

**Second Session – Forty-Second Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
**on**  
**Crown Corporations**

*Chairperson*  
*Mr. Dennis Smook*  
*Constituency of La Vérendrye*

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Forty-Second Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
ADAMS, Danielle	Thompson	NDP
ALTOMARE, Nello	Transcona	NDP
ASAGWARA, Uzoma	Union Station	NDP
BRAR, Diljeet	Burrows	NDP
BUSHIE, Ian	Keewatinook	NDP
CLARKE, Eileen, Hon.	Agassiz	PC
COX, Cathy, Hon.	Kildonan-River East	PC
CULLEN, Cliff, Hon.	Spruce Woods	PC
DRIEDGER, Myrna, Hon.	Roblin	PC
EICHLER, Ralph, Hon.	Lakeside	PC
EWASKO, Wayne	Lac du Bonnet	PC
FIELDING, Scott, Hon.	Kirkfield Park	PC
FONTAINE, Nahanni	St. Johns	NDP
FRIESEN, Cameron, Hon.	Morden-Winkler	PC
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin, Hon.	Steinbach	PC
GORDON, Audrey	Southdale	PC
GUENTER, Josh	Borderland	PC
GUILLEMARD, Sarah, Hon.	Fort Richmond	PC
HELWER, Reg, Hon.	Brandon West	PC
ISLEIFSON, Len	Brandon East	PC
JOHNSON, Derek	Interlake-Gimli	PC
JOHNSTON, Scott	Assiniboia	PC
KINEW, Wab	Fort Rouge	NDP
LAGASSÉ, Bob	Dawson Trail	PC
LAGIMODIERE, Alan	Selkirk	PC
LAMONT, Dougald	St. Boniface	Lib.
LAMOUREUX, Cindy	Tyndall Park	Lib.
LATHLIN, Amanda	The Pas-Kameesak	NDP
LINDSEY, Tom	Flin Flon	NDP
MALOWAY, Jim	Elmwood	NDP
MARCELINO, Malaya	Notre Dame	NDP
MARTIN, Shannon	McPhillips	PC
MOSES, Jamie	St. Vital	NDP
MICHALESKI, Brad	Dauphin	PC
MICKLEFIELD, Andrew	Rossmere	PC
MORLEY-LECOMTE, Janice	Seine River	PC
NAYLOR, Lisa	Woleseley	NDP
NESBITT, Greg	Riding Mountain	PC
PALLISTER, Brian, Hon.	Fort Whyte	PC
PEDERSEN, Blaine, Hon.	Midland	PC
PIWNIUK, Doyle	Turtle Mountain	PC
REYES, Jon	Waverley	PC
SALA, Adrien	St. James	NDP
SANDHU, Mintu	The Maples	NDP
SCHULER, Ron, Hon.	Springfield-Ritchot	PC
SMITH, Andrew	Lagimodière	PC
SMITH, Bernadette	Point Douglas	NDP
SMOOK, Dennis	La Vérendrye	PC
SQUIRES, Rochelle, Hon.	Riel	PC
STEFANSON, Heather, Hon.	Tuxedo	PC
TEITSMA, James	Radisson	PC
WASYLIW, Mark	Fort Garry	NDP
WHARTON, Jeff, Hon.	Red River North	PC
WIEBE, Matt	Concordia	NDP
WISHART, Ian	Portage la Prairie	PC
WOWCHUK, Rick	Swan River	PC

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON CROWN CORPORATIONS**

**Thursday, June 11, 2020**

**TIME – 1 p.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Dennis Smook  
(La Vérendrye)**

**VICE-CHAIRPERSON – Mr. James Teitsma  
(Radisson)**

**ATTENDANCE – 6 QUORUM – 4**

*Members of the Committee present:*

*Hon. Messrs. Fielding, Wharton*

*Messrs. Kinew, Sala, Smook, Teitsma*

**APPEARING:**

*Mr. Dougald Lamont, MLA for St. Boniface*

*Ms. Jay Grewal, President and Chief Executive  
Officer, Manitoba Hydro*

**MATTERS UNDER CONSIDERATION:**

*Annual Report of the Manitoba Hydro-Electric  
Board for the fiscal year ending March 31, 2017*

*Annual Report of the Manitoba Hydro-Electric  
Board for the fiscal year ending March 31, 2018*

*Annual Report of the Manitoba Hydro-Electric  
Board for the fiscal year ending March 31, 2019*

\* \* \*

**Mr. Chairperson:** Good afternoon, everyone. Will the Standing Committee on Crown Corporations please come to order.

Our first item of business is the election of a new Vice-Chairperson. Are there any nominations?

**Hon. Scott Fielding (Minister of Finance):** I'll move the member for Radisson (Mr. Teitsma) to be the Vice-Chair.

**Mr. Chairperson:** Mr. Teitsma has been nominated. Are there any other nominations? Hearing no other nominations, Mr. Teitsma is elected Vice-Chairperson.

For the information of members—of all members, due to the necessary closure of the public galleries for standing committee meetings, we have arranged

for today's meeting and subsequent meetings to be video-broadcast on our website.

This meeting has been called to consider the following reports: the annual reports of the Manitoba Hydro-Electric Board for the fiscal years ending March 31st, 2017, 2018, 2019.

Are there any suggestions from the committee as to how long we should sit this afternoon?

**Mr. Wab Kinew (Leader of the Official Opposition):** I would suggest that we sit for 202 minutes. There is 202 staff positions that are currently being looked at being laid off by Manitoba Hydro at the order of this government. I would suggest, Mr. Chair, through you to the members of the committee, that each of these jobs is worth at least a minute of our time, and so I'd suggest that we sit for 202 minutes this afternoon.

**Mr. Chairperson:** There's been a request put forward that we sit for 202 minutes.

**Mr. James Teitsma (Radisson):** Perhaps we can just simplify that and say we'll sit 'til about 4:15 or so? *[interjection]* No, but just suggesting that for the interests of everybody's sanity, that we declare it to be a time of the day rather than a number of minutes.

But, in the spirit of what Mr. Kinew suggested, perhaps I can move that we sit 'til 4:15.

**Mr. Chairperson:** I heard a no to Mr. Kinew's request for the 202 minutes. We've also heard a request to sit 'til 4:15.

Is there agreement to sit 'til 4:15? *[Agreed]*

As we now have an agreement on how long to sit for this afternoon, at 4:15, I will—at 4:12, I will interrupt proceedings to put the question on the reports before us.

Before I get started, I'd just like to remind everybody that questions and answers are limited to 10 minutes.

When the—whoever has the floor has one minute remaining in their 10 minutes, I will bring this forward just as a warning to let people know how much time they have left.

Does the honourable minister responsible wish to make an opening statement, and would they please introduce the officials in attendance?

**Hon. Jeff Wharton (Minister of Crown Services):** Certainly great to be here again today for the presentation of Manitoba Hydro. I'd also, of course, like to welcome our colleagues here, members of the opposition joining us today for this important discussion on the financial reports of Manitoba Hydro.

We all know how important these matters are in this great democratic process that we're currently undergoing today, as we have been the last two weeks with the other two Crown corporations. As most of us understand, this is important, and we want to move forward with this discussion for the betterment of all Manitobans.

Before I begin, again, I would like to thank, of course, the members of staff for joining us today either by conference call or here in person, and also with us at the table pleased to have Jay Grewal, President and CEO of Manitoba Hydro, along with Marina James, Manitoba Hydro-Electric Board Chair.

Welcome to both of you. Great to see you.

And, again, also, thank you for—and you—for your work working with your teams and members and ensuring that Manitobans best interests are always front and centre. And I thank you for that, and I know our government thanks you for that.

Again, we're looking forward to a good discussion. Manitoba Hydro, again, continues to take steps to improve their services to provide to Manitobans and, of course, ensuring reliable affordable energy as a goal to all our customers and, certainly, we want to continue that great process.

So, with those short notes, again, looking forward to the discussion today and certainly, we're looking forward to three hours and fifteen minutes of discussion.

Thank you, Mr. Chair.

**Mr. Chairperson:** We thank the honourable minister for his comments.

Does the official opposition critic wish to make an opening statement?

**Mr. Kinew:** I want to begin by thanking the CEO and the board chair, as well as staff in attendance from Manitoba Hydro, for joining us today.

Certainly, Manitoba Hydro is an extremely important part of Manitoba's society and also of our economy. That is true today, and we very much believe that that role will only increase in prominence as we move into the future.

There are many asks of public leaders at this time, but if I might hazard to summarize them, it is that we find a way to continue growing an advanced economy in this province while decarbonizing and reducing greenhouse gas emissions. Thought of in another way; that we meet the challenge of climate change at the same time that we continue providing economic growth and job opportunities and economic development for people here in Manitoba. And certainly, Manitoba Hydro is well-poised to help us deliver on those twin and unseparable goals.

At the same time, I'm also very mindful that Manitoba Hydro has unfinished business in the form of reconciling its impact on the human cost borne by Manitoba First Nations, particularly in the North but not exclusively. Many Interlake First Nations have also been affected by Manitoba Hydro and their management of water resources in the province.

And so, at this time in our nation's history and in our province's history, you know, we have a really unique opportunity in which we could undertake to create jobs for subsequent generations of Manitobans by electrifying our economy and really showing other jurisdictions across the world that you can have an advanced economy that runs on clean energy and that takes care to address whatever societal and social impacts may be wrought along the way.

\* (13:10)

And so, certainly, I would very much like to see a strong public Manitoba Hydro under, you know, very good leadership be able to execute on those goals, as I think it would certainly make not only, you know, us, as, you know, elected representatives, happy, but it would serve the best interests of the people of Manitoba. And we might even suggest that it would serve the best interests of people around the world were they to see a best practice, a case study example of how you can create economic growth while still reducing greenhouse gas emissions.

We know that the workers at Manitoba Hydro are a very important part of achieving those goals. And it was just last fall that I think everyone in the room is very much aware that we saw the impact that the increasing frequency of storms that climate change brings can have on our hydroelectric grid and the

importance of having a strong and stable workforce domestically here in the province is towards being able to guarantee the stability of that power grid and the safety of the people who work to maintain it as well as the safety of those Manitobans who rely on it for protection from the elements and, you know, heat in the wintertime.

And so we were very, very much on board, you know, last fall, driving through the Interlake, driving in the area around Portage la Prairie and seeing all the—some cases homemade signs, in some cases LED signs, in other cases, you know, roadside signs put up that said, thank you, Hydro workers. We very much appreciated that because it had only at that point been a few days or few weeks where residents in communities along Highway 6 or along Highway 1 and, you know, areas like that had seen those Manitoba Hydro workers camped out in their gymnasiums, in other cases sleeping in their cars, on some days going without meals, working around the clock to repair the infrastructure, joined in many cases by workers from other jurisdictions, other provinces, also United States of America.

And yet we know that while they were celebrated at that time by this provincial government, that the Premier (Mr. Pallister) saw fit to read the names of some of these workers into Hansard and to put on a, you know, show of emotion in the Chamber and suggest that these workers were very much appreciated, it does seem to confound the authenticity of those statements that now just a few short months later this provincial government would see fit to order the layoff of many of these same front-line Manitoba Hydro workers. And so, beyond merely chastising the crocodile tears of the Premier, you know, I do think that there is the broader question of the impact that these layoffs and the misguided economic policy on which no economist will sign off that this government is pursuing, the impact that that would have on the multiple goals that Manitoba Hydro serves to our province: the economic, the environmental, the social and so on.

And so I do very much hope that we can arrive at a greater understanding of the impact that these proposed cuts, unnecessary and harmful that they are, ordered by this Premier and his Cabinet, will have on our provincial economy, the future of our fight against climate change and on the very workers themselves that so many Manitobans rallied around just a few short months ago.

Now, of course, we're put into the awkward position of having to engage in those types of issues by the political interference of this government with our most important Crown corporation. But I do also hope to perhaps serve some ancillary goals through the form of this committee, and I would note that, you know, the CEO, you know, arrived in Manitoba with a lot of attention, positive attention, much fanfare, and was awarded for being a prominent women business leader, business leader here in the province and certainly brought a lot of accolades and positive attention to Manitoba as well.

And the reason why I flag that is because, you know, inasmuch as we seek to dive into various financial and human resources and maybe even engineering or electrical market questions, you know, I do also hope to gain some insight into the CEO's approach and to the approach of the board chair because there's certainly an important human dynamic in all of this, and, you know, the insight that we might gain into the leadership styles of the, you know, executive in charge of this Crown and of the board that oversees this utility, I do think that that's also an important piece of transparency for the people of Manitoba to have, and so, you know, these are some of the other things that we hoped to ascertain through this process and so, certainly, we have, you know, many questions about, you know, the finances and, you know, the future projections of Manitoba Hydro, but along the way I hope that we might also gain some insight into, you know, the vision side, the leadership side, you know, how is it that we're going to answer some of the calls that are put to us collectively, to use the royal we.

And I would share the same with the board chair. I know that my colleague and I were speaking beforehand, and they highlighted, I think, your leadership in some of their past professional circles and so, you know, I extend that same consideration to you as well, that I think that your role on the board is a very important one, and so I do hope to gain some appreciation and some insight into how you seek to govern that body and also to help us steer this very important Crown utility.

And so these are some very, very important, I guess, considerations for us both to, you know, get to know the leadership of the Crown a little bit better perhaps, but also to understand the health of this very, very important organization and what it's going to look like in the future, both in the near and in the longer term, as well.

So I do thank my colleagues around the table for their consideration in agreeing to sit with us here for some few hours this afternoon. Certainly we could sit here for many days, and I suspect that we'd have, you know, only a small glimpse into the complete workings of Manitoba Hydro, but I do very much appreciate everyone's attention this afternoon.

And so, with that, I would turn it back over to you, Mr. Chair.

**Mr. Chairperson:** We thank the member for his statement. Does the representative from the Manitoba Hydro-Electric Board wish to make an opening—oh. We thank the member for his statement.

Do the representatives from the Manitoba Hydro-Electric Board wish to make an opening statement?  
[interjection]

Ms. Grewal, if you could just—yes.

**Ms. Jay Grewal (President and Chief Executive Officer, Manitoba Hydro):** Yes, I'd like to make an opening statement. So this is my first time in front of the standing committee, and what I'd like to do in response to some of the questions raised by the opposition leadership is provide a high-level overview of our business and provide updates for the last two years, which is the last time Manitoba Hydro was in front of this committee. I'd also like to just touch briefly on some of our plans and challenges that we are currently facing.

So Manitoba Hydro is one of Canada's largest integrated—vertically integrated electric utilities and that includes electricity as well as natural gas distribution. We have 5,000–587,000 customers across Manitoba rely on us for power, for electricity. Two hundred and eighty-five thousand customers, primarily in the southern portion of the province, rely on us to supply them with natural gas, and the natural gas is used for heating, water heating, cooking, as well as for industrial uses. Our electricity system is one of the greenest and most renewable in the world, and I'll touch on why that is the case. Ninety-nine per cent of our energy comes from renewable sources that do not emit GHG. Ninety-seven per cent of that comes from our 15 hydro-electric stations. The remainder, 2 per cent, comes from wind-power purchases.

Additionally, we have two natural gas generation plants, both in Brandon and Selkirk, but these are primarily used for back-up reliability if and when the electricity system isn't able to serve Manitobans. There are also four remote diesel stations in northern—west-northern Manitoba that are in Indigenous

communities and are unable to be connected to our grid, given the location and the cost involved.

\* (13:20)

As you may be well aware, Manitoba Hydro exports its surplus power, and we also import power when we need to, and I'll touch on both components. The value of exporting the power is Manitobans receive value for every drop of water in our system. Our system is built to serve Manitoban load. It is not built for export, but we optimize the system and use surplus energy and export that to the benefit of Manitobans because we forecast on the basis of a minimum level of water flow and that minimum level of water flow was the 1940 drought which is the worst on record.

Our reservoirs are seasonal reservoirs. Therefore, what we rely on in terms of being able to deliver power is precipitation and river flows, but precipitation is the primary form of the water that's in our reservoirs.

So water flow conditions are critical and have a huge impact on Manitoba Hydro and Manitobans. So what we do is we plan for the minimum scenario and then any surplus energy not required is sold and that varies year to year to year depending upon precipitation.

The firm export contracts we have are based on our dependable water. Everything else is sold in the spot markets because it is not firm, it is not reliable; it depends on precipitation.

So in the last year and the coming year about \$600 million in revenue or 21 per cent of our revenue is generated from these firm and spot export sales of surplus water.

In terms of the import capability, that's used primarily to serve seasonal peaks and for us here in Manitoba that's primarily in January, early February when it is coldest. It also allows us to reach into export markets for energy if we have any system reliability issues here.

So we're very blessed to have that 99 per cent renewable energy and with that we serve over 130 communities within the province. We also do natural gas distribution and 60 per cent of the homes in Manitoba rely on that natural gas for heat.

Depending on weather, natural gas can account for up to 20 per cent of our revenue, but it's important to understand natural gas because there is rhetoric that natural gas is the new coal. That is not the case and

that's not our view as Manitoba Hydro, because if we were to replace the natural gas that is used in Manitoba to provide heat and to serve industrial customers with electricity we would have to double the capacity of our electric generation after Keeyask comes in service—double—and the current water flow and reservoirs are not capable of meeting that.

Everyone is well aware that Manitoba Hydro is an asset-intensive company, and all integrated hydro utilities are asset-intensive. It is the nature of our business and we've been going through a period of significant growth and investment in our assets, and I'd like to speak to what some of those assets are.

There's Bipole III, and that was built to strengthen reliability. It's an alternate path to flow the energy from the North where it is generated to the south where our primary customer base is. Bipole III is a high-voltage direct transmission line and it extends 1,384 kilometres.

Also, as part of Bipole III, we put in place two new converter stations: Keewatinohk and Riel. That—Bipole III was put into commercial service July 2018. It met not only the construction schedule, but it also came in under budget at \$4.66 billion versus a budget of \$5.04 billion.

The other transmission project is a Manitoba-Minnesota transmission line, MMTP. That strengthens our reliability and allows us to engage in the export sales for the benefit of Manitobans. It increases our access and ability to create value from that excess energy. It's a 500-kV transmission line and it went into commercial service June 1st. Again, this project was completed on schedule and within control budget, and it—we achieved that going from an original plan of completing it over three years to completing it within one.

Keeyask is another major project that is under construction. It's a development of seven units, or 695 megawatts of energy. It's a generating station and associated infrastructure on the lower Nelson River. It's 30 kilometres west of Gillam in northern Manitoba, and it will be our fourth largest generating station on the system. It is built in partnership with four Manitoba First Nations: Tataskweyak Cree Nation, War Lake First Nation, York Factory First Nation and Fox Lake Cree Nation. And together, they are known as the KHLP, which is the Keeyask Hydropower Limited Partnership.

Keeyask is on budget and on schedule at this time. First power is scheduled for this fall, the first unit

being operating to generate energy which will, again, be sold to the benefit of Manitobans. And it's on track for its budget of \$8.7 billion.

Another project that we are just starting is the Birtle Transmission Project. That's a 230-kV line from Birtle Station to the Manitoba border. It is being built to support export sales to Saskatchewan, Saskatchewan power, which is challenged because of its high carbon energy base; \$18.8 million in federal funding is being provided under that, and it was announced—

**Mr. Chairperson:** Sorry to interrupt, Ms. Grewal, but your 10 minutes has expired. But I'm sure the questions out there will allow you—

**An Honourable Member:** On a point of order.

#### Point of Order

**Mr. Chairperson:** Mister—on a point of order.

**Mr. Kinew:** Can I ask for leave for the CEO to conclude her statement?

**Mr. Chairperson:** It's not a point of order. I rule it as not a point of order.

\* \* \*

**Mr. Chairperson:** But you may just ask as your first question to let the—or, is there leave to allow the—for the committee to allow Ms. Grewal to finish her presentation? *[Agreed]*

Ms. Grewal, you may continue.

**Ms. Grewal:** I was just going to start to speak about the Birtle Transmission Project. It's a 230-kV line that goes into Saskatchewan to sell power to SaskPower; \$18.8 million of the project costs are through federal funding sources which were announced in March 2020.

We've tendered the construction of that line, and a preferred proponent has been selected. We will start construction this month and we anticipate having that completed and in operation by the spring of 2021. This will allow us to support the 250-megawatt power sale to SaskPower, which can extend for up to 30 years.

In addition to the successes that we've had that I've touched on in terms of delivering these projects on time and within budget despite the challenges we've faced, we're now presented with even greater challenges. The leader for the opposition talked about the October 2019 storm which started the weekend of Thanksgiving. That storm was unprecedented in terms

of the impact on Manitobans and the damage and the restoration efforts required. It's something we've not experienced before.

\* (13:30)

The impact on our customers at the height of the storm: 266,000 customers were without power, entire sections of our transmission and distribution system had to be rebuilt—1,000 kilometres of distribution line, nearly 4,000 poles and 100 transmission structures. Ninety-eight per cent of our customers were restored within one week. The remaining 2 per cent, the more remote communities at the end of our lines, it took up to two weeks to restore power there and we did that with mutual aid assistance of SaskPower, Hydro One and Minnesota Power.

As a result of our efforts the Edison Electric Institute in the US awarded Manitoba Hydro—and we recognize our mutual aid partners—with the emergency recovery reward for outstanding power restoration efforts.

And if the storm was not enough, we all, globally, Canadians and Manitobans, are now dealing with COVID-19 and the pandemic. It has materially changed and impacted how we go about doing our work and serving our customers both on the—our operational side as well as our projects. But our focus has and always will be to continue to serve our customers. And as the economy is now re-emerging, as we have a better understanding of how to manage COVID we are now focused on defining our new normal.

Thank you.

**Mr. Chairperson:** We thank you, Ms. Grewal, for your statement.

The floor is now open for questions.

Mr. Kinew or Mr. Sala? Mr. Kinew.

**Mr. Kinew:** Yes, just briefly, and it's more a matter of logistics than a substantive question to the CEO. Perhaps I missed it, but I just wanted to ensure that we're proceeding with the committee in a global fashion.

**Mr. Chairperson:** Is it in favour of the committee to proceed in a global fashion for questions? *[Agreed]*

**Mr. Adrien Sala (St. James):** Thanks so much. Thank you so much for that description of the state of affairs with Hydro; it was very helpful and really insightful.

And I'd like to start by discussing a bit about the financial state of affairs with Hydro, and specifically this financial state of affairs prior to the pandemic. And if we look at the 2019-2020 quarterly report which was published in December 2019, Hydro was projecting a net income of around \$125 million. And that was an increase from a projected \$121 million in profits that were projected in your 2019-2020 business plan. So it showed an increase there. Could you just help us understand what was happening financially and what had led to a projected increase in those profit levels prior to the onset of the pandemic?

**Ms. Grewal:** There's huge variability in certain factors that impact our revenue and, therefore, net income every year. Eighty per cent of Manitoba Hydro's cost structure is fixed; 20 per cent is variable and that relates to the fact that we are asset intensive.

I spoke earlier in my opening remarks about precipitation and water levels. In any fiscal year the variability, both positive and negative, can be up to \$450 million depending on precipitation.

So we forecast based on a minimum flow level and then we manage that variability. The variability to the positive can be up to about \$120 million—120, 150. To the negative it's potentially up to \$300 million. So there is always variability in our net income which is primarily driven by the water levels and the precipitation, and, again, that relates back to the 20 per cent of our revenue that is based on export markets which includes both firm contracts as well as spot sales.

**Mr. Sala:** So just to confirm, did Hydro have a projected revenue of \$125 million prior to the pandemic?

**Ms. Grewal:** One hundred and twenty-one million.

**Mr. Sala:** Thank you for that.

I'm hoping you can now talk a bit about how COVID-19 impacted revenues and expenses for Hydro. And I'd specifically be curious to get a sense especially about how power usage was affected. Obviously, we would expect that within residential we would have seen an increase in consumption, but perhaps a downturn elsewhere, so any insight you could provide into the impacts on revenues and expenses as a relation—as it relates to COVID.

**Ms. Grewal:** COVID is going to have an impact on our financial aspects in three different ways.



The first way it was having an impact was from a liquidity perspective. When COVID first materialized, the money—the markets dried up because there was so much uncertainty, so we faced a potential liquidity risk. That risk, though, has gone away given the Bank of Canada has stepped in to create stability.

The second impact is on our revenue. When COVID was first identified, it showed up in other markets, other geographies earlier than it did here in Canada, and in those markets you would have seen some companies have a drop in revenue and demand of 10-plus per cent. We immediately developed a revenue forecast model that looked at data from other jurisdictions and economic indicators, and we also tracked what we were seeing every week, comparing it forecast.

Domestically, we are not 'seering'—seeing a material change in the terms of revenue. The change, though, is in the mix of customer base consuming that energy. Residential energy consumption has gone up at times by 9 per cent over historical. There is a softening in the industrial and commercial, but not to the degree seen in other markets and jurisdictions.

On a non-domestic front, on the export front, there has been a decline there of approximately \$9 million at this point in time, but that's driven by two factors. One factor is COVID, because it's had an impact on demand for energy in those markets in the spot markets, but we've also had slightly lower generation due to precipitation.

The third area that we are impacted is our expenses. There are the COVID-related costs associated with reconfiguring our business and the PPE required. At this point in time our costs to date are \$8.6 million. We were anticipating it might be \$11 million, but we continue to monitor that, and it depends on how the pandemic plays out.

There's also the costs, again, which we cannot forecast, that result from the relief that we provided to the customers in Manitoba, and that relief is in a number of forms—and just to make sure I capture it all, the—their billing-relief measures: firstly, flexible bill payments; secondly, suspension of late-payment charges for up to six months and, thirdly, we will not discontinue or disconnect customers because of overdue accounts. That is having an impact in terms of we are having to go to the financial markets to borrow the funds that we would typically receive from our customers in the payment of their bills as per the typical terms.

We also anticipate that there may be the potential for a higher percentage of uncollectible accounts, but we do not know what that will materialize like until possibly six months from now after the period during which we are sitting tight to support Manitobans.

**Mr. Sala:** I'd just like to thank you for outlining those measures that Hydro took to provide relief to Manitobans. I know several people that I've spoken with greatly appreciated that, and I know that it had a real impact in helping Manitobans through a difficult period.

Relating to Hydro's financial state prior to the pandemic, would it be a fair characterization to say that Hydro was in a position of good financial health?

\* (13:40)

**Ms. Grewal:** Could you please define good financial health? [*interjection*]

**Mr. Sala:** We're already getting the comments from the peanut gallery here.

Specifically, if you want to reference key measures that you would identify as being, sort of, core measures of financial health, we know that debt equity is the most commonly referenced measure of Hydro's financial health. But, if you want to identify any other measures that you think would be more useful from your perspective in characterizing the financial health of the organization, we'd be happy to hear those as well.

**Ms. Grewal:** The—Manitoba Hydro has an established debt-to-equity ratio of 75 per cent: 75 per cent debt, 25 per cent equity. Currently, we are at—86 per cent. We are 86 per cent debt, 14 per cent equity. Relative to the target, we are not achieving that target, and therefore that would be considered that we are not achieving the financial health set by that target.

**Mr. Sala:** Is—just to follow up on that. In terms of the targets that are set as it relates to debt-equity ratios, what is your sense of the value of the debt-to-equity ratio measure as a measure of the financial health of a Crown corporation? And I say this knowing that debt-to-equity ratio is identified as maybe a more useful measure of financial health for private businesses and private energy businesses specifically. But in the case of a Crown corporation where collecting greater levels of revenue to improve the level of equity is essentially adding nothing more than reserves.

The question is: What's your sense of the value of that measure as it relates to understanding the

financial health of a Crown corporation here in Manitoba?

**Ms. Grewal:** I would point to the debt-rating agencies who actually assess financial health of—whether it's a Crown corporation or the private sector. Here in Manitoba we—there are three debt-rating agencies that continue to assess and look at the financial health and, therefore, price or rate the debt that is issued that is guaranteed by the Province of Manitoba. Each of those three debt-rating agencies has articulated in the past and continues to be concerned about the leverage of Manitoba Hydro.

If these debt-rating agencies were to downgrade, i.e., say the quality of Manitoba's debt is riskier than in the past, the impact of that would—of the downgrade would be that we would have to pay higher interest charges on our debt and that would have a material impact when you consider the fact that when we complete Keeyask we will have approximately \$24.5 billion in debt and our debt-equity ratio will be 88 per cent debt and 12 per cent equity which is amongst the highest of any integrated Crown utility in Canada.

**Mr. Sala:** Does the increase in equity level respond to any particular financial risk that Hydro faces?

**Ms. Grewal:** Could you clarify exactly the question, please?

**Mr. Sala:** So if increases in equity levels relate or correspond to increases in the total reserves that we have or that Hydro has, how does that respond to any particular risk for the corporation? So the argument being that we want to increase our debt-to-equity ratio to improve it—and the target that we always speak about is the 25-75. But I'm curious about your thoughts or what you can help me understand about how an improvement in the level of equity actually responds to any real or substantial threat or risk to Hydro.

**Ms. Grewal:** What we need to remember is our equity is not cash. When we face a risk and a risk materializes, typically it is—has economic implications and requires cash. In any scenario, whether it—where a risk arises, it would cause us to go to the markets to borrow even more dollars, which would then increase our debt-to-equity ratio even further.

**Mr. Kinew:** I just want to point out for our colleagues on the committee here that as the CEO mentioned in her opening statement, Manitoba Hydro is in a growth phase, as a business, it's not a mature utility, and it is a practice amongst, you know, electric utilities across

North America that they work up the debt-to-equity ratio during a growth phase, and then they pay it down as it begins to mature as a utility, and so that's the transition that we're looking for here, and the PUB, the independent adjudicator of these matters, has seen fit that Manitoba Hydro's plans in this regard are strong.

So I just wanted to point that out for the benefit of our colleagues who begin to violate our rules by heckling my learned colleague on this side of the table here and, again, just point out to the CEO that I would thank her for her correspondence a few months back when there was a letter shared about the importance of giving a piece of legislation passage that would allow Manitoba Hydro to, I guess, respond to that liquidity challenge, both within the pandemic but also, I guess, longer term as well. I think that change is probably a long time coming and long time asked for.

So I do thank you for that letter. It certainly helped our colleagues to crystallize our thinking on the matter, and so the record of the Legislature reflects that we did support the passage of that to help the Crown through this period.

So, with those comments on the record, I did want to return, because I did find your answers on the impacts of COVID quite interesting, and I do thank you for your, I think, quite insightful commentary, but I just wanted to just clarify a few points there just to ensure that I've got it right, as it were. Not always picking things up on the first take, if you understand what I mean by that.

So I just want to maybe rephrase what I took your comments to mean and perhaps you could just let me know if I'm on the right track or perhaps if some area requires clarification. So, generally speaking, residential power consumption went up during the pandemic period; more Manitobans were at home observing the lockdown; they're cooking at home more often; they're watching Netflix for longer; they're doing the work from home thing with Zoom and FaceTime and charging up the phones and laptops and, as a result, residential power goes up by as much as 9 per cent, maybe by other amounts during other periods.

At the same time, there's some softening in the industrial, the, you know, the big consumers group there, but, as a whole, the revenue picture is relatively stable even though the composition, that mix that contributes to the revenue, has adjusted maybe more in favour—there's a bigger share of the power, you know, the revenues from power, it's coming from residential as opposed to the status quo, right? So I

think I've accurately characterized things so far. So, and again, feel free to correct any part that I may have mistook there.

Basically, COVID came in, some businesses scaled down, and so we saw some lower demand there. At the same time, way more domestic demand in terms of residential consumers, and so power consumption went up there. But as a whole, the revenue picture is relatively consistent, and so then I'd ask as a follow-up, if I've got that part right, does that mean that \$121-million projection, are we still in the ballpark for that, you know, give or take, you know, maybe, you know, some margin accounting for what's been seen these past few months?

**Mr. Chairperson:** Ms. Grewal? *[interjection]*  
Mr. Kinew.

**Mr. Kinew:** So I just heard some commentary that perhaps might lead me to rephrase this question. Okay, so maybe I could just pause there. The way that I described the impacts of the pandemic: revenue forecasts for the year are stable, notwithstanding the change in the composition of where that's coming from. Is that a fair assessment?

**Ms. Grewal:** The impact to date in this fiscal of COVID is \$26 million at this point in time in total, both as I said a nominal reduction on the domestic side of 1 per cent, that's \$17 million, and \$9 million in the export markets, but, again, the export markets is not all driven by COVID; some of that is also just driven by our precipitation levels.

\* (13:50)

Given the uncertainty around the pandemic, given that it's difficult to forecast, at this point in time we continue to monitor. We continue to track. But it's difficult to say specifically what our financial performance will be this fiscal because we don't know what a potential wave 2 might look like. There's so many different scenarios there. But we actively monitor and weekly are assessing exactly what is happening with the demand and the load for energy.

**Mr. Kinew:** So I think the news of the day is that we are heading into phase 3, further reopenings of the economy. What is Hydro forecasting with this greater expansion, more businesses, more business activity, you know, potentially weddings and things like that happening over the summer. There's more activity province-wide. What does that do for revenue as we go into this period? What's Hydro's opinion on what this is going to look like for revenue?

**Ms. Grewal:** At this point in time, recognizing we're three months into this fiscal, we're anticipating a potential 2 per cent drop in our revenue. Our revenue was forecast for this fiscal at \$2.9 billion and with the 2 per cent drop that will be \$2.84 billion.

**Mr. Kinew:** I appreciate that answer, and I'm wondering if we might talk about, again, what happens as the economy opens up? Is this—is that the baseline 'assumption' for that 2 per cent, or was that 2 per cent based on an assumption that we'd essentially carry on with the lockdown-like level of economic activity?

**Ms. Grewal:** That is based on the assumption that what we've seen in terms of a shift in the industrial and commercial and the residential as well as in the export markets that that trend will continue.

**Mr. Kinew:** Thank you, I appreciate that answer, as well—and then, so as economic activity ramps up with further loosening of restrictions, then, I guess, the revenue picture improves. Is that right?

**Ms. Grewal:** Right now what—the numbers I've shared are based on what we know at this point in time. It's difficult to speculate if the industrial and commercial customers will all come through this or if there's any other implications on those businesses.

**Mr. Kinew:** Well, I—you know, I assume that Hydro is doing this sort of forecast work, and so I'm curious to know what that says. Like, I would imagine again that economic activity is ramping up, and so it seems that, you know, to the layperson's perspective that I'm representing here, that that improves the revenue picture. So is that what Hydro's forecasts internally are saying as well?

**Ms. Grewal:** When we look at our current volume of work and what is happening in terms of permits that are in the queue, in terms of the large industrial and commercial projects, developments such as in Portage and the like, Simplot—they are all continuing and the residential construction appears to be continuing, also the seasonal work.

That being said, some—a company can apply for a permit, but until they actually have to—are ready to put up the financial resources to advance the project is when we will know if that is actually playing out. So we should start to see that as we go through the summer months in terms of the seasonal work.

**Mr. Kinew:** And who within the Manitoba Hydro organization would be doing the, like, the hooking up

the lines for projects like that, whether it's Simplot or residential construction?

**Ms. Grewal:** I think we need to step back to consider how all of this works. The last piece of work done is the physical connection. The work starts much earlier with the planning, the engineering, the design, the system balancing, ordering in any of the equipment and goods needed, getting those to the sites that are needed, and then the physical work of actual hooking up happens.

So I would say that it's employees across Manitoba Hydro that are all involved in serving the customers, particularly when it's new projects in development.

**Mr. Kinew:** And so would those be IBEW-represented workers who would do the hookups for a project like the Simplot or for a residential construction project?

**Ms. Grewal:** If you're referring to the power-line technicians, yes, those are members of IBEW.

**Mr. Kinew:** And so, you know, does—the layoffs that are currently being proposed, does that stand in the way of some of that economic activity?

**Ms. Grewal:** If we step back and look at this holistically, what we are talking about is we were looking to achieve about \$5.7 million in pure workforce savings, individuals currently employed actively working at Manitoba Hydro.

Twenty per—more than 20 per cent of that is being achieved through employees and various unions and associations who've accepted, including from leadership down, three days of unpaid leave, which are 1.2 hours per biweekly pay period for 20 months. So, over nine months, those individuals, per pay period, will not be paid for 1.2 hours.

We had hoped to reach agreement with the other unions to ensure that all employees participated and supported the need to support the Province with COVID. Unfortunately, we—after a month of discussions and negotiations with IBEW as well as Unifor, we were unsuccessful and therefore layoff notices of 202 were issued.

I'd like to just point out, though, it's 202 individuals on a labour force of 5,475, and that cost saving that we were looking for, in terms of our labour force, is 1 per cent of our annual budgeted salaries.

**Mr. Kinew:** So I do just want to clarify, though, so with those workers being laid off, there is potentially an impact on that economic activity, like the new starts of residential construction or large industrial projects like Simplot.

**Ms. Grewal:** These are temporary layoffs for four months. We manage this workforce on a regular basis and redeploy to serve our customers. We will have the opportunity to potentially defer some projects that are for our own assets to redeploy individuals to support economic development as long as that will not negatively impact reliability.

**Mr. Kinew:** So is there a trade-off, then, between reliability and economic activity?

**Ms. Grewal:** Could you please explain what you mean between reliability and economic—like, the—what kind of a trade-off?

\* (14:00)

**Mr. Kinew:** So just building off the CEO's previous answer, it seems to me that there will be an impact on economic activity if the employees laid off cannot hook up a new subdivision that's being constructed or the Simplot plant or a project like that. There will be an impact on economic activity. CEO said there will be the ability to redeploy subject to that redeployment to do those new hookups not impacting reliability.

So, again, I am curious to know if the impact of the layoffs of those 202 employees who do the hookups is going to force a trade-off between reliability and the pursuit of economic activity and economic development in Manitoba.

**Ms. Grewal:** I do not believe there will be a trade-off required, and the reason why is we have 1,200 projects ongoing at a time that use the skills and resources of all of our employees. Some of those projects are multi-year projects where a four-month delay in continuing with that project will neither have an impact on reliability and thus allow us to support economic development through redeployment.

**Mr. Kinew:** So one impact may be delays, then. Is that right?

**Ms. Grewal:** That is not what I was—meant to say. What I said was that we will redeploy to support economic development and to ensure reliability with some of the other projects that are multi-year that can—will not negatively impact either both reliability and economic development. They will be delayed for four months.

**Mr. Kinew:** Okay, so four-month delays, one example of an impact of these layoffs that I'm hearing here, and I'm sure there's a lot more that we can dive into and will regarding the layoffs.

But I just wanted to share an observation, okay. Because it seems to me if some of the impacts contemplated by the current round of layoffs are that some of those new projects to serve the very customers who could help return demand and increase revenues to Manitoba Hydro, it seems that some of the layoffs may be counterproductive, right?

Because if you have certain aspects of Manitoba Hydro's revenue base that have taken a hit during the pandemic and then allowing new construction to proceed, that would help complement the revenue base Manitoba Hydro helped grow—the revenue base, it seems to me that the layoffs are at cross purposes with bouncing back from the current situation.

So I'd be curious to hear the CEO's reflections on that because, again, you know, I recognize I'm coming at this from a layperson's perspective. It just seems like if you're going to lay off the people who might actually help grow Hydro's revenue pie, that maybe the layoffs aren't in the best interests of the Hydro-Electric Board.

**Mr. Wharton:** Certainly appreciate the dialogue that we're having around the table and, you know, and listening to the member go on and on with the same question, I think the CEO has answered that question. I think I understood it. I think colleagues around the table have understood the answer and I—you know, I question the fact that the member is also questioning—it sounds like the ability of the corporation to make decisions as the employer going forward.

So I'm not sure if the member is, in particular, wanting to potentially maybe be an employer but, certainly, it sounds like the employer's doing their job, and in particular the CEO and their team, and I think we should get on with the matters of consideration today.

**Mr. Kinew:** You know, I think the minister's facetious little act there grows a bit tiresome week after week when he shows up to try and interrupt the important and valid lines of questioning that occurs in the Crown committees.

We know full well that Manitoba Hydro's being backed into this position as a result of the interference of his government and the Premier (Mr. Pallister), against which he refuses to be a voice of sanity and a

voice of reason saying don't lay off Manitoba Hydro employees.

I can assure the minister that we will very well and in good time be able to fully explore at this committee table the nature, the timeline and the conduct of this government as it results to their interference with the Manitoba Hydro-Electric Board. However, at the current moment, the line of inquiry as they begin to ascertain some of the current financial impacts as it pertains to COVID, and, of course, some of the near-term financial and economic impacts as it pertains to the layoffs that are contemplated.

So, again, I pose the question a second time. Again, looking at some of the commentary that has been made around the table to date, you know, it seems to me that Manitoba Hydro has weathered a storm somewhat, but there are still revenue challenges. There's a need to look at how do we ensure that this Crown corporation stays strong through this unprecedented period.

One of those ways is to ensure that economic activity in Manitoba returns to normal, which includes housing starts and other construction projects go online. However, it does seem—you know, again, from a lay perspective, that when you layoff the very people who are going to make possible some of those construction starts and allow some of those other industrial projects to proceed, that that is at cross purposes with the overall goal of boosting Manitoba's hydro—Manitoba Hydro's revenue during this period.

I'm just wondering if the CEO can comment on that perspective I laid out there.

**Ms. Grewal:** I've always said that layoffs were not our preferred option. We worked very hard, as hard as possible with all of our employees to find a solution that would not negatively impact one employee more than another, that would not negatively impact reliability, that would not negatively impact our ability to support economic development within Manitoba. Secondly, it's 202 roles for four months on a base of 5,475 employees.

We always plan and deal with circumstances that require us to be agile in ensuring we meet the needs that are best for Manitobans, and in this instance, that's economic development as we come back out of the pandemic, and it's ensuring reliability, and we will continue to do that even with the 202 unfortunate layoffs because we were not able to reach agreement with the unions.

**Mr. Kinew:** You know, I certainly welcome the CEO's expertise on the matter.

I would point out that in a province like Manitoba, and in many of the communities in which we live, places like Winnipeg and Dauphin and Steinbach, 200 jobs is a lot, and, you know, I just put that out there as a reminder that's a significant number.

In particular, this is about one third of those front-line workers who do things like help us bounce back from a winter storm or help ensure that a line goes into a new housing subdivision. And so this is a significant hit that we're talking about, and, you know, I know that the answer that this is not the preferred option, I take that seriously when the CEO says that.

And I also take seriously the fact that this was an order handed down by the provincial government, and, you know, the CEO is not at liberty to, you know, speak a certain way about that sort of interference that takes place on behalf of, you know, the Conservative government here in Manitoba.

So I just want to put that on the record, because, again, you know, part of what we're speaking about here at the committee is, you know, some of the outlook here currently. So I just wanted to put those few remarks there and do fully expect that we can dive in a bit deeper in short order.

I did want to follow-up on some other opening comments that were made a little bit earlier. So, I guess, backing up a little bit out of sequence here.

The CEO, in her opening statement, talked about the Manitoba-Minnesota Transmission Project and, certainly—drive back and forth across, you know, that part of the province, was pleased to see it take shape recently—and had heard that it was online now, and so welcome, I guess, the confirmation by the CEO that that did go live on June 1st, I believe, was the date that—if I have that correctly.

And I think the CEO also commented that that was under budget or at budget, within the controlled budget may have been the language. So I just wanted to return to that. I believe that the previous amount contemplated in the third quarter report of last year was \$128 million as the cost of that project. Can the CEO let me know if that—that's an accurate figure, and what was the final cost of the project once it was delivered?

\* (14:10)

**Ms. Grewal:** The actual budget for the MMTP line was \$490 million and it has come in on budget. There

are some final cleanup work to be done when you build a long transmission line like this, but we will be and are within the \$490-million budget.

**Mr. Sala:** Thanks so much for that response.

Just want to go back and talk a bit about the winter storm—or the October storm, rather, and hope you can give a sense of the financial impact of those events on Hydro's financial situation.

**Ms. Grewal:** At the time when the storm occurred, we were anticipating costs of approximately—additional costs of up to \$100 million. At this point in time, it is less than the \$100 million. We're anticipating it will be \$90 million.

But I would like to point out that we have not completed the restoration work, particularly on some of the transmission towers and lines, because that will continue into the fall. So we will not have a final number until we complete all restoration efforts.

**Mr. Sala:** Thank you for that answer.

The production of an integrated financial forecast—a 20-year forecast—was something that was regularly performed on an annual basis up until 2017. So we haven't seen that forecast for some time and, obviously, given the context that we're in, lots of projects on the go—some of the biggest capital projects in the province's history, in fact—it would seem that we've never needed this kind of insight into that 20-year future, we need it more than ever before. What can you tell me about why we've yet to see an integrated financial forecast this year or even over the past several years?

**Ms. Grewal:** I can't speak to the years that I was not here. What I will speak to is during my tenure.

One of the things that we at Manitoba Hydro are focused on and that the board tasked me with was to develop a long-term strategy for Manitoba Hydro. In conducting the work to create the strategy, we also looked at what is happening in our industry, and the energy landscape is changing materially, so any 20-year financial forecast needs to consider that. So it is ongoing work that we are doing and once we've completed that work we will be in a position to share a financial forecast.

Secondly, I would like to point out, as part of the new legislation that is being considered, one of the things Manitoba Hydro will be doing is developing an integrated resource plan. It is a best practice that other utilities undertake, and that integrated resource plan is a plan that will speak to how we will be meeting the

needs in Manitoba for the 20-year period and it is a process that will involve stakeholder consultation.

**Mr. Sala:** Thanks so much for that.

Could you give us any sense of the timelines that we might expect the release of the—both the integrated resource plan and the strategic plan?

**Ms. Grewal:** We are advanced in developing a draft of the strategic plan at a high level. As a result of the storm, as a result of the pandemic, it has not been our priority and we look forward to in the coming months to pick that back up and to start to advance that strategy. But I cannot commit to a specific date at this time. But we will be picking it up and it is something. The intention is to finalize it and to be able to share it in this fiscal.

**Mr. Sala:** So, given some of the broad things that are happening within the energy industry, there's lots of—quote, unquote—disruption taking place, electrification of transport, the role of energy utilities in decarbonization, although we can't see it right now, are you able to share any of the sort of high points from that strategy document or any of the, sort of, key directions that we might expect from it?

**Ms. Grewal:** This strategy is focused on a couple of things.

Firstly, it is focused on our customers. It is very much a customer-centric strategy. Secondly, it's focused on meeting the needs for Manitobans. Thirdly, it's focused on us operating as effectively and efficiently as possible, and it's also focused on us keeping energy affordable while still investing in the necessary way in the infrastructure so that we are effective in this new energy landscape.

**Mr. Sala:** Thanks so much for that. It's helpful.

There's—you referenced that one core, I guess, aspect of the strategy is going to be determining future efficiencies or building more efficiencies. Can you speak at all, in broad strokes, about what might be on the—in the plans to increase efficiency for Hydro?

**Ms. Grewal:** Because we have not advanced a strategy to that point to particular tactics it would be difficult to speak to that at this point in time.

**Mr. Sala:** Thanks for that.

You'd referenced the development of the integrated resource plan. Can you help us understand—and, again, like my colleague, I'm a layperson as it relates to the field of energy and especially this type of corporate planning. Could you maybe describe a bit

more about the integrated resource plan and what it would offer in terms of insight?

**Ms. Grewal:** An integrated resource plan is actually a very comprehensive document that looks—forecasts energy demand, then looks at the generation capability to then find ways to match the two. So a lot of complexity goes into building the load forecast models and scenario testing. There's greater complexity in building integrated resource plans in this new evolving energy landscape because we operate front of the meter, but there will be energy being produced and bi-directional flow of energy behind the meter. And that will also need to be considered in the scenarios developed.

**Mr. Sala:** Could you maybe elaborate a bit on this? You said this in front of the meter, behind the meter. Is this relation to the decentralization of energy production, or could you maybe flush that out a bit for us?

**Ms. Grewal:** It absolutely relates to the decentralization of the energy landscape. So Manitoba Hydro is considered in front of the meter. We generate, we transmit and we distribute energy and we go to the point of the meter that is connected to our customers, whether it's industrial, commercial or residential customers.

Behind the meter is where the new intermittent renewables are coming in. That is the solar. That is the wind. That is the potential microgrids. So it's all of that that is happening behind the meter that will come into play.

**Mr. Sala:** Thanks for that.

And could you elaborate a bit on what we expect the impacts of that shift or those disruptions or changes on rates?

**Ms. Grewal:** It would be difficult to state at this point in time what that impact is, but one of the things we are very much focused on in developing our strategy is ensuring that all Manitobans understand their energy options and make informed choices.

**Mr. Sala:** Thanks so much.

I'd like to just go back to questions of energy consumption. We talked a bit about this earlier, but hoping you can provide the net energy consumption for April and May for this year as it compares to 2019.

**Ms. Grewal:** I don't have that information with me here at this point in time.

**Mr. Sala:** Could I ask that you endeavour to provide it to us?

**Ms. Grewal:** We'll look into that and get back to you.

**Mr. Sala:** Given we don't have that particular data point, it's likely we won't have this one either, but I'll ask anyways. Would you be able to provide net energy consumption, year over year, over the last three years?

\* (14:20)

**Ms. Grewal:** I do not have that information here with me today, and we will look into that and get back to you.

**Mr. Sala:** Thanks for that.

I'd like to turn our attention to Keeyask. It was referenced in your opening statement, and I appreciate you clarifying that the project is coming in on control budget it seems. I'd like to dig into that just a bit. According to page 7 of the 2019-20 business plan, Keeyask is currently trending to meet or beat the scheduled service dates. The first unit is in service in October 2020, ahead of the August 2021 control schedule. Can you just confirm that that's accurate?

**Ms. Grewal:** The project is scheduled for the first unit to come in service October 2020 and we are ahead of schedule, as you've identified, and we are at this point in time within the control budget.

**Mr. Sala:** So page 7, 2019-2020 business plan, it states that Keeyask is expected to meet or beat the control budget of \$8.7 billion. Just confirming that is the case still.

**Ms. Grewal:** We are confirming that we will meet the control budget.

**Mr. Chairperson:** Mr. Sala—

**Mr. Sala:** On page 18—

**Mr. Chairperson:** Oh. sorry.

The Honourable Mr. Wharton.

**Mr. Wharton:** Thank you, and, certainly, a good discussion about a very important area of Manitoba Hydro.

As the member, my colleague, mentioned, one of the larger capital projects that Hydro has endeavoured to undertake—and to be clear, the initial approved budget back in 2008 under the member's—the former government was \$3.7 billion, Mr. Chair. So just want to make sure that that original budget number is entered into the record.

**Mr. Sala:** On page 18 the actuals as of March 31st, 2018, were said to be \$4.5 billion. Could you please indicate what the actuals spent on Keeyask are today?

**Mr. Chairperson:** Ms. Grewal, whenever you need time to confer, that's fine. Do your conferring and then you can just get my attention.

**Ms. Grewal:** As of April 2020 we were at just under \$7 billion and the project is 80 per cent complete.

**Mr. Sala:** Thanks so much for that.

Can you share a bit about what Hydro has done to market the excess power that we can expect will come online once Keeyask is fully operational?

**Ms. Grewal:** The agreements that we've been negotiating over the last number of years, particularly with SaskPower, the most recent 250 megawatts is an example of the markets that we will be selling that power into. There is also energy via MMTP, an opportunity to also move more energy into the US.

**Mr. Sala:** I appreciate that that there's been efforts made to do that. Of course, failure to market that energy will just result in higher rates for Manitobans. So that's obviously critical that we do find market for that power.

At a broader level, you mentioned earlier that 21.7 per cent of our electricity is sold on the spot market. Is that—I believe that was what you'd shared. You can correct me after if I'm wrong on that.

That is, I think, for most—from most people's perspective an incredibly high percentage of our energy capacity that's being sold in a market where we're getting less than, perhaps, a desired price for that. Can you maybe just elaborate a bit on what you perceive as that landscape and the opportunities that are there for Manitoba Hydro to do more with that electricity that we're currently selling on the spot market.

**Ms. Grewal:** I'd like to clarify the difference between firm energy and spot energy and how we forecast. I spoke earlier about the variability of precipitation in terms of the energy that we have. The contracts that we have where we sell firm energy that is not needed in Manitoba assumes that minimum precipitation because we have to be able to deliver that energy. Anything above and beyond that is what we then sell in the spot market because it's opportunity based on precipitation levels, but we ensure that we get the optimum value from every drop of water in our system at any point in time.



**Mr. Sala:** Thanks so much for that.

I just—I guess I'd like to ask: Do you think we could be doing more with the excess power that Hydro produces?

**Ms. Grewal:** I believe in the current reality that we operate in, we are optimizing every day, every minute, the value of every drop of water.

**Mr. Sala:** I'd like to move to just a question about the ongoing commission that's been established, and I'd like to ask how much Hydro has spent on that ongoing commission, and I'm referencing the commission that's being led by ex-Premier Brad Wall.

**Ms. Grewal:** The commission work is ongoing, and I do not have in front of me the dollars spent to date.

**Mr. Sala:** Can I ask would that be able to be provided to us at a—I'll wait.

**Ms. Grewal:** I'd like to clarify a misunderstanding that I stated, which is the work and the costs of the commission are not being paid by Manitoba Hydro. Government is paying those costs.

**Mr. Sala:** So, to be clear, Hydro's not paying those costs? The costs of the commission?

**Ms. Grewal:** I can confirm that government is paying the costs of the commission.

**Mr. Kinew:** Just a clarification question. Are there any costs borne by Hydro to participate for seeking legal counsel, et cetera? If so, could you provide the dollar value of that?

**Ms. Grewal:** It's my understanding that any work that we have done to provide information to the commission is done in our normal course of operations.

**Mr. Wharton:** Just maybe I can help too. And the members know that the budget is very clear on the review being done, and I know the members are quite nervous about the outcome of the review, and certainly we don't want to prejudge it, but we know the issues with Keeyask and Bipole III has been one of the biggest boondoggles in Manitoba history.

So, you know, \$2.5 billion—million was set aside for the review, Mr. Chair, and the members know that, it's quite public and we're looking forward to Mr. Wall's report when he's completed it.

**Mr. Kinew:** I just—I think what the minister was saying there is that his government is committed to laying off Manitobans while hiring an out-of-work ex-politician from Saskatchewan. So I thank him for

putting those remarks on the record. Certainly, it doesn't align with the values of any Manitoban that I know of, but I guess there's a few folks like that in the PC caucus.

I do want to just return to what the CEO was saying about getting, you know, the nice turn of phrase there: getting value from every drop of water in Manitoba. It reminds me of a comment I heard at an event with former Premier Gary Doer. It's the painting that we're sitting beneath.

He went on to be the ambassador in America for Canada, and I guess they had snowfall there one time, as the story goes, and, you know how it is when cities not named Winnipeg have snowfall. You know, the army gets called in and the National Guard, and there's all this big uproar and hullabaloo, and so the American representatives came calling on our dear former ambassador and said, wow, we're just really at a loss with all this snow. What do you guys do with the snow where you're from?

\* (14:30)

And he said, well, we shovel it up. We put it in a truck. We drive it to the North. We melt it. We run it through a dam and then we sell it back to you. And I think, you know, that anecdote speaks to a lot of the strengths that our former premier had and brought to the table during his service to the people of Manitoba. So I just thought it an opportune moment to share that anecdote.

I did want to ask a few mop-up questions just as we're kind of dealing with some of the financial questions about last year and the current year.

Just as a quick point of clarity, I just wanted to confirm the number in the—of the Manitoba-Minnesota line. I just wasn't sure whether I heard it because I have seen it documented—again, looking back on my notes more closely—it was 490—four, nine, zero million—but earlier I perhaps mistook—I thought I heard the CEO say 419. So I just wanted to ask the CEO to clarify what was the final value of the project there.

**Ms. Grewal:** I can confirm the budget that we've come in at and met is \$490 million: four, nine, zero.

**Mr. Kinew:** Good, and I certainly thank you for that clarification. I guess I just mistook that earlier.

I also wanted to ask about the relation to cost, and this might be a very quick answer. We heard from the, I guess, the Minnesota partner on that project, that they delivered under budget. Could the CEO explain,

like, is there any relationship between the cost on the two sides of the project?

Like, how is it—can you help me understand how is it that we were delivered at budget, but then the American side was delivered under budget? Is it just different contractors, different work flow, or is there more to it than that? Just seeking to have greater understanding.

**Ms. Grewal:** I cannot speak to the work that was done by Minnesota Power because I was not actively involved, nor did we actually see how they achieved what they did.

**Mr. Kinew:** And I thank you for that answer.

And then so we're looking at the, you know, business plan 2019-2020, and on page 6 of that document, I'm just going to read a quote here. It says: Adaptations continue from the workforce reductions associated with the volunteer—voluntary departure program in 2017 and 2018. Internal improvement initiatives and work adjustments are ongoing. So this was—there were some 900, you know, job losses at that time. and this is looking in the rear view at the impact of those job losses. Could you discuss what some of those impacts have been on the corporation?

**Ms. Grewal:** As with any organization, when you reduce your workforce by 15 per cent you need to then step back and say how do we do that work and ensure safety of our employees, the public and reliability. So you need to go back and look at the work processes and reconfigure them to ensure that you're still delivering on your mandate.

**Mr. Kinew:** And which areas of Hydro were the most impacted?

**Ms. Grewal:** As this happened before my tenure, I can't speak specifically to which areas were most impacted because there was already work being done to mitigate the impacts.

**Mr. Kinew:** What is the current or ongoing nature of that mitigation? Is there still work being done within Hydro to reconfigure, to use the phrase used by the CEO?

**Ms. Grewal:** In January of 2020 Manitoba Hydro rolled out a new business model. One of the premises of that business model was to eliminate silos to ensure we operated as effectively and efficiently as possible, and we continue to roll that out, though that has been put on hold due to the pandemic. And as with the long-term strategic plan, we will advance that work once we start to be able to look at our new normal.

**Mr. Kinew:** Is it your expectation that you will be able to return to that same business model after the layoffs, or will you have to arrive at a new business model?

**Ms. Grewal:** This is a long-term business model that is an asset-based business model which we will continue to move forward and implement during the unfortunate 202 layoffs.

**Mr. Kinew:** Did these voluntary departures—or did this overall—this program impact on service delivery for Manitobans?

**Ms. Grewal:** I am not aware that there's been a negative impact on our ability to meet our customers' needs, which is safe, reliable power.

**Mr. Kinew:** Thank you for that answer.

Certainly many people have talked about that October storm and have wondered whether those 900 jobs lost impacted our ability to respond. What is your view? Did the 900 jobs that were removed from Hydro as an organization impact Manitoba Hydro's ability to restore service and otherwise respond to the October storm?

**Ms. Grewal:** I do not believe it had an impact and neither did the Edison Electric Institute, who gave us an award for how quickly and effectively we restored power.

**Mr. Kinew:** I would note that that award was shared with other utilities who joined in the response, and so I guess I'm wondering whether, you know, should Manitoba Hydro have won that award on its own without having to call in workers from Saskatchewan and Ontario.

**Ms. Grewal:** Manitoba Hydro did not win that award alone, and all four utilities, including Manitoba Hydro, Hydro One, Minnesota Power and Saskatchewan Power, collectively we received that award.

I'd also like to clarify that our partners not only brought us their expertise, they brought equipment that we did not have for terrains that we were not prepared for, and they also brought materials.

**Mr. Kinew:** Yes, I certainly appreciate the work that, you know, those workers from other jurisdictions did, but, you know, what I'm really getting at there is did the 900 workers represent some of the people who could've been responding to that storm, and had those layoffs not taken place or had those voluntary departures not taken place, would we have been able

to respond to the storm without calling on workers from other jurisdictions?

**Ms. Grewal:** I'd like to reiterate it wasn't just workers: it was equipment, it was materials and it was expertise in certain areas that we did not have to be able to restore the power as quickly as we did.

**Mr. Kinew:** What sorts of expertise was that?

**Ms. Grewal:** Some of the expertise related to working in environments where everything was underwater, and they actually had the equipment that we did not have to be able to go into those environments and to be able to quickly—as quickly as we could, get power back on in those areas.

They also had expertise in a number of other areas in terms of how we planned our work to collectively be as fast and efficient as possible. What typically happens is the individuals that—they volunteer for this. They go from emergency to emergency when they are called on, so they also brought their experience and expertise in having quickly mobilized and restored power in emergencies in other jurisdictions.

**Mr. Kinew:** Granted that climate change increases the likelihood, frequency and intensity of storms, are these forms of expertise and equipment now things that Manitoba Hydro should be building up within?

**Ms. Grewal:** After the storm we actually went through an exercise, which involved Manitoba Hydro and members from the other three utilities to do a lessons learned. We then documented the entire end-to-end process, which is now looked at as a best practice by the Canadian Electricity Association, and it is shared with all other utilities in Canada.

\* (14:40)

So we've actually now transferred that knowledge into Manitoba Hydro and, secondly, some of the equipment that our budget allowed for we've actually bought, which is—I don't know the names of them, but they're these little—little caterpillar that move on tracks that can go anywhere. What were they called? Turks? *[interjection]* Sherpas. We have some Sherpas.

**Mr. Kinew:** All right. Well, it's certainly a concrete example shared there. So is that process now complete, or is there more work that needs to be done in terms of implementing lessons learned and, I guess, building up Manitoba Hydro's capacity to respond to future storms?

**Ms. Grewal:** We continue to build our experience and knowledge so that we are prepared to deal with any

risk or crisis that will impact our customers negatively.

**Mr. Kinew:** And, in terms of a, you know, the lessons learned, what will be the impact of the 202 layoffs on Manitoba's ability to respond to, let's say, a summer storm that might knock out portions of the grid?

**Ms. Grewal:** As I pointed out earlier, it's 202 employees for a four-month period based on 5,475 employees. We are more agile now than we have every been and we arise and organize ourselves to deal with any unexpected circumstance that would require us to redeploy resources.

**Mr. Kinew:** Yes. I believe the workers affected over represent, if you will, the capacity to be able to respond to the grid being knocked out by a storm, right? Like, the 200 figure's about a third of the front-line workers who'd be called upon to respond.

So, again, if we assume that there's a, let's say—and I don't know the exact number off the top of my head—but I believe, like, a 90-day lay-off provision starting this month, that means that that four-month layoff would take effect during the same time of year that we had a terrible winter storm last year, right?

Again, if the layoff notices are given in June they potentially take effect September. That means that these workers are laid off September, October, November, December, right? So that's where the line of questioning is coming from as to what is going to be the impact if there's another big storm this Thanksgiving and we have one third of those workers off the job?

**Ms. Grewal:** Firstly, I'm not certain about that one-third number. That's not how we look at our business. We had a thousand people collectively respond and mobilize to the storm last October—anywhere from shopkeepers managing inventory, setting up camps, logistics, design, engineering, all areas were there and including safety—including safety.

Secondly, I'd like to point out that that storm was unprecedented. We have never had a storm of that size and scale, nor have we gone to the Province and requested that the state of emergency be declared. The state of emergency allowed us to have our partners come in to also assist us.

**Mr. Kinew:** Part of being a politician, I had the good fortune to work as a news reporter in the province, and as news reporters in this province do I had the opportunity to cover a few floods. And I noticed after covering a couple floods that, you know, the first

flood I covered was a one-in-500-year storm, and then the next one was a one in 300-year storm, and then a one in 200-year storm. And, you know, that's essentially what happens as a result of climate change, is that these events that were previously unprecedented become much more frequent.

And so it does seem to me that although, you know, I think the CEO is, you know, on solid ground to point out that it's unprecedented, hopefully, we're not making an assumption that it won't happen again, right? Certainly this is a massive corporation and I—assure that there's all sorts of risk management going on internally and there is a lot of planning for the what-if.

But, again, I don't think that I've heard an answer to the question, which is: If these layoffs take effect during the same storm season that knocked out the power grid last year, what will be the impact?

And the reason why I do think it's relevant is because while perhaps 1,000 people were called on to marshal the storm response, some of those played support roles, right? And the actual employees who would have done the—putting the lines back up into place are the ones most severely impacted by these layoffs.

And so, again, it does seem to me that there is a very legitimate outstanding question here about the impact on reliability and the impact on the grid—and, consequently, the impact on the lives of Manitobans here.

So, again, as the layoffs are projected at least at the current moment to take effect during that same storm period, what will be the impact on the capability of Manitoba Hydro to respond if there is another storm?

**Ms. Grewal:** As we have to every storm that we've faced and weather event in the past, we will be prepared for and have completed the planning to ensure that we deliver safe, reliable power to Manitobans in any circumstance.

**Mr. Kinew:** And so the plan that you're putting together includes responding to such a storm without those 202 employees. Is that right?

**Ms. Grewal:** The plan we will put together will consider whatever reality we are operating in.

**Mr. Kinew:** And so just to put a finer point on it, again, this would have an impact; 202 fewer employees in the 190 represented by IBEW, the others represented by Unifor—this would have an impact on

Manitoba Hydro's capacity to respond to a similar winter storm.

**Ms. Grewal:** As I've stated, we will plan to ensure it does not have an impact.

**Mr. Kinew:** Thanks for that.

So we're talking about the 900 voluntary departures. Has that led to an increase in the outsourcing and the use of contract workers since that took place?

**Ms. Grewal:** I am not aware that it's resulted in additional third parties providing the services as a result of the voluntary departure program.

**Mr. Chairperson:** Mr. Kinew. Sorry, Mr. Sala.

**Mr. Sala:** Thanks for that, Ms. Grewal.

The 900 roles that were—that—where we saw the temporary—or, sorry, the voluntary withdrawals from those positions—the—to ask that question a little differently, did we see a number of those individuals that left the organization be—were they rehired back? Or—and if so, what number of people came back into the corporation, whether it be for Manitoba Hydro or Manitoba Hydro International?

**Ms. Grewal:** I'm not aware of anything that has happened related to that during my tenure associated with the VDP, but I cannot speak to when I was not in this role.

**Mr. Kinew:** So I just want to refer back to a mandate letter that was issued in 2019 which requested further staffing reductions—8 per cent, I believe was the figure.

Now, at that time, Manitoba Hydro said it had already exceeded those staff reduction targets. And, you know, paraphrasing here a little bit, Manitoba Hydro couldn't cut any more beyond that.

I wanted to perhaps hear what the current state of play is. You know, we've touched on the issue of the layoffs that this government is asking for as of right now. It sounds like there are going to be impacts in terms of four-month delays. It sounds like there will also be impacts in terms of our capacity to be able to respond to a storm, but I'm also concerned that this is going to have a longer lasting impact on Manitoba Hydro.

So we've heard from Hydro, both in terms of public statements in the media, through spokespeople and, I guess, you know, through other information that we've arrived through various sources that, if I can

characterize this correctly, Manitoba Hydro has been resistant to further directives on the part of this government to cut jobs, to cut staffing levels within the organization. And so I kind of want to pick up on that point and see what the thinking is within the organization now.

Maybe beginning with the mandate letter and, you know, Hydro's response that these—this directive to further cut jobs was not a good idea.

\*(14:50)

Can the CEO comment if that's the current thinking at Hydro today, that further staff reductions are not in the best interests of the Hydro-Electric Board?

**Ms. Grewal:** Manitoba Hydro met its commitment to what is stated in the mandate letter by the voluntary departure program where we reduced our headcount by 15 per cent.

**Mr. Kinew:** And then Manitoba Hydro went on to state publicly, and this is a quote here: We believe that further staff reductions would significantly increase the risk of public and employee safety, of system reliability, as well as our ability to provide reasonable levels of service to our customers.

So is that still the case?

**Ms. Grewal:** That is absolutely the case if there were permanent reductions in our number of employees, but as I pointed out earlier, a temporary four-month reduction is something that we are prepared to manage and ensure safe, reliable power.

**Mr. Kinew:** So it seems to me if further staff reductions beyond the level that Hydro had in May 2019, that those job cuts were permanent, that that would have a permanent impact on the safety and the reliability and the function of Manitoba Hydro, it seems to me that a temporary reduction in the workforce would have a temporary impact on safety, reliability and the function of Manitoba Hydro. Do I have that right?

**Ms. Grewal:** As I've pointed out earlier, for a temporary workforce reduction we have the ability to redeploy to ensure we deliver safe, reliable power given the 202 jobs which, again, is only 1 per cent of our overall annual budgeted salary.

**Mr. Kinew:** You know, those 200 Hydro jobs are very important to the families who rely on them. They provide a middle class and a good income for people right across the province, people not only working and

living in Winnipeg, but also who commute from surrounding communities as far away as, you know, Steinbach, Niverville, you know, what have you, people who live in other communities across the province. So these jobs are good-paying jobs and they matter a lot to the families that they sustain.

But I'm very curious to know, like, what is the nature of the impact? It's clear that Hydro believes that there is going to be an impact as a result of these job cuts that the Province is asking for. So the CEO has said if the job cuts were permanent, there'd be a permanent impact. There must be temporary impacts if there are going to be temporary reductions, so perhaps we could just go through them, you know, point by point.

The redeployment, you know, I think you've touched on that previously; you're going to be pulling people out of certain areas. You could probably expect a four-month delay in some of those projects resulting. Are we going to be looking at other things like an increase in overtime? Are we going to be looking at perhaps more contracting out during this period? Are there, you know, other human resources, I guess, that are going to be called into play as a result of the temporary redeployment measures that the CEO's outlined a bit?

**Ms. Grewal:** I'd like to make a few comments: (1) we looked in every single area to achieve as much as we could in reductions that did not impact our employees because every single employee in Manitoba Hydro is important and critical; secondly, layoffs have never been or was my preferred course of action. We worked hard with the unions to try to mitigate an impact on any particular family, and it's something that I feel very strongly about because every single employee is valued.

As I've said, we have the ability in a four-month period to redeploy. It is very recent news that we were unsuccessful in reaching an agreement with IBEW and CUPE—sorry, IBEW and Unifor. CUPE is in—still in discussions. We are now, once that is finalized, we'll then know what we are planning for and that work will then start. We have not completed that work because we need to go through the process which we are now, as a team, just initiating.

**Mr. Kinew:** I would expect that in your conversations with the representatives of the workers, that various scenarios had been presented to them and so, you know, I would expect that similar work had been done on Hydro's side to internally forecast what would be the impact of these layoffs, right? So that's why I'm

asking. Are there going to be increases in overtime? Are there going to be increases in contracting out as a result of the layoffs?

**Ms. Grewal:** If there are increases in overtime or additional contracting, we are defeating the purpose of what we are trying to achieve, which is to provide funds to support the costs associated with the pandemic.

**Mr. Kinew:** And how will those funds to, you know, support the pandemic, how will that work? How will they be provided? Can you just walk me through that?

**Ms. Grewal:** Manitoba Hydro is part of summary government. Our income statement and balance sheet are consolidated with the Province's budgets. Wherever we save money creates money, additional capacity that was budgeted for that can be redeployed for the pandemic.

**Mr. Kinew:** But, just to make clear, there won't be a transfer of cash from Manitoba Hydro to government, is that correct?

**Ms. Grewal:** There will be unused budget available to government to support the front line in the pandemic.

**Mr. Kinew:** Yes—no, I think I understand what the CEO is saying, but apart from the normal, you know, royalties, you know, that are paid to government and, you know, basically, dividend that's provided to the government, there won't be any further cash provided to government as a result of these cost-cutting measures.

**Ms. Grewal:** Manitoba is the only hydro-integrated Crown utility that does not pay dividends to its owner.

**Mr. Kinew:** I was using a colloquial definition of dividend to make reference to the royalties that are paid for water, et cetera. But, again, do I have it right that notwithstanding those normal payments that happen every year, that there will be no new transfer of cash from Manitoba Hydro to the government?

**Ms. Grewal:** That is correct. *[interjection]*

**Mr. Chairperson:** Mr. Kinew.

**Mr. Kinew:** Oh, sorry. You saw my hand before I did. Your cat-like eyes and, you know—hunter-like eyes, I should say. Knowing the southeast portion of the province as I do, I should've been quick to say.

So, I certainly appreciate the position, you know, that you're put in here because you have been asked by the government to make, you know, these sorts of

workforce reductions. I'd like to ask, how was this communicated? Were you provided with a directive? You know, how did this communication take place?

**Mr. Wharton:** The member, again, is alluding to, you know, workforce reductions, and I think the CEO has been clear, and our government has been clear, that, certainly, layoffs are not an area that anybody wants to see, Mr. Chair. You know, we certainly appreciate that the employer, Manitoba Hydro, has had some decisions to make, and we respect those decisions. And, again, you know, moving forward, you know, the three—I believe, three out of the five prospective employee unions have agreed to help out with the \$2 billion in expenses that the Province is currently undertaking with COVID and, you know, the expected \$3-billion shortfall in revenues.

So, you know, we've been quite clear that all areas of government have stepped up and helped to ensure that we protect Manitobans, in particular, our front lines, during this unprecedented time and we're certainly proud of the way everybody has stepped up and, going forward, we know that we'll come out of this pandemic even stronger as Manitobans and as corporations—as Crown corporations—as we know, under the leadership of our CEO and our board chair.

So, with those few comments, Mr. Chair, again, I think it's—I—it's—feels like a little like recycle Thursday coming from the member, but I think the questions that he's asked have been answered several times, and, again, I think the matters under consideration today, 2017, '18, '19 fiscals, should be back on the table and we should be discussing that for the betterment of all Manitobans.

\* (15:00)

**Mr. Kinew:** Again, just returning to the topic at hand. I'm curious to know, were these workforce reductions, the layoffs and the voluntary reduced work weeks, was that a formal directive provided by government to Manitoba Hydro?

**Ms. Grewal:** There was no formal directive provided around the impact on our employees and labour. What I would like to point out, though, is of the \$86 million that Manitoba Hydro has been able to bring forward as a result of zero-based budgeting, we have solved for everything other than \$4.1 million; 76 per cent is non-workforce related.

**Mr. Kinew:** So how was the directive to cut costs communicated from government?

**Ms. Grewal:** I believe the document that was used to communicate is actually publicly available on the government's website.

**Mr. Kinew:** Yes, the government is transparent in its desire to cut jobs of hard-working Manitobans and, certainly, some of the information we—

**An Honourable Member:** No matter how many times they say it, it doesn't be true.

**Mr. Kinew:** Oh, it's going to be very true for the 200 employees who lose their jobs later on this year, and welcome the minister to go speak with them directly.

So, again, I apologize that sometimes things get a little awkward when you're a CEO watching two partisan groups engage with each other across the table.

But, again, the layoffs are important to me because fighting for jobs in Manitoba should be the work of any politician. Anybody who's elected leader should stand up and try and fight for the people who go to work every morning in this province, and it seems to me that we've heard that this money is not actually going to go to the front lines. This money is not going to go provide protective equipment for a nurse. It's not going to go provide protective equipment for a physician. It's not going to go help pay for the child-care costs of somebody who is going to work to battle the pandemic. This money is just going to appear on a balance sheet, and what's left hanging in the balance there is the fact that you are going to have hundreds of people's families affected. Hundreds of jobs are on the line and this government is proceeding full throttle with putting Manitobans out of work during a recession, which is the worst possible move you can make because it will push the economic recovery further into the future.

There should be a voice of reason standing up at the Cabinet table. There should be a voice of reason standing up in the caucus room. There should be a voice of reason telling the Premier (Mr. Pallister) that this course of action is wrong. Unfortunately, we do not hear those voices speaking out.

So I do very much appreciate the CEO's candour today in confirming for us that these cuts ordered by the government will not actually result in new cash being deployed to help the pandemic response. That is a very significant finding and it gives—well, I won't say that it gives a certain unparliamentary lie or a parliamentary word to—*[interjection]*

**Some Honourable Members:** Oh, oh.

**Mr. Chairperson:** Things are getting a little out of control here. Would you please rein it back in.

**An Honourable Member:** Is there a question there, Wab?

**Mr. Kinew:** Yes, there is a question, but I still have a lengthy preamble before I get to such a question.

But again, you know, the—you know, within the limits of parliamentary discourse I am not allowed to say a certain word. But it certainly does contradict the language and the excuses that we have heard from this government over and over again in terms of their need, their requirement to cut—to cut jobs.

And, you know, I do take seriously the CEO's commitment and, you now, the words that you've shared about the members of your Manitoba Hydro family being valuable to you and being important to you, and certainly I find no quarrel with that. I do believe that, you know, for lack of a better term, you're caught within the constraints of what the government is forcing you to do and forcing you to work with.

But, when we look at the impact of the layoffs themselves, you know, we touched on the impact in terms of outages. We've talked on the impact in terms of delays, in terms of, you know, the redeployment of people that will be necessary. But I'm also curious: What does this mean for construction activity that Manitoba Hydro may have contemplated this year or later on this year?

Is there going to be an impact there? Like, I believe you sort of alluded to pulling resources away from certain other sectors, but I wonder if you might be able to spell that out into some greater detail.

**Ms. Grewal:** I do not have the specifics for you because we are assessing that as a team as we speak.

But what I will say is that we are continually reassessing our capital projects and how they advance, given the complexity of these projects, which are multi-year. Sometimes it can be that the design and engineering has to be reconsidered based on some new learnings. Sometimes it can be that the equipment that we needed to procure was not available, so we then would have to change our plans. So this is something that we do in the normal course of our business.

**Mr. Kinew:** I was just wondering if you could spell out for, you know, the members of the committee here, where did that \$86-million figure come from?

**Ms. Grewal:** I'd be happy to walk you through how we actually arrived at the \$86 million.

So we undertook an extensive financial review after seeing the presentation that is publicly available. Because we wanted to mitigate the impact on our employees, we started with a zero-base budgeting. And by that, what we did was we had every VP, director and manager say during the pandemic, given the pandemic, what is not critical or essential at this point in time.

So we started with a zero base and we set three criteria: one I've touched on in our conversations, which is it cannot negatively affect reliability at a time where reliability is even more critical, as everyone is working remotely, pursuing their education remotely and locked down during COVID.

Secondly, it was critical that we did not in any way negatively impact the health and safety of our employees, our customers and the public.

And the third thing that was critical, given that we have assets that are capital intensive, we did not and would not take any action that would increase our costs in the future.

So we looked at a number of different areas. We look at our operating and admin. And, as I pointed out before, 80 per cent of our costs are fixed, so we focused on the 20 per cent.

A number of things in our operating costs that we did, from reducing consulting on initiatives that are long-term strategic that could be held off for a couple of months, from contracted services, from training and staff and travel to advertising in all areas that it is not critical or essential during the pandemic.

We worked with Efficiency Manitoba to review the demand-side management programming, particularly given that during the pandemic we were not going into peoples' homes.

We also looked at all of our mitigation agreements. These are agreements that we have in place with communities and First Nations around our licences and our social licence to operate. In a number of those programs, it would have required us to be in communities, it would require us to be in camps, all of which was not in line with the principles that have been 'self'-sent by the health officer, in terms of physical distancing. So we then reduced those programs, a number of which are seasonal during the summer months.

We also, with Bill 44 having been introduced, are not submitting a general rate application, and therefore those costs were eliminated from our budget.

Our capital is critical, but we looked at our support capital—business operations support, not any of our capital that is focused on maintaining our critical operating assets. So we reduced costs there on corporate facilities, on our fleet renewals as well as on our information technology.

And with that, at Manitoba Hydro, we arrived at the \$86.2 million.

\* (15:10)

**Mr. Kinew:** Just to clarify, you answered it already. But just so it's crystal clear: the \$86.2 million, that was a figure arrived at by Manitoba Hydro?

**Ms. Grewal:** Confirmed.

**Mr. Kinew:** Thank you kindly.

You know, a good chunk of my interest in this topic is on the impact on the employee who may receive a pink slip, to use a colloquialism. Might it have been possible to arrive at a number that would've met, you know, government's directive without impacting jobs? Could this, notwithstanding government's desire to reduce human resources costs, could we have come up with a way to reduce without impacting the workers themselves?

**Ms. Grewal:** In order to achieve the savings, workforce reductions needed to be considered.

**Mr. Kinew:** I'm curious to know as it pertains to this and trying to protect workers at Manitoba Hydro, what do the CEO, what opinion of the CEO expressed to government on this topic?

**Ms. Grewal:** Discussions with government were about how to minimize the impact on our workforce and through discussions with government we reduced by 50 per cent the impact on our workforce.

**Mr. Kinew:** And did the CEO argue to government that workforce cuts were unnecessary at this time?

**Mr. Wharton:** Again, Mr. Chair, I want to remind the member that he understands that Manitoba Hydro is the employer, and if the Hydro and the CEO in particular has made it clear that the \$86 million was a number that they'd derived from—Manitoba Hydro is the employer and they make the decision on how to meet their target and I believe that the CEO has answered that question.



**Mr. Kinew:** Yes, I just want to know if the CEO shared with government that workforce reductions were unnecessary at this time?

**Ms. Grewal:** I did not say to government that workforce reductions are unnecessary.

**Mr. Kinew:** Why not?

**Ms. Grewal:** We are in extraordinary times where every member of government, summary government was asked to step up and do their part, and that is what we did.

**Mr. Kinew:** I guess my quarrel is perhaps not with the CEO then, but the fact that they were asked to do so. I do think it's a tremendous, misguided, economic mistake for the government to try and reduce jobs in the public sector at a time when the rest of the economy is struggling. You know, taking a hatchet to one of the few sectors that's still working while failing to provide assistance to the private sector during its time of need is certainly an economic policy that belies the learnings of economic history, economic theory, even as articulated by, you know, former Prime Minister Stephen Harper, you know, who in the 2008 recession argued that the Government of Canada had to spend money to keep people working based on the past experiences during times like the Great Depression.

Now, I would note that former prime minister has certainly changed his tune now that his federal party is in opposition. But I'm one that always believes that, you know, actions speak louder than words, and certainly what he was up to, you know, during the great recession speaks very clearly as to what was going on there.

So I just have another mop-up question on this topic. You know, forgive me for expounding and elucidating there. But when you were talking about the directive having been shared publicly, was that the Treasury Board document that the government has been shared to or which document in particular was the CEO referring to?

**Ms. Grewal:** I don't know if it's a Treasury Board document, but is the document that is publicly shared on the government's website?

**Mr. Kinew:** Yes, I'm just trying—just so I got it crystal clear and we're talking about the same thing. This is the presentation that had pulled some, I think, information from RBC and laid out at the end of it the case for government 2.0? This is the same document? Is that correct?

**Ms. Grewal:** Correct.

**Mr. Kinew:** All right, thanks for—thanks for that and thank you for clarifying. Appreciate that.

**Mr. Sala:** Many of the employees that work for Hydro in communities like Grand Rapids and Gillam volunteer on emergency response teams, and I assume this is to ensure, in the case of a fire or some type of emergency, that people with the right type of training are there to protect those assets and to ensure that people are kept safe.

Can you tell us how many Hydro employees volunteer in those capacities in the province?

**Ms. Grewal:** Unfortunately, I don't have that information here with me.

**Mr. Sala:** As a follow-up, do you believe that the layoffs will have a detrimental impact on our ability to respond to emergencies at any of our generating sites?

**Ms. Grewal:** No, I do not.

**Mr. Sala:** Did Hydro consult with any of the business lines or areas of the organization that were—to understand the potential impacts of these layoffs on our ability to respond to emergencies?

**Ms. Grewal:** As I stated earlier, when we undertook the zero base budgeting work, it involved myself, the seven vice-presidents, 30-plus directors, plus all of the managers—a group of, I believe 130 to 140 people—and all aspects were considered, including looking at this from a risk perspective.

**Mr. Sala:** Thank you for that.

I would argue that there is some real concern that should be examined there. We do know—and this isn't necessarily our story to tell, but that individuals who do volunteer on emergency response crews, at least one has been laid off as a function of these temporary layoffs. And I think there's real concerns that we need to be looking at to respond to that and especially if this becomes a more widespread concern. So just something, maybe, that I'd flag for the CEO.

Moving to a different area here. I'm hoping that you could comment on whether the 20-year strategic plans—and you identified some of the key directions from the plan as it stands. You've outlined that for us, and I appreciate that.

Hoping you can comment on whether or not that 20-year strategic plan sees Manitoba Hydro as a strong publicly-owned corporation in the future?

**Ms. Grewal:** Absolutely. Confirmed.

**Mr. Sala:** Thank you, and very glad to hear that.

Can you talk about some of the contracting out of internal service functions? So, for example, it's our understanding that IT help desk services have been contracted out or placed on MERX. And it's also my understanding that other internal administrative functions have been placed on MERX for contracting out to the private sector.

Can you describe any plans to further the use of private services to meet operational or administrative requirements within Hydro?

**Ms. Grewal:** I am not aware of any upcoming services being placed on MERX in the near future.

**Mr. Sala:** Thanks for that, and could you summarize for me those areas of the organization where we have seen some contracting out of services?

**Ms. Grewal:** The one area that I am aware of that was concluded during my tenure was the outsourcing of the IT help desk, which is a very small group—I believe 10 employees or thereabouts—and it was outsourced because the capability that we would need to build in Manitoba Hydro we did not have the technology, and it was more cost-effective for our customers to use a third party to do that work. And those individuals are also being redeployed to the greatest degree possible.

So it was a focused decision based on the level of service we needed internally, but secondly to ensure we maintain affordable rates for Manitoba, which is one of my priorities.

**Mr. Sala:** Thanks so much for that.

Knowing that there—you identified that there isn't any concrete plans for furthering the use of contracted services to meet internal operational requirements. Has there been any analysis done on areas of the organization there where there's promise or some evidence that there may be some cost savings if Hydro went to the private market to meet those internal operational needs?

\* (15:20)

**Ms. Grewal:** I am not aware of any.

**Mr. Sala:** Do you believe that continuous directives by government to reduce Hydro's workforce hinder Hydro's operations in the long term?

**Ms. Grewal:** There are no directives to permanently reduce our workforce that I'm aware of or that have been discussed with me by government.

**Mr. Sala:** So, just to be clear, to your knowledge there hasn't been any analysis or assessment of options for the contracting out of any of Hydro's lines of business behind the IT help desk function?

**Ms. Grewal:** Not that I am aware of.

**Mr. Sala:** Thanks so much for that.

I'd like to just shift just briefly over here to some conversation about Hydro's role as it relates to the environment and decarbonization here in Manitoba. And I know from folks who work internally at Hydro that you often talk about the role of Hydro or the disruption within the energy sector as it relates to decarbonization of economies and the electrification of transportation and so forth. I'm curious if you can elaborate a bit on what you see as Hydro's role in helping our province to decarbonize.

**Ms. Grewal:** As I spoke earlier, Manitoba Hydro is in the very fortunate position that 99 per cent of the energy we produce is renewable. It's my view that as a result of the three Ds, the three disruptors, that are changing the energy value chain, there are opportunities for Manitobans and Manitoba Hydro to market and encourage economic development within the province because of our (1) dependable and, secondly, renewable energy.

**Mr. Sala:** Thanks so much for that.

Could you elaborate at all any further on how you see that? So you've identified that we've got this dependable and ultimately quite affordable source of green energy. Could you elaborate on how you see that and specifically how that might help Manitoba to decarbonize our economy? How can we use those resources that you've outlined to achieve goals to decarbonize?

**Ms. Grewal:** I believe there are opportunities around the electrification of transportation, which is one of the largest sources of GHG in Canada, whether that is residential vehicles, fleet vehicles; but the huge transportation sector that moves all the goods and services is where the greatest opportunity is.

**Mr. Sala:** Does that extend to seeing Hydro play a role in the installation of vehicle-charging stations?

**Ms. Grewal:** Our strategy is focused on Manitoba Hydro remaining front of the meter. Other parties absolutely are better positioned to provide charging infrastructure which also involves risk as technology changes. Our opportunity is to use every drop of water to support the electrification of transportation.

**Mr. Sala:** Thank you for that, that's promising.

One tension that I see is that within Efficiency Manitoba's plans to help decarbonize or move us down the path to decarbonization is referenced to reducing our reliance on natural gas or goals to reduce our use of natural gas, and yet Hydro is involved in the expansion of natural gas infrastructure into new communities. How do you resolve that tension?

**Ms. Grewal:** I can't comment on another Crown that reports to a different minister. What I did speak to earlier is natural gas has a role to play, because to electrify natural gas is untenable. We do not have the capacity within our hydro system today or by building it out further to fully displace natural gas.

*Mr. Vice-Chairperson in the Chair*

**Mr. Sala:** Thanks for that.

And so I'm referencing specifically—I appreciate your point, which is that to replace existing energy usage—or, energy that's being produced through the use of natural gas, we would need to essentially build more dams or find other renewable sources or other ways of delivering that energy. But I'm referencing the construction of new communities.

So we're still seeing natural gas infrastructure being built into new developments at a time when we've got, obviously, heat pumps and all types of really promising technologies that would allow us to move away from the use of natural gas as a way of heating our homes and our buildings.

Do you think that there's still a continued need to be building new natural gas infrastructure into communities in Manitoba?

**Ms. Grewal:** We do not proactively build our distribution. We build our distribution based on customer request.

If customers prefer to use heat pumps and can find other, more effective ways to meet their energy needs that also reduces GHG, absolutely.

**Mr. Sala:** Just going back to still focusing here on the environment.

One key concern, of course, is the impact of flooding on communities, and especially northern communities. We've heard a lot of really, you know, horrifying stories about, frankly, what's happened as a result of the flooding of large segments of our North, leaching out mercury from soils and the poisoning of animals and all types of really negative impacts. And, ultimately, really negative impacts on the well-being

of those communities—especially those Indigenous communities in our North. I'm thinking of communities like South Indian Lake and communities that had—their entire area was flooded as a result of some of the decisions that were made to ultimately allow Hydro to increase its capacity to produce energy.

We're currently on the cusp of a number of water licences that are up for renewal. I believe Lake Winnipeg is coming up this year. And there are a chain of others that will be coming in sequence. These currently are renewed with a process that doesn't allow for any consultation or engagement with Indigenous communities that are impacted by the decisions about what degree of fluctuations we're permitting in those communities and those water levels.

And I guess what I'm wondering is if you can help me to understand whether or not Hydro has a desire or does it intend on engaging, as these licences come up for renewal, with those communities to determine what might be the appropriate level of water fluctuation that will possibly have the impact of minimizing the negative impacts on those communities.

**Ms. Grewal:** The—we operate within the terms of the processes that are set by government relative to the licences, and we will continue to do so.

**Mr. Sala:** Thanks for that.

So, just to reiterate, are you saying that Hydro doesn't, from your perspective, play a role or shouldn't play a role in determining the nature of those licences and the processes that we will go through in establishing them again?

**Ms. Grewal:** Whether it's federally or provincially, we do not define the processes. But we participate in the processes as transparently and effectively as possible.

**Mr. Sala:** Thank you for that.

Changing course a bit here, we sent a letter recently relating to 44—Bill 44, and a spokesperson for Hydro had responded saying that you are not in the process of preparing a rate application.

Is the reason why we're not preparing one because we're not expecting that there's a need to have a rate increase?

**Ms. Grewal:** We are not preparing a general rate application, as we believe it would be premature given the current legislation being considered.

**Mr. Sala:** Thanks for that. I understand that was the repetition of something you did state earlier.

Are you supportive of government's Bill 44?

*Mr. Chairperson in the Chair*

**Ms. Grewal:** I am supportive of Bill 44 as I believe it is in Manitobans' and our customers' best interests.

**Mr. Sala:** I'm just touching back a bit on some of the conversation we had earlier about the role of the debt-to-equity ratio. And I won't go on too long, because I know this is at risk of boring everyone who's tuning into this.

\* (15:30)

But, as I understand it, the risk of relying or being over reliant on the use of a debt-to-equity ratio as a means of understanding the financial health of Hydro is that it will create, perhaps, a more negative perspective or a more negative picture of Hydro's financial health than what is actually in place, and that is likely to create an upward pressure on rates that, again, don't relate to Hydro's responding to any kind of existing financial risk.

So my concern is that, when we talk about Bill 44, it's essentially this government's attempt at over-reaching in determining how rates are set. It will move, ultimately, the ability to set rates from the hands of the public and publicly overseen body, which is the Public Utilities Board, into the hands of Cabinet and ultimately will set rate—will move us towards rate-setting by formula.

Where once we're past the 2024 date—up until that point, by the way, Cabinet gets to set rates at whatever rate they see fit, but past 2024 it's moving towards a process where we're setting rates by formula, and there's a serious risk here that when we do that, if we're relying on the debt-to-equity ratio as a measure and if that paints a more negative picture or not an accurate picture of our financial health, we're at risk of transitioning or transferring the costs of Hydro investment towards this generation when that should be spread over time.

And if we look at what the PUB has said in its last—in the hearing—

**Mr. Chairperson:** We are currently talking about Bill 44, which is in the Legislature right now, which is out of scope with today's meeting. Today's meeting

is about the reports, the financial reports of '17, '18 and '19, and I would ask the members to please stick to what the agenda is here today.

**Mr. Sala:** Thank you, and I appreciate that clarification.

I would just state that—my question actually isn't necessarily relating to Bill 44. It's relating to the mechanisms by which we're proposing to set Hydro rates, and I think Manitobans have a real interest in understanding the wisdom or the logic behind setting rates using a measure that has a tendency to over-exaggerate or create a sense that our Hydro's finances are in a worse state than they really are, because ultimately that's going to drive rates higher.

We know that this government requested a 7.9 per cent rate increase only a few years back. The PUB saw fit to only give them a 3.6 in response to that request, which is, again, wildly out of proportion with what was actually needed at that time. And I think that, if I recall from having reviewed those documents, reflects what I'm referencing here, which is that the debt-to-equity ratio does not in any way or at least is not an ideal measure of Hydro's financial health.

So, again, just to close off on that, my understanding was that in 2018, I believe, there was a commitment by Hydro at one of those PUB hearings to look at the development of new measures for understanding or measuring Hydro's financial health. Can you just elaborate at all on which measures may come to replace debt-to-equity ratio as a measure of Hydro's financial health or any insight into what we might expect as those key measures that might come to replace it?

**Ms. Grewal:** My understanding is that the directive was that there was to be a technical conference that would involve various stakeholders and that the PUB would be taking the lead on when that was to happen and how, and that has not happened.

**Mr. Kinew:** And thanks for that answer. Certainly, I guess, we'll follow up on that technical conference and see what's going on there.

I wanted to return to the idea of an integrated resource plan. I find it an interesting idea, though I'd be the first to admit that I don't understand it fully well. I was wondering, you know, I took seriously your earlier commentary and I'm just going to summarize a bit so that I want to make it clear that I'm not looking for you to repeat your earlier comments, you know, that this is a complex activity that will

engage with consultation with stakeholders. Of course, that you'll be, I guess, forecasting energy demand; you'll be looking at capacity, et cetera. Do I have the major components of the plan there in that summary, or would you, perhaps, you know, take a pass at just defining what this integrated resource plan is? How would you explain it to, you know, somebody who's never heard of this before?

**Ms. Grewal:** The way I would articulate is the—it is the plan on how, within Manitoba, Manitobans' energy needs will be met, and it will not focus just on Manitoba Hydro, given the changing energy landscape.

And from that plan, we will then—Manitobans will have an opportunity to comment on the resource mix in Manitoba because this plan will then also inform our 20-year financial forecast, which is how costs will be built to support that reliable energy.

It is the backstone, the cornerstone to what Manitoba Hydro will be doing over the long term.

**Mr. Kinew:** That's very helpful, and especially in terms of the long term.

So how do rates factor into that?

**Ms. Grewal:** Rates are a reflection of the cost to deliver safe, reliable energy. The plan will define what Manitoba Hydro will be doing and what Manitoba Hydro will not be doing, which then goes into our cost-of-service model.

**Mr. Kinew:** So just to carry that out to, I guess, its logical conclusion: the plan would define the determinants of cost, if you will. Would it then also weigh—define the rates themselves, or where does that go from there? How do the rates get set? Are they set through this process or does this become a recommendation that goes somewhere else later on?

**Ms. Grewal:** Manitoba Hydro is a regulated utility that will participate in the PUB process. The PUB defines rates for our various rate classes. They do that once they approve what our cost of service is, and that cost of service includes both operating and admin and the costs associated with capital.

**Mr. Kinew:** So this—yes, I was recognized. Sorry. Tripped out there for a second.

So this plan, I guess, would essentially become the replacement for a general rate application, if you will. Like, it's not necessarily a neat one-to-one. Like, everything that was done over here is now going to be done over there, but this would be the, I guess,

reporting that Hydro provides to the regulator that would then set the rates.

Is that a fair characterization?

**Ms. Grewal:** It would inform the general rate application and be a key input into the building of that general rate application, which includes the cost to deliver safe, reliable power.

**Mr. Kinew:** So this integrated resource plan is an input to a general rate application but, you know, just help me understand. Earlier, you had said that there's no general rate application that's currently being prepared. So just square that or, you know, finish that picture for me.

**Ms. Grewal:** To create an integrated resource plan from scratch, which also includes stakeholder engagement and consultation will be a two- to three-year process, given we do not currently have one, and it also needs to align with what we are developing in terms of the long-term strategy.

**Mr. Kinew:** But just for the purposes of clarification, like, the piece that I was wondering on is that earlier, the CEO was saying that there's not going to be a general rate application, but then now, I'm hearing, well, we're doing this two- to three-year process that's going to arrive at a plan which would inform a future general rate application.

So can you help me understand the disconnect there? Just—I'm sure it's just a question of clarification.

**Ms. Grewal:** During the four-year transition period, we will be finalizing an integrated resource plan which will then inform the five-year general rate application that will we be taking to the PUB at that point in time, the latest being 2024.

**Mr. Chairperson:** The Honourable Mr. Fielding?

#### Point of Order

**Mr. Fielding:** Mr. Chair, just point of order. You know, we are, you know, going into 44. That's before the Legislature. There'll be ample time to go to committee, to have the discussions on this right here.

\* (15:40)

You know, we give a lot of latitude to these types of meetings, but, you know, we're here to talk about '19, '18 and '17. So, you know, I appreciate there's been some latitude given but, you know, I think we've exhausted that amount of time in our time that we have available.

**Mr. Chairperson:** Mr. Kinew, on this point of order?

**Mr. Kinew:** Yes, I did not ask a question about Bill 44 so I'm not sure how that would be a point of order.

**Mr. Chairperson:** It is not a point of order, but I would also ask the members to make sure that we try to stay on key for the reports that we are considering here today.

\* \* \*

**Mr. Kinew:** Thank you, and I do appreciate that direction, Mr. Chair.

But, again, I guess, we're proceeding in a global fashion and certainly understanding the current business environment for Manitoba Hydro, it does inform the overall work of this committee here. So certainly appreciate the indulgence of the CEO here.

And so, perhaps, just shying away from the sensitive topic that touched a nerve with my colleague from Kirkfield Park, and just return maybe to a more general discussion of the integrated resource plan. Perhaps just picking up again with the question of stakeholder engagement. How does that look under an integrated resource plan? Is that something Hydro does a lot of proactive work on? Is it more like, you know, you put out the call and whoever shows up shows up? Is it some kind of hybrid of those two approaches?

**Ms. Grewal:** As with all stakeholder consultation that we do as Manitoba Hydro on a number of fronts, we make information available publicly as well as we hold town halls and provide various avenues to provide input, just as we did in terms of stakeholder input into the long-term strategic plan.

**Mr. Kinew:** You know, in many cases folks need assistance or resources, unable to be able to participate in forms of public engagement. Does Hydro foresee, you know, helping to foster that civic engagement in stakeholder relationship by providing resources for stakeholders and other interested public parties to participate in that consultation process?

**Ms. Grewal:** Where appropriate and relevant, Manitoba Hydro has provided funding in the past to specific, relevant parties to support their engagement in issues that will impact them and their communities.

**Mr. Kinew:** I note that was in the past, so will that practice continue, then, through this process?

**Ms. Grewal:** Manitoba Hydro has no intention of changing what it has done in the past relative to stakeholder engagement.

**Mr. Kinew:** Thank you and I appreciate that clarification on, you know, continuing of practice, I guess, for lack of a better way of referring to that.

In some cases questions are highly technical. In other cases—you know, I was reading up on the Manitoba-Minnesota line, for instance, and one night I went down a rabbit hole and within, I don't know how long it was, I was looking at maps of the area not too far from where our Chair lives and of all the different sorts of vegetation and shrubbery and trees and, you know, all that that's in the natural area, you know, traditional, ecological knowledge, surveys of that sort. So just, again, where we're looking at questions of participation there, will that continue as well? Will Manitoba Hydro still, you know, provide the necessary resources for people to engage when they rely on, you know, answering technical questions and when there's a need to seek help perhaps from consultants or experts out there? Will that practice continue as well?

**Ms. Grewal:** Reference was made to MMTP, and in that scenario we provided funding and support and ongoing support in terms environmental monitoring committees where those communities that are impacted participate fully and engage.

**Mr. Kinew:** Thanks for that clarification.

So will that sort of work be a part of this integrated resource plan? Would, you know, communities or perhaps certain stakeholder groups that want to engage in that plan but perhaps want to have some sort of survey done of, you know, areas of Manitoba Hydro activity, as an example, would that be the sort of thing that Manitoba Hydro would support under the development of this plan?

**Ms. Grewal:** We have just recently started thinking about how we go about developing our integrated resource plan. We are committed to stakeholder engagement, but we've not thought any further on that topic other than we will be engaging with stakeholders and there will be consultation.

**Mr. Kinew:** I appreciate that and can likely anticipate the answer to this question, but is it too soon, then, to ask about budgets and, you know, dollar amounts that might be attached to processes like that?

**Ms. Grewal:** I'd confirm it is too soon.

**Mr. Kinew:** And on, you know, Hydro's side, as you're putting together this resource plan, certainly Hydro has a tremendous amount of expertise within it. But, you know, just to, you know, colloquially define

some of that expertise, maybe a lot of that expertise is around dam building. And I can see, as you put together the overall plan, that perhaps there's going to be expertise needed in other areas of the energy industry.

So, with that in mind, is Hydro going to be able to, I guess, put this plan together on its own? Is there going to be, you know, outside help asked for in certain areas? Generally speaking, is there, you know, expertise not within Hydro currently that's going to be sought out to inform some of these larger, maybe more like environmental survey kind of questions?

**Ms. Grewal:** It's too early for me to speak to that because we don't know what we need to consider in developing it. What I will say is what we are doing and what the team is doing is looking at the integrated resource plans, which are public documents, of other Crown utilities, Hydro-based.

**Mr. Sala:** Thanks for that.

So we know that the process for starting the integrated resource planning is not yet begun. You guys are in the initial stages of that.

As I understand it, from what you've described, it's essentially the IRP will help us to look 20 years down the road to identify what Manitoba's domestic energy needs are, and this plan will help to ensure that we meet those in consideration of low-water years, et cetera. Is that accurate?

And so, when you sit down and you start thinking about this, knowing that we don't have the plan in place or it hasn't begun, but just thinking forward and from your perspective as somebody who's had experience not only in Manitoba but outside of it—and, I believe, in two other Canadian jurisdictions—what do you see is the role of IPPs, or independent power producers, in meeting future energy needs in Manitoba?

**Ms. Grewal:** Currently, under The Manitoba Hydro Act, the only party that is currently permitted to retail power in Manitoba is Manitoba Hydro. If that act was to change, there would be opportunities. But what I will say is Manitoba Hydro is long on energy. And those assets that create that we're long on energy are owned by Manitobans. And the question for Manitobans to ask is: Is there value in independent power producers coming in, given we have dependable, renewable energy that is owned by Manitobans?

**Mr. Sala:** Thanks, and I appreciate that we are long on energy at this point in time.

And my—I guess my question would be: If we were to think about meeting those future energy needs when they do come—and perhaps through this integrated resource planning we'll look at the most recent low-water year and determine that we do need to start thinking about new generation at some point—outside of just the framework of thinking through the role of IPPs, what's the role of other renewable sources?

We know that, as you stated earlier, 2 per cent of our energy is currently provided through a wind farm in southwest Manitoba. That's a private company, as I understand it, that I think Hydro buys back that energy from. Do you see that type of model potentially playing a role in meeting energy needs in Manitoba? And what could its utility be? Why would we want to consider that?

\* (15:50)

**Ms. Grewal:** If the ability to—our focus is keeping rates affordable, as low as possible, as well as reliability. And, therefore, if other parties can come in and allow us to achieve those two objectives collectively in Manitoba, absolutely, that is what we should be doing.

What I would like to point out, though, is currently, we do not have dependable renewables. So how you then manage that system and optimize that system because Manitoba Hydro is accountable for ensuring when there is peak demand and the sun is not shining and there is no wind, we have to be able to meet that.

**Mr. Sala:** Thanks for that.

And so to this question about the dependability of renewables in Manitoba, my understanding is that in order for—to increase the dependability of renewable energy, you have to be able to firm that energy and essentially allow it to ensure that it can come at a consistent rate or that it is a consistent source. And so can you tell me anything about some of Manitoba's natural opportunities to use our existing hydroelectric dams and reservoirs to serve that purpose? Is there an opportunity to leverage our existing—our dams and our reservoirs to serve the purpose of firming that energy and allowing us to be able to integrate renewables here in Manitoba?

**Mr. Chairperson:** The Honourable Mr. Wharton, you had your hand up. Do you—[*interjection*]

No. Ms. Grewal.

**Ms. Grewal:** Absolutely, there is. And this is what we are looking at in developing our long-term strategy. There are changes that would have to occur such as time-of-use rates, which would say use the—that energy when it's available, and store the water in the dams so that you're firming up the overall system. Integrated resource plan and the strategy will consider all of those options with, from my perspective, the goal is reliable, dependable and the most affordable possible.

**Mr. Wharton:** Certainly, my colleague, in his line of questioning, I understand where he's coming from, and we certainly share the concerns about our environment not only here, but globally, of course, Mr. Chair, and the option for IPPs to become part of the play potentially here in Manitoba—and, you know, for the record, the member did endeavour to have a discussion with our department, which we welcomed. It was an open discussion on the potential of green hydrogen opportunities here in the province. So I know the member has an interest in potentially looking at other IPPs, potentially other—outside of Manitoba Hydro's green, clean energy.

So, again, just under the scope of what we're here to talk about today, though, I believe we should be getting back to the matters at hand. With that being said, though, certainly appreciate the member's interest in IPPs and, in particular, green hydrogen projects for Manitoba Hydro going forward.

**Mr. Sala:** Yes, I thank the minister for those comments.

And I think Manitobans are very interested in knowing what the perspective is on the use of independent power producers. I think that we're all a little anxious with your government in place about the potential for privatization and the insertion of independent power producers into the power mix. And I think it's a really important line of questioning; I think a lot of Manitobans would agree. So I appreciate your candour in talking about your opinion. What I'm hearing you say is that in thinking through and developing an IRP, if there is a role for IPPs, from your perspective, to deliver low-cost energy to Manitobans and that can contribute to those goals of Hydro, it should be something that should be examined. Is that correct?

**Ms. Grewal:** That is correct.

**Mr. Kinew:** Want to report—or return to some of the reports and some of the earlier discussion we had just

as we kind of approach, I guess, 4 p.m.; 4:15 was our wrap-up time there. Just want to know what's the forecast this year for Hydro's bottom line? Like, where are we going to be?

**Ms. Grewal:** I believe we provided that information earlier, which is there's currently what we believe our net income will be, which is, I think, \$120 million. I'll confirm that. But, again, the pandemic is having an impact, and, secondly, we will not know where we will be until later in the fall, until all of the precipitation is there also. It's dependent on water levels.

Twenty-seven million. *[interjection]*

**Mr. Chairperson:** Mr. Kinew.

**Mr. Kinew:** Forgive me. As I advance in years, I find my hearing is deserting me at an accelerating rate, and there was a bit of crosstalk there. So I just wanted to make sure that the numbers are straight. So just for my purposes so I can record it properly in the notes, could you just walk me through what we're expecting this year? *[interjection]*

**Mr. Chairperson:** Ms. Grewal?

**Ms. Grewal:** Sorry. At this point in time, with what we do know today and the costs that we believe we will incur as a result of the pandemic and the impact on our business, we're currently forecasting, after three months into our fiscal, \$47 million.

**Mr. Kinew:** So, 47, I think that's the number that I missed and I'm glad that I asked for the clarification because I almost wrote down 27, so I would've been off by not just a couple loonies there. *[interjection]* Oh, no, that's just—okay, I don't need to go into the vagaries of hearing loss as you go on in the years.

So, \$47 million, that's after pandemic costs. Again, I take seriously the fact we're in an unprecedented period, tremendous variability and who knows what's going to happen with the weather, you know, if I'm, you know, apprehending the comments made accurately.

For the purposes of clarity, so, we're net positive \$47 million and that's after factoring in the, like, the cost-cutting measures including the workforce reductions? Is that right?

**Ms. Grewal:** That is correct. *[interjection]*

**Mr. Chairperson:** Mr. Kinew?

**Mr. Kinew:** Oh, sorry. And again, just to be totally clear, the overall value of the workforce reductions—



whether lay-off, voluntary reduced work week—that was \$23 million? Is that correct?

**Ms. Grewal:** The workforce reduction was \$21.1 million which is 24 per cent of the eighty point—\$86.2 million.

The vacancy management is one component and we're holding the vacancies to ensure there's less of an impact on those that are currently in roles at Manitoba Hydro. Our remaining workforce target was \$5.7 million. That has been reduced to 4.1 given that all of the exempt employees, the engineers, the administrative staff, have agreed to taking three days unpaid leave between now and the end of the fiscal, so for the nine months.

**Mr. Kinew:** So, given the current financial picture at Manitoba Hydro, with all those qualifications in place about variability and precipitation and stuff like that, Hydro could still be net positive this year without making any lay-offs or reducing any work weeks? Is that correct?

**Ms. Grewal:** We are forecasting at this point in time \$47 million.

**Mr. Kinew:** So, I just want to point out, like, I really appreciate the CEO's participation today and I think that in addition to, you know, the accolades well earned and we've heard about her leadership in the business world that also we've learned some very important things about Manitoba Hydro and its response to the pandemic right now.

To me, it's clear that, again, none of the money that's being saved at Hydro is going to go buy a mask or a gown or a glove for a front-line worker and so there's no benefit to the pandemic response that is coming from the reduction in work weeks. And furthermore, we see that Manitoba Hydro would still be positive on the year, even if they didn't lay off a single person or ask a single worker to take a reduced work week. Again, they would still be on the—they would still be in the black on the year.

So, again, again, I really appreciate the work that the CEO does, however, I am left with tremendous questions for the government. Why is the government weakening our most important Crown utility during a pandemic that sees the average Manitoban asked to stay at home using more hydro-electricity than ever before? Why are we laying people off from this organization when it is making money? Why is it being asked to cut costs when it's positive on the year? And why is the government demanding these things during a recession of a Crown corporation that has a

tremendous role to play when it comes to the economic development of the province?

\* (16:00)

Again, these are very significant findings and they are very serious questions that undermine much of the rhetoric that we've heard from the Premier (Mr. Pallister) and from his Cabinet to date.

We know that their decisions are furthering the deterioration of our provincial economy and, you know, I know that we will not ascertain answers to questions as to why this government is so obsessed with reducing the number of people who work in the public sector when, in fact, the very people who are advancing that agenda all have government jobs themselves, but I would still like to be able to pose the question.

And so my final comment to you, Mr. Chair, today would be that we should return to the Legislature so that we can put the very serious questions that have been raised at this table to the decision-maker themselves, that we be given the opportunity, in a question period, to ask the Premier why he is insisting on this failing economic policy that puts at risk our most important Crown utility and that will damage the working families who count on these jobs.

And I would expect that as we reopen the economy and that we move into phase 3 and that we see all these other businesses and sectors of the economy opening up, that we would recognize that democracy is an essential service and that the Manitoba Legislature itself should be reopened for question period and for debate and, most importantly, for accountability.

So, with that, I would yield to my colleague from St. Boniface.

**Mr. Dougald Lamont (St. Boniface):** Thank you very much for your patience and your professionalism.

I do actually have some questions I wanted to ask about the annual report.

So on page 37 of the 2018 I just want to ask a question about, for the finance expenses, it says for 2018 it was \$601 million, but that includes a variety of debt payments. I was just wondering which one of—how much is the debt fee? What would be the—what amount, in terms of—in millions of dollars, is the debt fee if you were to break it out of the finance expense?

**Ms. Grewal:** The guarantee fee that Manitoba Hydro pays to the province for guaranteeing our current \$22-plus billion in debt for fiscal 2019 was \$186 million.

**Mr. Lamont:** Thank you very much. I mean, because I know that when you look at the finances, there are a number of things—you know, you've got capital taxes, you've got the debt fee and you've got water rentals.

What, if you were to add all that up, what sort of percentage of Hydro's revenues would you be looking at? Or what would be the financial total and what would be the percentage of Hydro's revenues?

**Ms. Grewal:** As of March 31st, 2020, that was a total of \$470 million, which represented 18.3 per cent of our total revenue.

**Mr. Lamont:** Thank you, because I think it's—Mr.—the member for Fort Rouge (Mr. Kinew) alluded to this earlier, that Manitoba Hydro doesn't have dividends, but these are, in a sense, payments to the owners, the Manitoba government being the owner of Manitoba Hydro. And, of course, when it comes to cost-cutting measures or the—you know, when you've got to find savings, there are always different options. You can look for cuts to employees; you can reduce profits, or the other is that you can reduce payouts to owners.

So I was just wondering whether there had been any discussions of reducing that \$470 million that's being paid out by Hydro—the—but—instead of sacrificing workers.

**Mr. Wharton:** Well, thank you, Mr. Chair, and it's refreshing to be able to actually talk about the matters before us today and I thank the member from St. Boniface for asking questions related directly to the financial reports in front of us.

And, just for the record, it would be, obviously, an area that I would like to bring up. It's an area that the member from St. Boniface talked about, and that's the debt guarantee fee, Mr. Chair. It's interesting to note, for the record, that in 2000 when the NDP formed government, they raised the debt fee from 0.5 per cent to 0.65 per cent, and a year later, Mr. Chair, rose it to 0.95 per cent, essentially costing Manitobans and Manitoba Hydro an additional \$35 million a year after they took government.

And also in respect to the member from St. Boniface's question about water rates as well, we see that the NDP, again, not adverse from raising a tax when they see an opportunity, increased the water power rate fee again in 2000 from \$46 million,

Mr. Chair, to over \$103 million in 2001, totalling over \$60 million again.

So, Mr. Chair, it's obvious—and I appreciate the member from St. Boniface bringing up these very important questions—where we are today, and in 2002 the NDP passed a—Bill 41 which also—it was an act that gave the authority to siphon off \$288 million over three years from Manitoba Hydro, in what they deemed special payments.

So totalling up those three areas, in under three years in government the NDP siphoned off approximately \$378 million from Manitoba Hydro and the ratepayers—Manitobans, Mr. Chair. If that doesn't set precedent, I don't know what does, and thank you for allowing me to put that on the record.

**Mr. Lamont:** You may not thank me for long.

The—just because I taught at the University of Winnipeg in government-business relations, and one of the things that I looked at was vulture corporations and how they—essentially, how they—perverse incentives—what I see has happened in the relationship between government and Hydro is that there are a number of perverse incentives, is that, one, is that the more debt Hydro goes into, the more money that the government gets, the bigger the dams that are built. And the more dams and assets that Hydro builds, the more money gets taken out and goes on to the government books.

So the problem for any government is that it's actually—that what is bad for Hydro, what is bad and risky for Hydro, the more debt that Hydro takes on, the more money that can be taken out for the government, which is, as I spoke with a former chairman of Hydro, he said that Hydro faced an existential threat and that despite people's worries about privatization, privatization is unlikely, partly because it's a—it's \$470 million into the government's coffers every year, but also that nobody would want to buy it.

So I would just ask: Is there a possibility Hydro could default on its debt in the next four years?

**Ms. Grewal:** The regulatory and PUB process considers all costs to deliver safe and reliable power. As long as, through that process, we are able to recover all of our costs, we would not default on our debt.

**Mr. Lamont:** Because I know that in 2018 the PUB recommended the government suspend the collection of \$900 million from the Bipole transmission line,

arguing that because it was a policy decision made by the provision government that it meant \$900 million in extra costs. Essentially, the decision was made by government and not by Hydro and therefore the government and not Hydro should pick up those costs.

They proposed a 13-year suspension of debt-guarantee fees and capital taxes. I was just—has that been considered at all? Has it been—idea been explored or ignored?

**Ms. Grewal:** This is the first I've heard of that.

**Mr. Lamont:** I encourage you to follow up on it. Perhaps the minister could talk it over with the board.

I just wanted to talk a little bit about safety. Now, I'm just wondering what changes have been made at Manitoba Hydro as a result of Todd Maytwayashing's death and the subsequent workplace health and safety investigation to ensure that workers are going to be safe on Hydro sites.

**Ms. Grewal:** If I understand correctly, you're talking about an employee of a contractor, Forbes?

**Mr. Lamont:** Yes.

**Ms. Grewal:** Manitoba Hydro prides itself on its managed safety system. That safety system extends to all contractors who undertake work for Manitoba Hydro. We have safety procedures, safe work practices, over a thousand of them.

Any contractor that does work for Manitoba Hydro, we review their safety procedures. We have safety monitors on site monitoring. What happened there was extremely unfortunate, but we are very diligent in safety, whether it's for our own employees or those that are contractors doing work for us.

\* (16:10)

**Mr. Lamont:** I was just wondering, does Hydro have a policy with a company like Forbes because, they—obviously, they were found liable in civil court and they've also had serious accidents involving worker deaths across Canada.

Does Manitoba Hydro have a policy of not—of refusing to work with contractors who've been like that? Are you still working with Forbes?

**Ms. Grewal:** We review the safety procedures and protocols and plans for any contractor.

As long as they met the safety requirements that are Manitoba Hydro safety requirements that ensure the safety of the public and our employees, we will continue to work with organizations.

**Mr. Lamont:** In terms of the savings that were being sought, do you know where the—it was—I believe it's \$86.2 million. Where did that number come from in terms of the savings that the government asked Hydro to find?

**Ms. Grewal:** As I spoke to earlier, government did not ask us for the \$86.2 million. That is an amount Manitoba Hydro put forward. The non-workforce is \$65.1 million. That is made up of operating expense reductions, demand-side management programing being deferred, the costs associated with filing a GRA, mitigation and our business operations spending. And that represents 76 per cent of the \$86.2 million.

**Mr. Lamont:** Yes, in a letter to employees on April 15th, you cited the Premier's (Mr. Pallister) press conference demanding cuts. You said, quote, as outlined by the Premier of Manitoba in his news conference, it is imperative that we explore all opportunities to reduce our costs.

So—and I know that this is a—this may not be a question for you, it might be a question for the minister, just in terms of where that decision came from in terms of saying the Premier—did the Premier contact the board or the CEO or an—or was there anybody—contact from government to Hydro to ask what the—what sort of costs were—they were looking at?

Essentially, before asking—did they check and see with Hydro that cuts were possible prior to asking for cuts?

**Mr. Chairperson:** The hour being 4:12, as previously agreed upon, I'm interrupting these proceedings to put the questions on the reports.

Annual Report of the Manitoba Hydro-Electric Board for the fiscal year ending March 31st, 2017—pass.

Annual Report of the Manitoba Hydro-Electric Board for the fiscal year ending March 31st, 2018—pass.

Annual Report of the Manitoba Hydro-Electric Board for the fiscal year ending March 31st, 2019—pass.

The hour being 4:13, 4:14, what is the will of the committee?

**Some Honourable Members:** Committee rise.

**Mr. Chairperson:** Committee rise.

**COMMITTEE ROSE AT:** 4:13 p.m.

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