

Presentation to the Public Utilities Board January 18, 2017

Good afternoon, my name is Chris Mravinec and I represent about 1000 members of Local 998 of the Canadian Union of Public Employees. On behalf of those members, I'd like to thank the Public Utilities Board for the opportunity to present here today.

My presentation is not technical or number filled and that may be a relief to the Board since it appears the bulk of what you have to consider in your decision-making is technical in nature.

First I'd like to offer a bit of background on who I represent and the state of that workforce. CUPE 998 members work at Manitoba Hydro, predominantly in customer service, technical engineering services, information technology, clerical support, research and demand side management. We support the Manitoba Hydro field staff who carry out the task of producing and distributing electrical power in Manitoba as well as the customers who use that electricity. Like many Manitobans, our members are currently facing upheaval and uncertainty in their work and home lives on a number of fronts. They have borne the effects of Manitoba Hydro's efforts to reduce internal costs and realize efficiency increases in recent years through vacancy management, hiring freezes, and staff cuts. They are affected by government actions like cuts to services, increased cost of services and mandated wage controls. About 100 of our members will be directly or indirectly affected by the removal of PowerSmart from Manitoba Hydro, in large part due to recommendations from this Board. Overall, our members are still proud of the work they do and continue to work diligently despite the massive amount of change and challenge. But I see the effects all of these actions have had; increased and in some cases unrealistic workloads, increased stress and demoralization are all evident. I fear there is a breaking point and know it is not fair to put further burden on the workforce. I believe that maintaining levels of service to Manitoba Hydro customers is important and that setting an arbitrary target for staff reductions is not realistic. Reducing staff to assist in achieving a financial target is not feasible to operations in the long term and will have an effect on employee well-being, safety and customer service levels.

Austerity in government policies is already happening in many sectors across the province. Cutbacks, funding freezes and service reductions are evident. These challenges are shared by many Manitobans and there has been much public outcry about these decisions. In recent times, wages for many Manitobans have not kept pace with inflation. For example, wage increases for the public sector (a large contributor to the Manitoba economy) have been mandated by government to be near zero for the next four years through the Public Sustainability Act. Funding cuts and freezes to many sectors in Manitoba means that even private sector workers may see wage increases below the rate of inflation for years to come as well. Adding near double digit rate hikes to what is already occurring at this time may well tip the scales for many individuals and may well have a negative effect on our economy overall. So part of your deliberations should include considering the effects of rate increases on the provincial economy and citizens.

Hydro asserts that the current rate request is needed to mitigate financial risk and prevent potential future exorbitant rate hikes from being passed on to consumers. While this may be true, it is not the only solution. It may be possible to accept lower rate increases and higher levels of risk while putting into action other means of mitigating that risk. A balancing of interests is required and I am suggesting a cautious approach be employed when considering rate increases.

This is because rates are only part of the equation; with less export market available to generate revenue and lower domestic energy use than predicted we must look to other sources for revenue. I urge the PUB to recommend government aggressively explore new market opportunities within the province and in other provinces in order to increase demand while meeting targets for reducing, not just maintaining, carbon emission levels. It is time for our current government to work with what they know and what they have; to position Manitoba to make use of the energy assets we currently own to our advantage. The PUB can be part of that solution.

I don't envy you and the role you have as the Public Utilities Board; to determine what is an acceptable rate increase in the face of so many competing opinions, statistics and information. It is truly an onerous task and is not possible or reasonable to expect the Board to know every detail and nuance of the business decisions Hydro makes. Load forecasting is not an exact science; we know it is less

accurate the further out in time the prediction is made. Construction projects can and do experience increased costs. Yet you are expected to be able to sift through reams of data and make decisions in the best interests of Manitobans. While I am not an expert in these matters, I can recognize the magnitude of this task and the magnitude of the effect these decisions have on the public. And I do know that, as in the past with the case of Demand Side Management, recommendations made by the PUB can and do drive government policy and actions in areas beyond rate setting. This is an area I believe the PUB should consider as part of rate setting; that in addition to determining what is an acceptable rate increase; you deliver recommendations that help address Manitoba Hydro's excess capacity and reduced export market.

In closing, I would like to confirm that although it appears a rate increase is necessary, we urge the PUB to not grant the full increase requested and explore other ways of exerting influence. That you seek a balance between the financial risks described by Manitoba Hydro and the socio-economic risks already being experienced by Manitobans and which are sure to grow if the full increase is granted. It is time for bold policy moves and thinking outside the box to enter into the equation; and it is time for the PUB to provide this advice to government. We can't change the past but we can change the future.

Thank you for your time today.

Chris Mravinec
President
CUPE Local 998