

## Manitoba Hydro – Key to Our Future

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Most national forecasters expect the Manitoba economy to be one of the top provincial performers in 2017 and 2018.

Our provincial unemployment rate remains the second lowest in Canada, and our diversified economy and solid population growth are positives to build upon.

The global focus on climate change coupled with the fact that 96 per cent of Manitoba's electricity is renewable and our rates are amongst the lowest in North America, are also positive long-term trends for our province.

The above take on our Province's prospects is not shared by the Pallister government.

One year into their mandate they argue that provincial public sector wage controls are required, along with emergency room closures to make health care more efficient. Massive Hydro rate increases have also been mused about.

Public sector layoffs have been announced as has a new indexing formula for the minimum wage, one that ensures movement to a living wage is never achieved.

Control spending, reduce the deficit and pay down long-term debt are the key priorities for Manitoba's new Conservative government.

Manitoba Hydro is an interesting case study.

In what amounts to a replay of the 1980's Tory opposition to Hydro expansion, the province is attempting to manufacture a crisis out of Manitoba Hydro's two key capital projects, Bipole III and the Keeyask generating station.

The key problem with this "sky-is-falling" strategy is that it doesn't add up, nor does it withstand serious scrutiny.

Both Bipole III and Keeyask are necessary to meet future demands for power.

Delaying them is gambling with our future as we do not know what future construction and interest rate costs will be. We do know that today's historically low interest rates solidify the business case for both projects.

The political theater of the Manitoba Hydro Board Chair calling publically for a massive provincial bailout of the utility, and the Premier replying "no", is nothing more than continued political campaigning on the part of the Conservatives.

In a similar vein, the notion of required double-digit rate hikes is an artificial exercise that one commentator correctly observed smacked of panic.

The Manitoba Hydro plan, announced prior to the 2016 election to increase rates by 3.95 per cent annually, combined with energy efficiency moves over a 12 year period, would allow the corporation to manage its debt. This has now been compressed to suggested 7.9 per cent hikes over a five year period. This feeds the Conservative crisis agenda and its long term plans for Hydro.

The conservative approach to Manitoba Hydro is both alarmist and disingenuous. Splitting off Demand-Side-Management (DSM) initiatives into a new Crown Corporation, as Bill 19 (currently before the legislature) proposes, is another unnecessary move. All that Bill 19 hopes to achieve could be accomplished within Manitoba Hydro as it is currently structured without the need for another government appointed Board and attendant infrastructure.

Carving Hydro up into independent unit's, political rate-setting and calls for multi-billion dollar bailouts, all combine to indicate that should the Pallister government achieve a second term in 2020, partial Hydro privatization is predictable.

Expect the government to deny this and then remember the former Manitoba Telephone System (MTS) and similar Conservative denials during the 1995 provincial election campaign.

Manitoba Hydro faces challenges which it is quite capable of managing. It is the crown jewel of Manitoba's family of Crown Corporations. It serves all citizens and our provincial economy well, and it is worth fighting for.