



Impact of Hydro Increases on Recreation in Portage la Prairie

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January 30, 2017

The Portage Regional Recreation Authority Inc. (PRRA) is a nonprofit corporation responsible for the provision of recreation and leisure facilities and programs for the benefit of citizens in the Portage la Prairie Region. The organization is funded in part by the City of Portage la Prairie, the Rural Municipality of Portage la Prairie and the users of recreation programs and services. The PRRA employs roughly 50 staff including full-time and part-time positions and is operated by a Board of Directors comprised of three elected officials from each of the City and Rural Municipality of Portage la Prairie and one citizen appointed board member from each Council.

The PRRA is responsible for recreation services and the operation of four recreation facilities in the City of Portage la Prairie, including; Stride Place, Splash Island Waterpark, Rotary Republic Park and Beaver Stadium as well as one recreation facility in the Rural Municipality of Portage la Prairie; Delta Beach Campground.

The recent announcement of potential annual hydro rate increases of 7.9% until 2024 is quite concerning to our organization. Recreation is a vital part of our community, however, there are significant costs associated with the operation of recreation facilities for those to enjoy. One major cost to operating recreation facilities are utilities and in many cases the most expensive on an annual basis is electricity.

The PRRA's main recreation facility is Stride Place, located on the island in Portage la Prairie. Stride Place was built in 2010 as a state of the art recreation facility and is one of very few multiplexes in the Province of Manitoba. Stride Place is home to two standard hockey arenas, Manitoba's largest indoor wavepool, a fitness centre, a multipurpose room and three meeting rooms. Stride Place has become a gathering point for the community and an economic driver throughout the year hosting many events bringing people to the community and the province on a regular basis.

Given the size of Stride Place, 100,000 square feet and the specialized equipment required to operate a facility of this nature electricity consumption is quite high and costly to our organization. From 2012 - 2016 the PRRA has used an average of 4,480,000 kWh per year to operate the facility with an average monthly demand of 738.

With the annual cost of electricity, the PRRA has made significant capital investments over the last sixteen months to reduce our consumption and demand load. During this time the PRRA investigated and installed conventional electricity reducing components as well as other methods available to reduce electricity use.

In total the PRRA will have invested almost \$300,000 in LED light replacements by the end of 2018. This would not have been possible without PowerSmart rebates of approximately \$115,000 and the ability to utilize the now discontinued PAYS Financing Program. With the large cost associated with these

improvements, the PRRA knows that without the ability to utilize the PAYS Financing Program none of our light projects would have been completed.

The PRRA has also invested just over \$50,000 in new ice making and maintenance equipment to reduce the overall thickness of the two ice slabs in the facility, reducing the amount of time the ice plant must run to maintain the ice at the correct temperature. In the summer of 2016 the PRRA installed a reverse osmosis system for ice making which allows the ice to freeze faster and harder. This improvement coupled with the installation of a level ice system on the ice resurfer that adjusts the cutting height to ensure an exact thickness of one inch of ice has had a significant impact on the reduction of electricity in our facility.

These investments of \$350,000 over the last sixteen months will have a significant impact on reducing our annual kWh consumption and demand load. However, these savings will quickly be erased with the proposed annual increases Manitoba Hydro is seeking.

The PRRA also operates Splash Island Waterpark located next to Island Park in Portage la Prairie. Splash Island is an outdoor waterpark that is open three months a year and draws visitors from across Manitoba throughout the summer months. Unfortunately, there is little that can be done to further reduce electricity consumption for this facility. The PRRA has replaced inefficient motors and systems to ensure maximum efficiency.

After reviewing the proposed increases over the next seven years the PRRA knows that this will have a significant impact on our customers and the municipal taxpayers in our region. The increases coupled with the limited resources the Province of Manitoba provides to communities for recreation services will result in a higher financial burden for those in our region.

The recent creation of Efficiency Manitoba also leaves many questions for our community that are currently unanswered when it comes to the impact it may have on recreation facilities. The PAYS Financing Program allowed our recreation facilities to complete upgrades to our facilities that would help reduce the future financial burden associated with electricity without the significant upfront capital costs. With this being discontinued and no information about a potential replacement the PRRA will now not be able to afford to invest in new technologies to help reduce electricity consumption in the future.

The proposed increases are expected to increase the PRRA's annual electricity costs from \$265,900 in 2017 to \$452,760 by 2024, an average increase of 10%, or \$26,700 a year (Table 1 attached). These costs cannot be completely absorbed by the PRRA through user fees alone as that would have a serious impact on the users and user groups.

To absorb the hydro increases alone without any other inflationary pressures or cost increases the PRRA would be required to increase rental fees for ice, pool and meeting rooms by 5% a year to absorb the full impact of the increases. Since

2012 the PRRA has strived to keep user fee increases for these activities to around 5%, so that recreation can continue to be affordable and not a luxury.

The users would not only be subject to increased costs to utilize recreation facilities and programs, but they will also have the same cost increases applied to their electricity bills. This will result in fewer individuals being able to participate in recreation activities that Manitobans have come to enjoy like hockey, figure skating, ringette and swimming.

The Public Utilities Board of Manitoba needs to review the increased electricity costs associated with operating recreation facilities and programs before approving a 70% increase on electricity in Manitoba over the next seven years. These increases will have a negative impact on all recreation facilities in the Province of Manitoba, specifically arenas, pools and community halls. These facilities are the glue that keeps our communities together. With the proposed increases there will be communities who can no longer afford to operate these facilities and the impact will be irreversible.

The Portage Regional Recreation Authority believes that Manitoba Hydro needs to look at other options to repair its financial position other than levying a 70% increase on electricity costs over the next seven years.

Table 1

2012	265,460	11,040	276,500
2013	252,500	14,600	267,100
2014	260,800	11,300	272,100
2015	272,500	17,800	290,300
2016	284,100	14,900	299,000
2017	257,300	8,600	265,900

* 2017 Stride Place is an average between 2016 and 2017 Actuals as the indoor pool was closed the entire 2017 year.

				Annual Dollar Increase
2018	277,627	9,279	286,906	21,006
2019	299,559	10,012	309,572	22,666
2020	323,224	10,803	334,028	24,456
2021	348,759	11,657	360,416	26,388
2022	376,311	12,578	388,889	28,473
2023	406,040	13,571	419,611	30,722
2024	438,117	14,644	452,760	33,149
Total additional costs over the period				<u>186,860</u>
2017 Cost	257,300	8,600		
2024 Cost	<u>438,117</u>	<u>14,644</u>		
	180,817	6,044		
Percentage Increase	70.27%	70.27%		
Average Annual Increase	10.04%	10.04%		



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

D Sattler

January 30, 2018