

Bill 35 The Public Utilities Ratepayer Protection and Regulatory Reform Act

October 26, 2020



Bill 35: *The Public Utilities Ratepayer Protection and Regulatory Reform Act*

The Manitoba Federation of Labour (MFL) is Manitoba's central labour body, representing more than 100,000 unionized workers in our province. We have serious concerns over the proposed changes to the Public Utilities Board (the "PUB") through Bill 44: The Public Utilities Ratepayer Protection and Regulatory Reform Act. Overall, these changes will have negative impacts on working families in Manitoba. Specifically, these changes will reduce transparency about Manitoba Hydro rates, Manitoba Public Insurance rates, as well as payday loans.

Manitoba families and businesses have benefited greatly from strategic development and public ownership of our exceptional green hydro-electric resources, as well as from the public auto insurance system established by the Schreyer government. Public ownership, combined with prudent oversight from the PUB, has provided Manitobans with reliable service and among the lowest rates in the country. The PUB maintains a delicate balance between the interests of our Crowns (owned by all Manitobans) and the users of their services, the ratepayers.

This oversight by the PUB has served Manitobans well since 1913. More recently, this oversight has saved Manitobans significant amounts on their monthly energy bills. For example, in 2018 the PUB reduced a proposed 7.9 per cent Manitoba Hydro rate increase to 3.6 per cent, saving Manitoba ratepayers more than \$60 million annually.

When this government came to power, it claimed it would not meddle in the affairs of Crown Corporations. This bill undermines that promise, by stripping public oversight over Manitoba Hydro rates and placing decisions around rates squarely behind the closed doors of cabinet meetings.

This bill will lead to a loss of the independent oversight on utility rates that have served working families well for decades. If passed, Bill 44 will give the provincial Cabinet the authority to set hydro rates for the next four years, and substantially reduce the opportunity for public input on these rates, from annually to five year intervals. This will take away the right of Manitobans to have input on essential cost items that impact all working families in our province. The bill would also strip the PUB of its authority to review capital targets for rate approval purposes.

The PUB process helps get information out to the public regarding electricity, natural gas, auto insurance, payday lending, and energy efficiency programs that would otherwise be very difficult for people to access. Moving away from yearly hearings will have a negative impact on the transparency of the process for determining rate increases.

Additionally, Bill 44 would remove key elements from the PUB's authority to consider the reasonableness of the MPI rate stabilization reserve or of MPI administrative expenditures, capital expenditures or investment strategy. It would also eliminate the ability to provide lump sum rebate payments to Manitobans. As a result, it would take longer for MPI ratepayers to obtain their rebates (it could take up to three years or longer). Given the government's much touted MPI rebates delivered just recently, we find this decision particularly misguided.

Finally, at a time when the household finances of families are facing unprecedented levels of strain due to the COVID-19 pandemic this bill would remove the ability of the PUB to review payday lending rates as well as the government cheque cashing rates. This will have massive financial implications for Manitobans already facing financial hardship, as removing this oversight could see predatory lending rates increase even higher. People turn to payday lenders when they feel they have no other options, and removing third-

party oversight over the rates charged will mean that these rates are driven up on the backs of desperate Manitobans.

In Manitoba, we rely on the independent oversight of the Public Utilities Board to set rates and examine the business practices at both Manitoba Hydro and MPI. The PUB maintains a delicate balance between the interests of monopoly corporations and ratepayers by improving accessibility and consumer protections.

The MFL believes that the PUB has served Manitobans well for over a century. It has consistently ensured fair and reasonable utility rates for working families, and provided a meaningful opportunity for public input before these rates are set. Removing this open and transparent process and shuffling it off to the back rooms of government is the wrong approach. I would have expected better than this from a government which was elected on claims to provide more transparency to Manitobans, not less.

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