Standing Committee,

I respectfully ask you to withdraw the above Bill 36 for following reasons:

An independent Public Utility Board is the best way to set Hydro rates, since it is "arms length" from government and not influenced by politics.

The debt to capitalization ratio is too aggressive and makes it too difficult for Manitoba Hydro to operate in a healthy financial fashion.

I don't think the 5% inflation number makes sense.

Transparency of the affairs of the crown corporation could be at risk.

Environmental assessment of some bigger hydro projects may not be done properly for good environmental protection.

There are more issues with different parts of this Bill 36 that make it a bad one and many other presenters have spoken in detail.

It worries me that our government could pass a bill that would weaken our democratic process and weaken Manitoba Hydro's ability to manage its affairs in an open, transparent, fair manner and importantly, to give fair rates to the citizens.

Please do not proceed with this Bill 36 in its current state.

Thank you,

Wendy Buelow
Winnipeg, Manitoba

The Legislative Assembly of Manitoba Debates and Proceedings
are also available on the Internet at the following address:

<http://www.manitoba.ca/legislature/hansard/hansard.html>