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NDP Leader Wab Kinew (above) holds the 167-page omnibus bill Friday. He vows to fight the hydro rate increase set by Premier Brian Pallister's government.

Government sets 2.9 per cent increase as part of budget implementation bill; underhanded move, says Kinew

Tory hydro rate hike 'very sneaky'

LARRY KUSCH

THE Pallister government intends to increase consumer hydro and Centra gas rates by 2.9 per cent, effective Dec. 1, bypassing the normal regulatory process.

On Friday, as part of a 167-page budget implementation bill, the Progressive Conservatives introduced legislation to implement the rate hike, raising concerns from consumer advocates and opposition politicians.

NDP Leader Wab Kinew called the move "very sneaky" and "very underhanded" and vowed that his party would do all it could to prevent passage of the measure by the Manitoba legislature.

"Merry Christmas from the Pallister government," Kinew said, after Bill 2 was introduced on Friday. "This is going to have a major impact on families, on small business owners who are already struggling to get through the pandemic."

Normally, hydro, natural gas and

auto insurance rates are set through an independent third-party process controlled by the Manitoba Public Utilities Board.

Electricity rates were last increased on June 1, 2019, when the PUB approved a hike of 2.5 per cent. The regulator denied Manitoba Hydro's request that they be boosted by 3.5 per cent.

The PC government introduced legislation to reform the PUB rate-setting process earlier this year, but Bill 44 died when the house was prorogued Oct. 1. A new legislative session began on Wednesday with the throne speech.

Under Bill 44, hydro rates would have been set by cabinet decree until 2024 or when the planned new regulatory process was fully in effect. After that, they were to be established by the PUB at five-year intervals.

Finance Minister Scott Fielding said Friday the cost of the current PUB regulatory process, borne by the Crown corporation, is too expensive.

The government has already an-

nounced it will reintroduce its PUB legislative amendments in the current legislative session.

"We do want to make life more affordable for Manitobans," Fielding said. "This is a very unique year. It's a transition year, clearly, with Hydro and our agenda for reforming the PUB."

He wouldn't speculate on what the new bill might entail or whether it would be significantly different from Bill 44.

A 2.9 per cent rate increase would boost Manitoba Hydro's electricity revenues by an estimated \$50 million a year. Last fiscal year, the province's largest Crown corporation earned a profit of \$99 million.

The advantages of the current PUB rate-setting process are that it's independent, comprehensive and evidence-based, consumer advocates say. When functioning properly, it provides no advantage to either consumers or corporations such as Hydro and Manitoba Public Insurance.

At times, the PUB orders rate hikes that are less than a Crown corporation has asked for, but occasionally it grants a company a higher rate than it has sought if it believes that's what's needed.

Gloria Desorcy, executive director of the Manitoba branch of the Consumers' Association of Canada, said the process ensures that ratepayers don't pay more than they should, or that a Crown corporation won't be left in such dire financial straits that consumers will face "rate shock" in the future.

Desorcy said her organization is "fearful" of the government setting hydro and Centra gas rates. She wonders on what basis it is deciding what Manitobans will pay.

"A big aspect of our concern is that not only is it not evidence-based, not overseen by an independent third party, but there is no opportunity for perspectives in the marketplace, like consumers, business, industry and Indigenous groups or the public to have

input," she said.

Manitoba Hydro did not respond to a request for comment.

The corporation does not currently have a rate application before the PUB, perhaps because it had anticipated passage of Bill 44.

"If Manitoba Hydro has not applied to increase their rates, why should Mr. Pallister increase your hydro bill just with the stroke of a pen?" Kinew said Friday.

Liberal Leader Dougald Lamont said the proposed government-dictated rate hike is "political interference (in a Crown corporation's business) that is every bit as bad and as dangerous as anything the NDP ever did."

"These are decisions that need to be made by the Public Utilities Board, which the Pallister government is undermining," he said.

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