



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA HYDRO  
2017/18 and 2018/19  
GENERAL RATE APPLICATION  
PUBLIC HEARING

Before Board Panel:

Robert Gabor	- Board Chairperson
Marilyn Kapitany	- Vice-Chairperson
Larry Ring, QC	- Board Member
Shawn McCutcheon	- Board Member
Sharon McKay	- Board Member
Hugh Grant	- Board Member

HELD AT:

Public Utilities Board  
400, 330 Portage Avenue  
Winnipeg, Manitoba  
January 18th, 2018  
Pages 5478 to 5518

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24 Corey Shefman (np) ) Manitoba Chiefs

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9 )Small, General

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1 --- Upon commencing at 1:16 p.m.

2

3 DR. BYRON WILLIAMS: Mr. Chair, Byron  
4 Williams, Consumers Coalition, noting that Ms. DeSorcy  
5 is here. Just -- we're -- we're going to send out a  
6 letter or email about this later today, but just in  
7 anticipation of closing argument, our client has  
8 identified three (3) or four (4) potential legal  
9 issues that might arise in the course of this hearing,  
10 so we're going to make a recommendation to the Board,  
11 which the Board can do with as it pleases, that it  
12 might be useful for parties who intend to be  
13 presenting legal argument to provide a -- a simple  
14 notice of -- of that intent.

15 And I'll give the Board three (3) or  
16 four (4) examples of the type of legal argument that  
17 our client anticipates, not necessarily being brought  
18 by our clients, but ones that we might respond to.

19 We know in the past, not our client,  
20 but others have argued that the Board does not have  
21 jurisdiction to bring in differential rates based on  
22 income. So, if a party was intending to bring that  
23 argument, our client would certainly wish to -- to  
24 speak to that.

25 Another argument, we think at least

1 hinted at both in the opening statement of one (1) of  
2 the Intervenors, as well as in their cross-  
3 examination, is whether a rate that fails to take into  
4 account the differential impact on First Nation people  
5 living on reserves, recognizing their realities in  
6 terms of income, housing stock, climate. We  
7 anticipate that some parties might argue that failing  
8 to take that into account might be discriminatory  
9 within Section 15 of the Charter.

10                   And we're not saying that will be  
11 raised, but that's -- that's an argument that we've  
12 seen implicit in some arguments.

13                   It seems to our client that there has  
14 been issues related to the interpretation of the  
15 Uniform Rates Legislation raised both in the cross-  
16 examination of Mr. Barnlund by Board counsel, as well  
17 as the direct evidence of Mr. Harper yesterday.

18                   And finally, there may be an argument  
19 raised in terms of whether using Charter values to  
20 interpret the legislation, there is a right to  
21 affordable reliable electricity.

22                   So, those are some of the arguments  
23 that our client -- not necessarily that our client  
24 will be making but has started to prepare positions  
25 on. And again, this is totally at the Board's beck --

1 choice, but we thought it might be helpful to ask  
2 parties if they're planning to raise legal arguments  
3 to provide some sort of notice, even a one (1) or two  
4 (2), two (2) line statement of legal issue to be  
5 addressed.

6                   And again, that's just -- our  
7 recommendation that the Board might want to look at  
8 that and we'll provide that in -- in writing to, but I  
9 just wanted to flag it as something we're starting to  
10 anticipate.

11                   THE CHAIRPERSON: Thank you. Ms.  
12 Ramage, nothing binding, but do you have any thoughts  
13 on this?

14                   MS. PATTI RAMAGE: Well, my first  
15 thought is that I think notice is a good thing, but I  
16 think notice would've been helpful at the beginning of  
17 the hearing, not to hear of it now.

18                   If that was, as Mr. Williams said,  
19 something he thought he heard on day 1 that that is  
20 your case theory, and that's where you're going, a  
21 Charter argument or a discrimination argument would've  
22 -- would've been helpful back then.

23                   I don't have anything particularly --  
24 anything brilliant to comment on at this stage other  
25 than earlier notice is better. But we -- we're weeks

1 away from final argument and to think that we're going  
2 to be into a Charter challenge at this point of any  
3 type, I -- I am a bit at a loss because despite my  
4 healthy legal team, Charter is not one (1) of our  
5 areas that we've been looking at through this process.

6                   So, I do agree early notice is good,  
7 but I -- early notice is better, but earlier in  
8 process means a lot earlier than the week before final  
9 argument. But having said that, we're going to have  
10 to look at it. Look and see what comes in and address  
11 but if it's something that big, uniform rates, we talk  
12 about that all the time here; whether this panel has  
13 the ability to -- to impose an income base rate, it's  
14 something that's directly in this Panel's -- we've  
15 been here before. We've heard it before. It's in the  
16 expectations.

17                   These other two (2) are something that  
18 was not on my radar heading into this afternoon.

19                   THE CHAIRPERSON: I'm just wondering  
20 if -- has -- has notice been given in previous  
21 hearings, notice of legal arguments in previous  
22 hearings?

23                   DR. BYRON WILLIAMS: It hasn't. And I  
24 -- and I would say, but -- but to me, Mr. Chair and --  
25 and to the Panel -- and I certainly don't think notice

1 of constitutional question would be required because -  
2 - like, if you look at the Notice of Constitutional  
3 Questions Act, I don't think it's directed at  
4 challenges to Statutes. I think this is a -- and I'm  
5 not even saying but, you know, we -- we've heard some  
6 arguments raised right in opening statements, and then  
7 in certain crosses that...

8                   So, I don't think it's been done  
9 before. I don't think it's obligatory for the Board,  
10 but I'm just thinking in terms of efficiency of the  
11 process, especially given that Hydro's going first, if  
12 -- if parties are antic -- anticipating raising this,  
13 it might be useful.

14                   THE CHAIRPERSON: Well, I mean, you  
15 know, quite frankly, of interest is we're trying to  
16 have a fair hearing of interest is -- if there are  
17 issues, the parties know they're going to raise, I  
18 would rather have Hydro know it a lot earlier than the  
19 day they raise it and get blindsided.

20                   But sorry, are you, Mr. Sattler?

21                   MR. JEFF FRANCE: No.

22                   THE CHAIRPERSON: No, okay. Sorry,  
23 you're one of -- you're a Hydro person, okay. Yeah,  
24 no, we're....

25                   You know, I guess if counsel could --

1 could talk amongst themselves about it, you know, once  
2 you put it forward we'll consider it. It would be  
3 much easier if counsel have an opportunity to -- to  
4 consider it and especially if we're looking at it --  
5 if there's some sort of timeframe, because certainly  
6 the -- if we go this way, the more notice the better.

7 DR. BYRON WILLIAMS: And again, it's  
8 just a thought. And I'll certainly bring it up with  
9 my colleagues. I'll just say, it would even be  
10 helpful to know whether Hydro is planning to take  
11 issue with the Board's jurisdiction to set  
12 differential rates based on income, you know, that --  
13 that argument has appeared before the Board before, so  
14 I think it would be helpful for Intervenors to provide  
15 notice, but I also think if Hydro is thinking of  
16 raising those arguments that would be helpful as well.

17 THE CHAIRPERSON: Okay. And, of  
18 course, we will want to talk to our counsel as well on  
19 that.

20 I apologize to everybody that we're  
21 sitting here waiting for presenters. I don't know  
22 what else to say. You know, while we are here, I was  
23 going to wait and do this when we had our first  
24 presenter.

25 I want to put on the record, we just

1 received notice that there was a fatal injury at the  
2 Manitoba Hydro site early on Wednesday, and that a  
3 member of the Lake Manitoba First Nation died  
4 accidentally. And we wanted to offer our condolences  
5 to the family of -- of the person, as well as to the  
6 people who are working with him and to the people of  
7 Manitoba Hydro as well. It's certainly very sad to --  
8 to experience this.

9                   Anyways, Mr. Simonsen's I think maybe  
10 he's on Portage Avenue looking for somebody to speak  
11 to us, but, we'll -- we'll wait to see if -- if there  
12 were other people appearing before us.

13

14 --- Upon recessing at 1:25 p.m.

15 --- Upon resuming at 1:39 p.m.

16

17                   THE CHAIRPERSON: Good afternoon, Mr.  
18 Mravinec. Thank you for attending. Mr. Simonsen will  
19 swear you in or have you affirm.

20

21 PUBLIC PRESENTATIONS:

22

23                   CHRIS MRAVINEC, Sworn

24

25                   THE CHAIRPERSON: The floor is yours,

1 sir.

2 MR. CHRIS MRAVINEC: Good afternoon.  
3 My name is Chris Mravinec and I represent about a  
4 thousand members of Local 998 of the Canadian Union of  
5 Public Employees. On behalf of those members, I'd  
6 like to thank the Board for the opportunity to present  
7 here today.

8 First, I'd like to offer a little bit  
9 of -- I'll start, reset here. My presentation isn't  
10 technical or number filled; that might be a relief for  
11 you cause as I understand the bulk of what you have to  
12 consider is full of numbers, and -- and that decision-  
13 making is technical in nature.

14 So first, I'd like to offer a bit of  
15 background on who I represent, and what I feel the  
16 state of that workforce is. CUPE 998 members work at  
17 Manitoba Hydro, predominantly in customer service,  
18 technical engineering, information technology,  
19 clerical support, research and demand-side management  
20 activities.

21 We support the Manitoba Hydro field  
22 staff who carry out the onerous task of producing and  
23 distributing electrical power in Manitoba. We also  
24 support management and their functions and, more  
25 importantly, the customers who use that electricity in

1 Manitoba.

2                   Like many Manitobans, our members are  
3 currently facing upheaval and uncertainty in their  
4 work and home lives on a number of fronts. They have  
5 borne the effects of Manitoba Hydro's efforts to  
6 reduce internal costs and realize efficiency increases  
7 in recent years through things like vacancy  
8 management, hiring freezes, staff cuts. And they are  
9 affected by other government actions like cuts to  
10 services, increased cost of services, mandated wage  
11 controls. In fact, about a hundred (100) of our  
12 members will be directly or indirectly affected by the  
13 removal of Power Smart from Manitoba Hydro in large  
14 part due to recommendations from this Board.

15                   Overall, our members are still proud of  
16 the work they do and they continue to work diligently,  
17 despite the massive amount of change and challenge  
18 they face.

19                   But I see the effects of all these  
20 actions, and I see increased in -- in some cases  
21 unrealistic workloads, increased stress and  
22 demoralization of the workforce, their evidence, and I  
23 fear there is a breaking point. And I know it's not  
24 fair to put further burden on the workforce. I  
25 believe maintaining levels of service to Manitoba

1 Hydro customers is important and that setting an  
2 arbitrary target for staff reductions, as is done, is  
3 not realistic. Reducing staff to assist in achieving  
4 financial targets is not feasible to operations in the  
5 long-term. And it will have a negative effect on  
6 employee well-being, safety and customer service  
7 levels.

8           Austerity in government policies is  
9 already happening on many fronts, in many sectors  
10 across the province: Cutbacks and funding freezes,  
11 service reductions are evident. These challenges are  
12 shared by many Manitobans, and there's been much  
13 public outcry about these decisions.

14           In recent times, wages for many  
15 Manitobans have not kept pace with inflation. For  
16 example, wage increases for the public sector, a large  
17 contributor to the Manitoba economy, have been  
18 mandated by government to be near zero for the next  
19 four (4) years through the Public Services  
20 Sustainability Act.

21           Funding cuts and freezes to many  
22 sectors in Manitoba also mean that even private sector  
23 workers or workers in other areas may see wage  
24 increases well below the rate of inflation for years  
25 to come. So adding near double-digit rate hikes to

1 what is already occurring at this time may well tip  
2 the scales for many individuals and may well have a  
3 negative effect on our economy overall.

4                   So I feel part of your deliberations  
5 should include considering the effects of rate  
6 increases on the provincial economy and the citizens  
7 of Manitoba.

8                   In their submission, Hydro asserts that  
9 the current rate request is needed to mitigate  
10 financial risk, and to prevent future exorbitant rate  
11 hikes from being passed on to consumers. And while  
12 this may be true, it is not the only solution to the  
13 current financial difficulties. It may be possible to  
14 accept lower rate increases and higher levels of risk  
15 while putting into action other means of mitigating  
16 that risk. A balancing of interests is required. And  
17 I'm suggesting a cross -- a cautious approach being  
18 employed when considering rate increases.

19                   This is because rates are not the --  
20 this is because rates are only part of the equation.  
21 With less export market available to generate revenue  
22 and lower domestic energy use than predicted, we must  
23 look to other sources for revenue. I urge the PUB to  
24 recommend government aggressively explore these new  
25 market opportunities within the province and in other

1 provinces, in order to increase demand while meeting  
2 targets for reducing, not just maintaining, carbon  
3 emission levels.

4           It is time for our current government  
5 to work with what they know and what they have to  
6 position Manitoba to use the energy assets we  
7 currently own to our advantage. The PUB can be part  
8 of that solution.

9           I don't envy you in the role you have  
10 in determining what is an acceptable rate increase.  
11 In the face of so many competing opinions, statistics  
12 and information, it is truly an onerous task and is  
13 not possible or reasonable to expect yourselves to  
14 know every detail and nuance of Manitoba Hydro's  
15 business decisions.

16           Load forecasting is not an exact  
17 science. We know it is less accurate the further out  
18 in time the prediction is made. We know construction  
19 projects can and do experience increased costs. And  
20 yet you are expected through all of this to be able to  
21 sift through reams of data, make decisions in the best  
22 interests of Manitobans.

23           And while I am not an expert in these  
24 matters, I can recognize the magnitude of the task and  
25 the magnitude of the effect that these decisions have

1 on the public. And I do know that as in the past with  
2 the case of demand-side management, recommendations  
3 made by the PUB can and do drive government policy and  
4 actions in areas beyond rate setting. This is an area  
5 I believe the PUB should consider as part of its rate  
6 setting activities; that, in addition to determining  
7 what is an acceptable rate increase, you deliver  
8 recommendations that help address Manitoba Hydro's  
9 excess capacity and reduce the export market.

10 In closing, I would like to confirm  
11 that although it appears a rate increase is necessary,  
12 we urge the PUB not to grant the full increase  
13 requested by Manitoba Hydro and to explore other ways  
14 of exerting influence; that you seek a balance between  
15 the financial risks described by Manitoba Hydro and  
16 the socioeconomic risks already being experienced by  
17 Manitobans and which are sure to grow -- grow if the  
18 full increase is granted.

19 It is time for bold policy moves and  
20 thinking outside the box to work through this  
21 situation. We need that to enter into the equation.  
22 And it is time for the PUB to provide this level of  
23 advice to government. We can't change the past, but  
24 we can change the future. Thank you for your time  
25 today.

1 THE CHAIRPERSON: Thank you, sir. I'm  
2 going to ask the Intervenors if they have any  
3 questions of you.

4 MR. DAVID CORDINGLEY: Thank you, Mr.  
5 Chair. We have no questions.

6 DR. BYRON WILLIAMS: The Consumers  
7 Coalition thanks CUPE for the presentation, and note  
8 our client is here, but we have no questions. Thank  
9 you very much.

10 THE CHAIRPERSON: Manitoba Hydro...?

11 MS. PATTI RAMAGE: Manitoba Hydro has  
12 no questions for Mr. Mravinec. Thank you, Mr.  
13 Mravinec.

14 THE CHAIRPERSON: Panel...? No...?

15 BOARD MEMBER GRANT: Thanks. I was  
16 just curious about a few things that I -- I should've  
17 asked Hydro some of these questions, but, the Power  
18 Smart members you mentioned, what is their current  
19 status? Are they expected to be transferred along  
20 with responsibility to Efficiency Manitoba or what is  
21 the expectation there?

22 MR. CHRIS MRAVINEC: Okay. The current  
23 status is, I guess, probably best described as still  
24 in limbo. There was the Efficiency Manitoba Act  
25 passed by government. As far as I'm aware, there's no

1 regulations under it so we're not clear on what will  
2 happen to those workers.

3                   We've received some assurances that,  
4 you know, some may move over. We do hope to -- that -  
5 - that, you know, in a labour relations world that our  
6 collective agreement follows and that we get what --  
7 what is known as successor rights for those workers,  
8 as -- as the work won't change so they should still be  
9 unionized and be afforded the protections and -- and  
10 the entitlements they have under their current  
11 agreement, but we have no certainty as to how that  
12 will be put into place.

13                   BOARD MEMBER GRANT:    The -- this may  
14 sound like I'm just setting you up to hit one out of  
15 the park here, but let me pose: You mention the  
16 targets for job cuts was -- I think you uses the word  
17 "arbitrary." Interesting word.

18                   Is there a sense -- I guess an issue in  
19 -- in these hearings is: Are there other costs to be  
20 squeezed out of the system, right? So either, you  
21 know, an alternative to rate increases is can you  
22 reduce costs. You mentioned morale issues. You  
23 mentioned workload.

24                   I guess I'm just interested in your  
25 perspective on -- not just how the nature of work

1 changes, but, in fact, are there -- and I -- I think  
2 it's a predictable answer I'm going to get but are  
3 there other cost savings to be had, or do you think  
4 there should be some backfilling of positions, that  
5 sort of thing.

6 MR. CHRIS MRAVINEC: That's an  
7 interesting question. I didn't expect that one.

8 Certainly -- I guess, maybe I'll start  
9 with why I chose the word "arbitrary" if that helps.  
10 And -- and -- I haven't really been able to ascertain  
11 with any certainty why that number was chosen or what  
12 that number represents beyond a financial number.  
13 Like, it represents going forward this much annual  
14 savings, you know, extrapolated over the years.

15 And so -- and that's fair enough as --  
16 as a target, but it -- it -- to my knowledge there was  
17 no investment done in what could be a reasonable  
18 number of staff reductions while maintaining services  
19 or maintaining goals.

20 So for that reason, I look at it and --  
21 and -- and I chose the word "arbitrary" because I  
22 don't think it represents a number that was -- had any  
23 certainty to it in -- in the -- in the sense of what  
24 is affected at Manitoba Hydro.

25 Financially they can predict, but in

1 terms of operations and it's almost certain to take  
2 approximately one-sixth of the workforce out of a  
3 Company that some services will suffer in some areas,  
4 and there is, you know, definitely efforts ongoing at  
5 Manitoba Hydro to -- to find ways to get that work  
6 done and to accommodate this, but I don't -- I can't  
7 put my finger on any reason why nine hundred (900) was  
8 the target and so -- and so that's -- I hope -- I hope  
9 that answers your question.

10 BOARD MEMBER GRANT: It does, thank  
11 you.

12 THE CHAIRPERSON: Sir, in your  
13 presentation you referred to other solutions which  
14 was: We should be looking at lower rates and other  
15 ways to mitigate risks. And then I believe you  
16 followed that up with, one (1) of them is to explore  
17 new market opportunities.

18 I guess the question I have is: Are  
19 there other suggestions you would put forward on  
20 mitigating risks?

21 MR. CHRIS MRAVINEC: Yeah -- yes,  
22 there are. Mr. chair, I had the opportunity to  
23 present when Bill 19 was making its way through  
24 legislative committee, the Manitoba Efficiency Act,  
25 and I echoed some of the same sentiments there in that

1 activities to do with demand-side management and  
2 reducing energy use at this time, I think it was  
3 called out by some that that didn't make sense in  
4 light of -- of the excess capacity that we have. But  
5 those activities serve multi-purposes and part of it  
6 is to reduce load and -- and reduce bills for  
7 customers; part of it is to -- to defer the need for  
8 new generation.

9                   Well, we have the generation built, and  
10 those decisions are past, and behind us. So we know  
11 enough -- now, we know we have excess capacity, and  
12 finding ways to tap into that capacity kind of where  
13 I'm looking at.

14                   Things like pursuing electrification of  
15 fleets or other opportunities domestically, attracting  
16 business, it'll -- exploring, perhaps more fully,  
17 exporting to neighbouring provinces, there's dynamics  
18 -- there are dynamic -- dynamics happening across the  
19 country with federal legislation that cause our  
20 neighbours to the west to have, you know, a high  
21 carbon-based electrical generation portfolio. They  
22 just do lots of coal and gas, and we seem to have a  
23 portfolio that's much greener and hydroelectrically-  
24 based. And I think that there can be a fit there.

25                   So that would be something that I'm

1 thinking.

2 THE CHAIRPERSON: Is it your view that  
3 Manitoba Hydro is not looking at those right now, like  
4 electrification, selling power to other provinces,  
5 exploring new market opportunities?

6 MR. CHRIS MRAVINEC: No, no. I know  
7 that I -- I'm not an expert in these matters, but I  
8 understand that Hydro is -- has pursued additional  
9 export contracts. I know that to be true. We've seen  
10 some -- some of them come true, I believe with one (1)  
11 to Saskatchewan in the last year or two (2).

12 Other areas, though, I think are little  
13 bit possibly beyond Hydro's mandate, and they might  
14 need a little bit of urging from government to happen.  
15 And by that I mean electrification and -- and  
16 expanding sort of the internal market, making, you  
17 know, there -- there's goals the government has about  
18 reducing emissions, and carbon taxes, and they seem to  
19 fit well with using more green electricity that we  
20 have. And if the export market isn't there, maybe we  
21 should be turning more internally. I'm not sure Hydro  
22 is -- is in a position with the reductions and the  
23 pressures on them financially to -- to sort of drive  
24 that.

25 THE CHAIRPERSON: Sir, are you talking

1 about, like, an east/west corridor, like -- like a  
2 national grid, or are you talking about something  
3 else?

4 MR. CHRIS MRAVINEC: That would be one  
5 (1) aspect.

6 THE CHAIRPERSON: Okay.

7 MR. CHRIS MRAVINEC: Certainly to the  
8 west, as I understand it, but internally, you -- you  
9 know, our -- our own internal domestic energy use is -  
10 - is sort of in question, I think, through some of  
11 these proceedings and the forecasting. So it just  
12 seemed logical to me that if we could find more valid  
13 use for our electricity internally, that rate seems to  
14 be more attractive than an export rate to the south of  
15 the market right now.

16 THE CHAIRPERSON: M-hm.

17 MR. CHRIS MRAVINEC: So it could be  
18 extraprovincially to other provinces, or even  
19 internally.

20 THE CHAIRPERSON: Okay. Any  
21 questions? No? Sir, thank you very much for your  
22 attendance today. It was very helpful. Thank you.

23 MR. CHRIS MRAVINEC: Thank you for the  
24 opportunity.

25

1 (BRIEF PAUSE)

2

3 THE CHAIRPERSON: Mr. Ciekie -- sorry,  
4 Mr. Ciekiewicz, could you go to the witness table?  
5 Thank you.

6

7 (BRIEF PAUSE)

8

9 THE CHAIRPERSON: Are we on the  
10 record? Okay. Thank you. Mr. Simonsen...?

11

12 PUBLIC PRESENTATION:

13

14 ALLAN CIEKIEWICZ, Affirmed

15

16 THE CHAIRPERSON: Sorry, sir, how do  
17 you pronounce your last name? I don't want to do it  
18 improperly.

19 MR. ALLAN CIEKIEWICZ: Ciekiewicz.

20 THE CHAIRPERSON: Ciekiewicz.

21 MR. ALLAN CIEKIEWICZ: Yeah, that's  
22 good.

23 THE CHAIRPERSON: Okay. Thank you.

24 MR. ALLAN CIEKIEWICZ: Thanks.

25 THE CHAIRPERSON: Please -- please

1 proceed, sir.

2

3 PRESENTATION BY MR. ALLAN CIEKIEWICZ:

4 MR. ALLAN CIEKIEWICZ: Okay. Well,  
5 Mr. Chairman, members of the Board and everybody else  
6 present, good afternoon. This is again -- I hope that  
7 this is going to be a real brief one.

8 A few years ago, Manitoba Hydro  
9 presented a development plan that con -- continues a  
10 path of predominantly Hydro generation with enhanced  
11 access to export markets. This is similar to the  
12 views of reports of consulting firms, KPMG 2010 and  
13 ICF in 2009. And my December 17th, 2000 letter --  
14 2010 letter to KPMG, and March 15th, 2010 letter to  
15 ICF. I asked them to respond to the following  
16 question: Will not more new hydraulic stations  
17 actually compound the risks of a drought and the  
18 expected revenue from long-term firm export contracts?

19 Neither KPMG or ICF answered my  
20 request, except to say, Ask Manitoba Hydro. Manitoba  
21 Hydro refused to respond to my request based on a  
22 false fact stated by Manitoba Hydro. In the July  
23 29th, 2017 Free Press, President and CEO Mr. Shepherd  
24 -- Shepherd stated a drought could precipitate annual  
25 losses in the hundreds of millions of dollars. From

1 page 9 of the 66th annual report, it states:

2 "The Board's view confirmed that,  
3 all factors considered, proceeding  
4 with both projects, Keeyask and  
5 Bipole III was the right decision  
6 for Manitoba Hydro and its customers  
7 despite anticipated cost escalations  
8 and schedule delays."

9 Bold print added. It is at that point  
10 in time that the construction of Keeyask and Bipole  
11 III should have been put on hold, or terminated, or  
12 released, or sold, and some revenue from such a move  
13 could finance construction of two (2) or three (3)  
14 hyper-efficient -- efficient gas turbines that can be  
15 installed quicker and cheaper than hydraulic stations.  
16 Also, such gas turbines would protect the power supply  
17 of Manitobans during droughts. It is not too late.

18 The following is another question that  
19 I submitted to Manitoba Hydro on March 18th, 2013.  
20 The question is: How much higher, the actual,  
21 accurate amount, would our current residential rate of  
22 eight point one-nine-six (8.196) cents per kilowatt  
23 hour be without the benefits of allocated export  
24 revenues used for decreasing rates?

25 Hydro's response stated that because my

1 questions were of a technical nature as opposed to  
2 customer service concerns, that they would not respond  
3 to me individually. Hydro has developed its own  
4 pamphlet called, What is a customer? Part -- there's  
5 a copy enclosed in -- in this proj -- presentation.  
6 And it appears from my Hydro experiences that Hydro  
7 doesn't even know it exists.

8           It is important to know the answer to  
9 that question so that Hydro can justify its constant  
10 reminders regarding how export revenues keep our  
11 electricity reasonable. I have never been presented  
12 with the answer to that question. Could it be that  
13 the amount of export revenue contributing--  
14 contributing to decreasing rates is around zero? Or  
15 doesn't Hydro even know how to calculate the answer?

16           If the amount of export revenues  
17 supporting rates is extremely small, what is the point  
18 in investing billions and billions of more dollars,  
19 and more hydraulic development, and shackling  
20 residential ratepayers with excessive rate increases  
21 for many years to come? It is probably time to switch  
22 off all long-term firm export contracts is switched to  
23 a supplemental alternate source of energy so that  
24 Manitoba Hydro's main focus is directed towards the --  
25 excuse me -- towards the needs of Manitobans. If

1 Manitoba Hydro continues to promote long-term firm  
2 export contracts, then it is time for the PUB to use  
3 Section 47, part 1, enclosed, of the Public Utilities  
4 Board Act.

5                   However, the existing program is: We  
6 build up retained earnings; improve debt/equity ratio;  
7 construct hydraulic stations too early; concentrate on  
8 long-term firm export contracts that could have a  
9 tremendous negative effect on Hydro's finances; wait  
10 for adverse condi -- conditions, such as a severe  
11 drought; address the severe drought after it occurs  
12 with imports; allow the retained earnings to drop  
13 adversely affecting the debt/equity ratio; increase  
14 rates to the ratepayers, and then start all over  
15 again, so what's the point? Such a vicious circle.  
16 It makes no sense at all. It's time to change.

17                   It's time to stop all the hoopla about  
18 export revenues and the needs of Americans, and make  
19 sure that the Province of Manitoba will have a secure  
20 supply of energy for Manitobans first and foremost,  
21 especially in times of threat to the energy needs of  
22 Manitoba, hence the need for two (2) or three (3) gas  
23 turbines.

24                   To date, a quick review of Keeyask's  
25 costs, \$1.4 billion before it was even approved, then

1 up to \$5.7 billion, then up to \$8.7 billion, then up  
2 to approximately -- because I'm not sure about this  
3 one -- around \$10.5 billion. If a sev -- if a severe  
4 drought coincides with the long-term firm export  
5 contracts assigned to Keeyask, then Manitoba Hydro is  
6 gambling with Manitobans' future. Hydro promising  
7 massive amounts of electric power by way of long-term  
8 firm export contracts is the last thing that  
9 Manitobans need, but that is Hydro's development plan.

10                   And if water flows are down to a  
11 trickle, then Manitobans are up the creek without a  
12 paddle. Remember, a drought is a risk most likely to  
13 occur, coupled with the greatest degree of negative  
14 consequences to Manitoba Hydro's finances. If the  
15 only export contract that should be allowed was to the  
16 opportunity sales as opposed to the long-term firm  
17 export contract sales, that may yield less profit, and  
18 in some cases, a higher profit. You'd have to check  
19 with the NEB staff to figure that one out.

20                   As it stands now, we are getting  
21 residential rate increases every year so that we can  
22 contribute to Hydro's unacceptable development plan in  
23 order to increase Hydro's export revenues, so that  
24 Hydro can brag about how -- our low electricity rates,  
25 but never indicate to the ratepayer about how much the

1 export revenues contributed to our low electricity  
2 rates and now attempt to impose a rate increase as 7.9  
3 percent.

4                   For my May 27th, 2015 presentation, I  
5 calculated the rate increase from 2004 to 2014. This  
6 was approximate -- approximately 43 percent. This was  
7 known to me as a decade -- decade of rate shock, and  
8 it continues when you consider Hydro's demands for  
9 rate increases. It's time to stop the madness. Any  
10 increase above the rate of inflation is unacceptable.

11                   From a risk advisory report, 2005. And  
12 this sort of gives you the idea of why I'm focused on  
13 droughts and these large export con -- firm export  
14 contracts. In 1989, a drought -- ended 1989 drought,  
15 Manitoba Hydro experienced a \$28 million loss. It had  
16 423 gigawatts hours of long-term commitments.

17                   In the 2003 drought, Manitoba Hydro  
18 experienced a \$436 million loss, and had 6,100  
19 gigawatts hours of long-term commitments. Because of  
20 a 2003 excessive amount of long-term firm export  
21 contracts, Manitoba Hydro -- and this was hard to  
22 believe. Manitoba Hydro did not have enough  
23 generation to meet domestic Manitoba load and fulfil  
24 their obligations under long-term firm export sales  
25 arrangements.

1                   That's my concern with -- within this  
2 presentation regarding long-term firm export  
3 contracts, coupled with -- coupled with the risks of  
4 droughts. Following is the opening comment with many  
5 justifying facts from my December 12th, 2012  
6 presentation. Can we believe Manitoba Hydro's  
7 projections, forecast predictions, statement, et  
8 cetera? The answer is: I don't believe so.

9                   And one (1) last -- last thing. And I  
10 read this in the paper. This was -- it was just hard  
11 to take for me, actually. Hydro stated in its July  
12 20th, 2017 Free Press, that when Bipole III is  
13 finished, that there will still be a \$205 million  
14 deficiency every year. And apparently -- this isn't  
15 on the paper. I'm just ad-libbing, here. But  
16 apparently, we have this deferred account that part of  
17 the increase that's given to Hydro has to go to a  
18 deferred account towards Bipole -- Bipole III when  
19 it's finished.

20                   We're never going to get \$205 million.  
21 I don't care how much everybody puts in. If this is  
22 every year, I -- it's hard to believe. Hydro -- okay,  
23 Hydro stated in the December 5th, 2017 Free Press that  
24 if the PUB turns down a 7.9 percent rate application -  
25 - excuse me -- Hydro will be back a year from now --

1 excuse me -- asking for even more.

2 Out of that -- that -- just that's --  
3 that's utterly absurd. I don't know. When I read  
4 those two (2) comments, especially the last one, I  
5 immediately thought of lawyer Yude Henteleff and his  
6 involvement with Manitoba Hydro's 1968 license  
7 application for the Churchill River diversion, South  
8 Indian Lake. Here is Mr. Henteleff's comment:

9 "The fact is that they, Hydro, were  
10 totally ill-prepared. They  
11 approached the situation with  
12 considerable arrogance and felt that  
13 anybody who questioned them was, in  
14 effect, questioning God. Somehow,  
15 they were touched with infallibility  
16 in terms of decisions. Who had the  
17 temerity to question them?"

18 That was a -- excuse me. That was  
19 approximately fifty (50) years ago, and has Manitoba  
20 Hydro's attitude improved? Definitely not.  
21 Definitely not, and what a shame. Thank you.

22 THE CHAIRPERSON: Okay. Thank you,  
23 sir. Do any of the Intervenors have a -- a question  
24 of Mr. Ciekiewicz?

25 DR. BYRON WILLIAMS: Mr. Ciekiewicz,

1 Byron Williams, Consumers Coalition. Way over here.

2 MR. ALLAN CIEKIEWICZ: Yeah.

3 DR. BYRON WILLIAMS: Just thanking you  
4 for your presentation; no questions.

5 MR. ALLAN CIEKIEWICZ: Okay. You're  
6 welcome.

7 MR. DAVID CORDINGLEY: No questions,  
8 Mr. Chair. Thank you.

9 THE CHAIRPERSON: Ms. Ramage...?  
10

11 CROSS-EXAMINATION BY MS. PATTI RAMAGE:

12 MS. PATTI RAMAGE: I just want to  
13 clarify one (1) point, Mr. Ciekiewicz. You indicated  
14 in 2010 that you submitted questions to -- was it ICF?

15 MR. ALLAN CIEKIEWICZ: ICF and KPMG.

16 MS. PATTI RAMAGE: And KPMG. And  
17 those were both expert witnesses being presented by  
18 Manitoba Hydro in its GRA? Do you recall that?

19 MR. ALLAN CIEKIEWICZ: Yeah. Yeah.  
20 You were returning the letter to me. Yeah.

21 MS. PATTI RAMAGE: That's right. And  
22 you were advised by this Board to work through the  
23 Coalition to have your questions answered? Is that  
24 correct?

25 MR. ALLAN CIEKIEWICZ: I think long

1 ago, I mentioned to the Board that I was doing this as  
2 an individual, not as a part of a -- a larger group,  
3 because I wanted to just present my own ideas.

4 MS. PATTI RAMAGE: But that was the  
5 forum that was offered by this Board to you as opposed  
6 to writing to those experts directly?

7 MR. ALLAN CIEKIEWICZ: Yeah, to -- if  
8 I --

9 MS. PATTI RAMAGE: Would you agree?

10 MR. ALLAN CIEKIEWICZ: -- if I desired  
11 to do so, hook up with CAC.

12 MS. PATTI RAMAGE: So there was a form  
13 of response to your -- a -- a forum was provided to  
14 deal with your issues?

15 MR. ALLAN CIEKIEWICZ: I don't --  
16 okay, you're missing me, now. I'm missing this.  
17 There's a forum --

18 MS. PATTI RAMAGE: You weren't  
19 ignored, is what I'm saying.

20 MR. ALLAN CIEKIEWICZ: Are there Board  
21 members -- are there Board members from the Hydro up  
22 here?

23 MS. PATTI RAMAGE: No, there are no  
24 Board members --

25 THE CHAIRPERSON: From -- from the

1 previous -- sorry.

2 MS. PATTI RAMAGE: I said --

3 THE CHAIRPERSON: The -- there --

4 MS. PATTI RAMAGE: -- you were not --

5 you --

6 THE CHAIRPERSON: -- none of the Panel

7 -- none of this Panel was -- was involved --

8 MR. ALLAN CIEKIEWICZ: No, I know.

9 THE CHAIRPERSON: -- then.

10 MR. ALLAN CIEKIEWICZ: I only wrote --

11 I only wrote to KPMG and ICF, and when they said, Ask

12 Hydro, ask Manitoba Hydro, I'm pretty sure I wrote

13 them a letter, too. In fact, I know, because they

14 didn't -- their response was, We can't do it. And

15 they gave me a reason why they can't do it.

16 THE CHAIRPERSON: Yeah. Okay.

17

18 CONTINUED BY MS. PATTI RAMAGE:

19 MS. PATTI RAMAGE: And -- and just to

20 confirm the reason was, we were in -- Manitoba Hydro

21 was in a General Rate Application where the issues

22 were being reviewed. Is that correct?

23 MR. ALLAN CIEKIEWICZ: Yeah. But

24 there's a -- are you finished with that --

25 MS. PATTI RAMAGE: Well, I'm just

1 asking --

2 MR. ALLAN CIEKIEWICZ: Yeah, I

3 remember --

4 MS. PATTI RAMAGE: -- that -- that was  
5 the reason --

6 MR. ALLAN CIEKIEWICZ: -- but there's  
7 something to add to this.

8 MS. PATTI RAMAGE: -- it was provided,  
9 and it was also the reason it wasn't provided is that  
10 the Public Utilities Board had, in their Order,  
11 directed you to issue your questions using Mr.  
12 Williams, who's sitting behind me, with -- with his  
13 assistance, to have those issues reviewed.

14 Is that correct?

15 MR. ALLAN CIEKIEWICZ: I remember a  
16 comment from the PUB, but I'm not sure if it was at  
17 that point -- at that particular GRA, or another GRA.  
18 But you're missing a point -- not miss -- not missing  
19 a point, but you're deliberately, I think, leaving  
20 something out.

21 Hydro's reason was because I applied.  
22 The -- the reason why you didn't answer that question  
23 on how you wouldn't answer the question was because I  
24 applied for Intervenor status, and as soon as I read  
25 that, I said, I have not applied for Intervenor

1 status. I wrote the letter to you, and I must have  
2 written three (3) or four (4) letters, and then you  
3 finally agreed, no, I -- I didn't apply for Intervenor  
4 status. That was -- apparently, that was your excuse  
5 for not answering -- or Hydro's -- I'm sorry not to --  
6 you -- say "you" all the time but Hydro didn't want to  
7 answer the question.

8 THE CHAIRPERSON: Sir, I guess that  
9 the position of Hydro was that once they're in the --  
10 an application process, then any questions come to  
11 them need to come in through the process rather than  
12 directly --

13 MR. ALLAN CIEKIEWICZ: Yeah. And that  
14 was -- that was -- yes, that was in the letter, but I  
15 didn't apply for anything.

16 THE CHAIRPERSON: Okay.

17 MR. ALLAN CIEKIEWICZ: That was the  
18 problem.

19 THE CHAIRPERSON: Yeah.

20 MR. ALLAN CIEKIEWICZ: So.

21 THE CHAIRPERSON: Well -- and now, we  
22 allow presentations which -- the process has changed  
23 in the sense that now we can take your presentation as  
24 evidence which was --

25 MR. ALLAN CIEKIEWICZ: Yeah.

1 THE CHAIRPERSON: -- not the case  
2 before --

3 MR. ALLAN CIEKIEWICZ: Yeah, I  
4 appreciate that.

5 THE CHAIRPERSON: -- and we take  
6 presentations from individuals, not just from -- from  
7 larger groups, so that we can hear from people like  
8 you.

9 MR. ALLAN CIEKIEWICZ: Yeah. That was  
10 good.

11 THE CHAIRPERSON: Any questions?  
12 Nothing?

13 Sir, can I just ask you -- part of --  
14 in your presentation, you appear to still take the  
15 position that we should be shutting down these  
16 projects now.

17 And I guess the question I have is  
18 whether that's realistic, given how far they've gone  
19 down the road and how much money has gone into them.  
20 I -- we've heard -- we've heard that suggestion, I --  
21 I guess, in reviewing the record from going back years  
22 ago, but -- and it appears to have been your position  
23 before.

24 But is that your position now, that we  
25 should be shutting Keeyask and close Bipole III down?

1 MR. ALLAN CIEKIEWICZ: I -- I still  
2 felt -- I'm sorry. I'm sorry to interrupt you --

3 THE CHAIRPERSON: Sorry, no, go ahead.

4 MR. ALLAN CIEKIEWICZ: My thought  
5 about closing those -- the two (2) down -- and it's --  
6 it's not really closing them down. It's either you --  
7 you rent them out somehow -- someone's got to come up  
8 with an idea to do that or you sell them or whatever --  
9 - I had four (4) things on there, I think. I can't  
10 remember them off-hand.

11 But as -- as soon as the -- I was  
12 reading papers, and I see the price of Keeyask, or the  
13 price of Bipole III going up, I don't know how many  
14 times I said to myself, Please, get rid of these guys,  
15 because I don't think Manitobans -- I'm not concerned  
16 about the Americas. Only Manitobans need all this.  
17 And you can somehow design the -- the system with the  
18 Hydro systems that you've got now, or the Hydro  
19 systems later on, like ten (10) or fifteen (15) years  
20 from now that they can address without having to worry  
21 about exports, just worry about the -- Manitoba for a  
22 while.

23 So I'll -- I -- that's my idea -- my --  
24 my idea. In fact, there's more, actually, but I don't  
25 want to keep on going, here. So -- see, I don't even

1 know if you could sell a -- a generation station.

2 THE CHAIRPERSON: M-hm.

3 MR. ALLAN CIEKIEWICZ: I don't even  
4 know if you could rent it. I don't know if you can  
5 lease it. But I bet you there's someone in Winnipeg  
6 who could come up with a real good idea of how to do  
7 this.

8 THE CHAIRPERSON: Well, I -- I guess  
9 we -- we may see, so thank you very much for your  
10 presentation today, sir. We appreciate your  
11 attendance. Thank you.

12 Mr. Simonsen, is that it for  
13 presentations?

14 MR. KURT SIMONSEN: I think that  
15 should conclude the day.

16 THE CHAIRPERSON: Okay. Well, thank  
17 you all for attending today. We will adjourn until  
18 9:00 a.m. Monday morning. Thank you.

19

20 --- Upon adjourning at 2:15 p.m.

21

22 Certified Correct,

23

24 \_\_\_\_\_

25 Cheryl Lavigne, Ms.