

January 18, 2018

Ms. Angela Wilde  
Public Utilities Board  
400 - 330 Portage Ave.  
Winnipeg MB REC 0C4

Dear Ms. Wilde:

Please find enclosed ten(10) copies of my  
January 18, 2018 presentation (2 pm ).

Respectfully



Allan Ciekiewicz  
Box 201


R R # 2 Dugald MB

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PRESENTATION MADE BY  
ALLAN CIEKIEWICZ  
ON JANUARY 18, 2018 IN WINNIPEG  
BEFORE THE PUBLIC UTILITIES BOARD  
RE: MANITOBA HYDRO'S  
2017 / 18 & 2018 / 19 GENERAL RATE APPLICATION

I Allan Ciekiewicz, do hereby certify that  
the evidence, information, and documentation filed as a  
written presentation in Manitoba Hydro's 2017 / 18 &  
2018 / 19 General Rate Application is true.

  
signature

A few years ago Manitoba Hydro presented a development plan that continues a path of predominately hydro generation **with enhanced access to export markets**. This is similar to the views of reports of consulting firms KPMG (2010) and ICF(2009).

In my December 17, 2010 letter to KPMG and March 15, 2010 letter to ICF I asked them to respond to the following question: Will not more new hydraulic stations actually compound the risks of a drought and the expected revenue from long-term firm export contracts?

Neither KPMG or ICF answered my requests except to say ....ask Manitoba Hydro. Manitoba Hydro refused to respond to my requests based on a false fact stated by Manitoba Hydro.

in the July 29, 2017 Free Press President & CEO Mr. Shephard stated a drought could precipitate annual losses in the \$hundreds of millions.

From page 9 of the 66th Annual Report it states...the Board's review confirmed that, all factors considered, proceeding with both projects(Keeyask, BipoleIII) was the right decision for Manitoba Hydro and its customers **despite anticipated cost escalations and schedule delays.**(bold print added) it is at that point in time that the construction of Keeyask and Bipole III should have been put on hold or terminated or leased or sold and some revenue from such a move could finance construction of two or three hyper-efficient gas turbines that can be installed quicker and cheaper than hydraulic stations. Also such gas turbines would protect the power supply of Manitobans during droughts. It is not too late.



#### **Interim orders ex parte**

45 The board may, if the special circumstances of any case so require, make an interim ex parte order authorizing, requiring, or forbidding, anything to be done that the board would be empowered on application, petition, notice, and hearing to authorize, require, or forbid; but no such order shall be made for any longer time than the board deems necessary to enable the matter to be heard and determined, on such application, petition, notice or hearing.

#### **Extension of time for compliance with order**

46 Where any work, act, matter, or thing, by any order, regulation, or decision of the board is required to be done, performed, or completed within a specified time, the board may, if the circumstances appear so to require, upon such notice as it deems reasonable, or, in its discretion, without notice, extend the time so specified.

#### **Orders subject to conditions**

47(1) The board may direct, in any order, that the order or any portion or provision thereof shall come into force

(a) at a future fixed time; or

(b) upon the happening of any contingency, event, or condition specified in the order; or

(c) upon the performance to the satisfaction of the board, or a person named in the order for the purpose, of any terms that the board may impose upon any party interested;

and the board may direct that the whole or any portion of the order shall have force for a limited time, or until the happening of a specified event.

#### **Interim order**

47(2) The board may, instead of making an order final in the first instance, make an interim order and reserve further directions, either for an adjourned hearing of the matter, or for further application.

#### **Orders involving expense to parties to be after notice and hearing**

48 The board shall not make an order involving any outlay, loss, or deprivation to any owner of a public utility, or any person without due notice and full opportunity to all parties concerned, to produce evidence and be heard at a public hearing of the board, except in case of urgency; and in that case, as soon as practicable thereafter, the board shall, on the application of any party affected by the order, re-hear and reconsider the matter and make such order as to the board seems just.

#### **Contents of order**

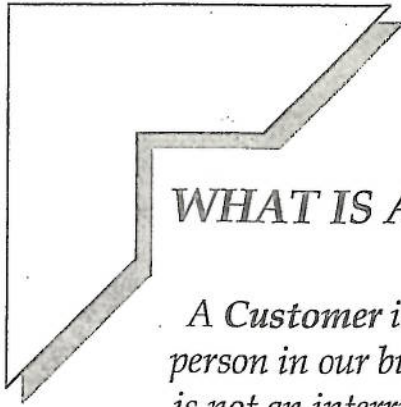
49(1) The board need not show upon the face of an order that any proceeding or notice was had or taken, or that there existed any circumstances necessary to give it jurisdiction to make the order.

#### **Substantial compliance with Act only required**

Following is another question that I submitted to Manitoba Hydro on March 18, 2013; the question is ... how much higher (the actual accurate amount ) would our current residential rate of 8.196 ¢ / kWh be without the benefits of the allocated export revenues used for decreasing rates? Hydro's response stated that because my questions were of a technical nature as opposed to Customer Service Concerns that they would not respond to me individually. Hydro has developed its own pamphlet called "What is a Customer?" (enclosed) and it appears from my Hydro experiences that Hydro doesn't even know it exists.

It is important to know the answer to that question so that Hydro can justify its constant reminders re: how export revenues keep our electricity rates low. I have never been presented with the answer to that question. Could it be that the amount of export revenue contributing to decreasing rates is around zero or doesn't Hydro know how to calculate the answer?

If the amount of export revenues supporting rates is extremely small what is the point in investing billions and billions of more dollars in more hydraulic development and shackling residential ratepayers with excessive rate increases for many years to come. It is probably time to switch off all long-term firm export contracts and switch to a supplemental alternate source of energy so that Manitoba Hydro's main focus is directed towards the needs of Manitobans. If Manitoba Hydro continues to promote long-term firm export contracts then it is time for the PUB to use Section 47(1) (enclosed) of the Public Utilities Board Act.



## WHAT IS A CUSTOMER?

*A Customer is the most important person in our business. A Customer is not an interruption of our work ... he is the purpose of it! We are not doing him a favor by serving him ... he is doing us a favor by giving us the opportunity to do so.*

*A Customer is not dependent upon us ... we are dependent upon him. A Customer is not an outsider to our business ... he is a part of it.*

*A Customer is not a cold statistic ... he is a flesh and blood human being with feelings and emotions, biases and prejudices.*

*A Customer is not someone to argue or match wits with. Nobody ever won an argument with a customer.*

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*ξξξξξξξξ A Customer is a person who brings us his wants. It is our job to handle them profitably for him.*



However, the existing program is..... we build up retained earnings; improve the debt:equity ratio; construct hydraulic stations too early; concentrate on long-term firm export contracts that can have a tremendous negative impact on Hydro's finances; wait for adverse conditions such as a severe drought; address the severe drought, after it occurs, with imports; allow the retained earnings to drop adversely affecting the debt:equity ratio; increase rates to the ratepayers and then start all over again; what's the point ? Such a vicious circle makes no sense at all. It's time to change.

It is time to stop all the hoopla about export revenues and the needs of Americans and make sure that the province of Manitoba will have a secure supply of energy for Manitobans first and foremost especially in times of threat to the energy needs of Manitoba hence the need for two or three gas turbines.

To date a quick review of Keeyask's costs: \$1.4B before it was even approved, then up to \$5.7B, then up to \$8.7B, then up to app. \$10.5B.

If a severe drought coincides with the long-term firm export contracts assigned to Keeyask then Manitoba Hydro is gambling with Manitobans' future. Hydro promising massive amounts of electric power by way of long-term firm export contracts is the last thing that Manitobans need but that is Hydro's development plan and if water flows are down to a trickle then Manitobans are up the creek without a paddle. Remember, a drought is a risk most likely to occur coupled with the greatest degree of negative consequences to Manitoba Hydro's finances. If the only export contract that should be allowed was to be opportunity sales as opposed to long-term firm export contract sales that may yield less profit and in some cases a higher profit.

As it stands now we are getting residential rate increases every year so that we can contribute to Hydro's unacceptable development plan in order to increase Hydro's export revenues so that Hydro can brag about our low electricity rates but never indicate to the ratepayer by how much the export revenues contributed to our low electricity rates and now attempt to impose a rate increase of 7.9%. For my May 27, 2015 presentation I calculated the rate increase from 2004 to 2014 which was app. 43%. This was known to me as the **decade of rate shock**. And it continues when you consider Hydro's demands for rate increases. **Stop the madness.....any increase above the rate of inflation is unacceptable.**

#### From a Risk Advisory Report 2005

In the 1989 drought Manitoba Hydro experienced a \$28 million loss and had 423 GWhs of long-term commitments.

In the 2003 drought Manitoba Hydro experienced a \$436 million loss and had 6100 GWhs of long-term commitments.

Because of the 2003 excessive amount of long-term firm export contracts Manitoba Hydro did not have enough generation to meet domestic Manitoba load and fulfill their obligations under long-term firm export sales arrangements.

Hence my concern within this presentation re: long-term firm export contracts coupled with the risks of droughts.

Following is the opening comment, with many justifying facts, from my December 12, 2012 presentation:

.....can we believe Manitoba Hydro's projections / forecasts / predictions statements etc. The answer is "I don't believe so"



• Hydro stated in the July 20, 2017 Free Press that when Bipole III is finished that there will still be a \$ 205 million “deficiency”: every year deferred accounts??

• Hydro stated in the December 5, 2017 Free Press that if the PUB turns down the 7.9% rate application, Hydro will be back a year from now asking for even more.

When I read those two comments especially the last one I immediately thought of lawyer Yude Henteleff and his involvement with Manitoba Hydro's 1968 licence application for the Churchill River Diversion, South Indian Lake. Here is Mr. Henteleff's comment .....

....The fact is that they(Hydro) were totally ill-prepared. They approached the situation with considerable arrogance, and felt that anybody who questioned them was, in effect, questioning God. Somehow, they were touched with infallibility in terms of decisions. Who had the temerity to question them? .....

That was approximately 50 years ago and has Manitoba Hydro's attitude improved.....definitely not....what a shame.