

Thursday, October 15, 2020

Minister of Finance, The Honourable Scott Fielding
minfin@leg.gov.mb.ca

Subject: **Bill 35 - The Public Utilities Ratepayer Protection and Regulatory Reform Act**

Dear Minister Fielding:

Thank you for your prompt response to the letter I submitted to you on September 22, 2020 in partnership with 16 community-based organizations and individuals calling for the withdrawal of *The Public Utilities Ratepayer Protection and Regulatory Reform Act*, (formerly Bill 44) from the 2020 Fall Legislative agenda. We remain deeply concerned that limited public debate during the COVID-19 pandemic means this important piece of legislation is advancing without meaningful input from citizens, farmers and businesses.

On Friday, October 9, 2020, Manitobans learned that your government unilaterally decreed a Manitoba Hydro rate increase of 2.9% for the coming year. This means Manitoba Hydro ratepayers will absorb a roughly \$50 million hit with no public process and no evidence to determine whether a 2.9% increase is too high, too low, or what formula was used to calculate this increase. Manitoba Hydro's financial forecasts have not been made public since 2018 (2016 Integrated Financial Forecast), so independent and transparent scrutiny is noticeably absent.

The overt politicization of a Manitoba Crown monopoly is clearly not in the best interests of Manitoba consumers. We note it was the Conservative government, led by then Premier Gary Filmon with Finance Minister Clayton Mannes, which insisted on an independent, apolitical process to determine Autopac rates, with introduction of the *Crown Corporations Governance and Accountability Act* in December 1988. This followed the huge loss of \$62.5 million at Manitoba Public Insurance in 1987, and a thorough review by the (late) Judge Robert Kopstein, who led the *The Autopac Review Commission*.

From the Filmon Government's November 3, 1988 news release:

- "Enactment of legislation requiring MPIC to submit, for approval, its rate-making policies and practices to the Public Utilities Board (PUB) annually beginning with 1989 rates. This move goes a step further than Judge Kopstein's recommendation of reviewing rates retroactively.
- Granting of authority to the board of directors of MPIC to finalize all rate changes, subject only to approval by the Public Utilities Board. This will guarantee that the Manitoba government **will not** be able to interfere in the rate-setting process."

As a result, the PUB has played this important impartial oversight role for 38 years, inviting intervenors and experts to present evidence in public hearings that determine rates charged by MPI and Manitoba Hydro, benefitting all Manitoba citizens.

In your response to our September 22 letter, you reference the “high” cost of PUB hearings, which you state range from \$5 to \$10 million annually. Can you please share and put on the public record the source of this data? We would appreciate a written response to this query.

By contrast, our independent expert, Mr. William Harper* has determined that the average cost over the past five years attributed to PUB Manitoba Hydro hearings is \$4.2 million dollars. That represents less than 1/2 of 1% of Manitoba Hydro’s domestic revenues. Over the past three years, the typical residential customer spent less than \$2.50 per year for PUB Hydro hearings, and in turn saved \$50 per year on their Hydro bill. The PUB hearing process is cost-effective and clearly represents good value and return on investment for customers.

Once again, we call on you to pause *The Public Utilities Ratepayer Protection and Regulatory Reform Act* and seek meaningful public input before proceeding any further.

Respectfully,

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in partnership with the Aboriginal Council of Winnipeg; Jerry Buckland, Professor of International Development Studies, Menno Simons College; Canadian Centre for Policy Alternatives; Community Financial Counselling Services; Council of Canadians - Winnipeg Chapter; G.D (Gerry) Forrest, Forkast Consulting, former Chair of the (Manitoba) Public Utilities Board, and former Deputy Minister - Manitoba government; Graham Lane, former Chair of the (Manitoba) Public Utilities Board - 2004-2012; Manitoba Eco-Network; Manitoba Energy Council; Manitoba Energy Justice Coalition; Melanie O’Gorman, Associate Professor, Department of Economics, University of Winnipeg; SEED Winnipeg; Wayne Simpson, Professor, Department of Economics, University of Manitoba; Wa Ni Ska Tan; Winnipeg Harvest.

** Mr. William Harper has over 35 years of experience as an expert in electricity regulation and rates, and has acted as a consultant in Ontario, Quebec, British Columbia, Saskatchewan and Manitoba. He holds an Honours Bachelor of Science in Math and Economics, University of Toronto (1973) and a Master of Applied Science in Management Science (specializing in Applied Economics and Operations Research), University of Waterloo (1975).*

Attachments:

- 1) Manitoba government news release, November 3, 1988
- 2) Quick Look: The Crown Corporations Governance and Accountability Act
- 3) Fast Facts: Cost and financial benefits of the PUB public process

Cc:

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