



First Session — Thirty-Fourth Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE
on
PUBLIC UTILITIES
and
NATURAL RESOURCES

37 Elizabeth II

Chairman
Mr. H. Pankratz
Constituency of La Verendrye



VOL. XXXVII No. 9 - 10 a.m., THURSDAY, NOVEMBER 10, 1988.

**MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fourth Legislature**

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	LIBERAL
ANGUS, John	St. Norbert	LIBERAL
ASHTON, Steve	Thompson	NDP
BURRELL, Parker	Swan River	PC
CARR, James	Fort Rouge	LIBERAL
CARSTAIRS, Sharon	River Heights	LIBERAL
CHARLES, Gwen	Selkirk	LIBERAL
CHEEMA, Gulzar	Kildonan	LIBERAL
CHORNOPYSKI, William	Burrows	LIBERAL
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COWAN, Jay	Churchill	NDP
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DERKACH, Leonard, Hon.	Roblin-Russell	PC
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DOWNEY, James Hon.	Arthur	PC
DRIEDGER, Albert, Hon.	Emerson	PC
DRIEDGER, Herold, L.	Niakwa	LIBERAL
DUCHARME, Gerald, Hon.	Riel	PC
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ENNS, Harry	Lakeside	PC
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EVANS, Laurie	Fort Garry	LIBERAL
EVANS, Leonard	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
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GRAY, Avis	Ellice	LIBERAL
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HARPER, Elijah	Rupertsland	NDP
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HEMPHILL, Maureen	Logan	NDP
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MALOWAY, Jim	Elmwood	NDP
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MANNES, Clayton, Hon.	Morris	PC
McCRAE, James Hon.	Brandon West	PC
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YEO, Iva	Sturgeon Creek	LIBERAL

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON
PUBLIC UTILITIES AND NATURAL RESOURCES
Thursday, November 10, 1988

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. Helmut Pankratz (La Verendrye)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Ducharme, Neufeld
Messrs. Angus, Cowan, Driedger (Niakwa),
Enns, Pankratz, Plohman, Roch, Storie

APPEARING: Mr. G.H. Beatty, President and Chief Executive Officer

Ms. L.M. Jolson, Vice-President, Corporate Relations

Mr. R.M. Fraser, Senior Vice-President, Energy Supply

Mr. J.F. Funnell, General Counsel and Corporate Secretary

MATTERS UNDER DISCUSSION:

1987 and 1988 Annual Reports of the Manitoba Hydro-Electric Board

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Clerk of Committees, Mrs. Janet Summers: Will the committee please come to order. We must elect a chairman for the committee responsible for Public Utilities and Natural Resources. Are there any nominations?

Mr. Jerry Storie (Flin Flon): I nominate Mr. Pankratz.

Madam Clerk: Are there any further nominations? Mr. Pankratz, will you please take the Chair.

Mr. Chairman, Helmut Pankratz: I would like to call the meeting to order at this time in order to consider the Annual Reports of the Manitoba Hydro-Electric Board. I would like to ask the Minister whether he has any statement to make at this time.

Hon. Harold Neufeld (Minister responsible for The Manitoba Hydro Act): About the only thing I would like to say at this point is that the chairman is out of the country today and will not be with us.

I would ask the committee that if we are going to go beyond 12:30 p.m., in other words, we cannot finish today, can we break at twelve o'clock because I do have a twelve o'clock appointment. If the committee agrees, then we should knock off at twelve o'clock today.

Mr. Chairman: Is it the will of the committee to adjourn at twelve o'clock?

Mr. Neufeld: Unless it is going to mean that we can finish today, I would stay on.

Mr. Storie: I think the Minister has put on the table a reasonable request. I have just discussed this briefly with the Liberal critic and it is possible we will finish today but, if we do not, if it does not appear that we are heading that way at twelve o'clock, I am prepared to adjourn at twelve o'clock for a subsequent meeting.

Mr. Chairman: Okay. Mr. Storie, do you have a question of the Minister?

Mr. Storie: Yes, Mr. Chairperson. I would like to start, I guess, on news of a release—I have not seen any hard copy of it—from Manitoba Hydro, which indicates that they are stepping up the review of the Wuskwatim option. I am wondering if the Minister could indicate what the plans are, what the scope of the Wuskwatim project is. What are some of the pitfalls in proceeding with that option?

* (1005)

Mr. Neufeld: I think it is only prudent of Manitoba Hydro to examine all their options before they proceed in any one direction, and that is exactly what they are doing. When they finish the review, they will be in a better position to make a decision on whether to proceed with one or the other or either.

Mr. Storie: I am afraid that is not a satisfactory answer. I would wonder if the Minister could lay on the table specifically what is being planned by Hydro. How long is it going to take? What specific problems does Manitoba Hydro foresee with respect to this option? Particularly, perhaps we could have some comment on the environmental issues.

Clearly, the water reserve area that is going to be required is going to require some flooding. It is going to require some erosion of the environmental status and some impact on hunting and trapping, important issues. I am wondering what concerns Hydro has identified at this point that need to be addressed in reviewing that option.

Mr. Neufeld: Mr. Storie, we do have to do a review before we know what problems confront us in any project. As you well know, at this point in time, we have not yet a sufficient knowledge of the project to make a decision. As we get that knowledge, we will be in a position to make the decision, but I do not know how you expect Hydro to proceed in any one

direction without knowing the options that are open to them. It is once they identify the problems in Wuskwatim that they will be able to decide whether to proceed in that direction or proceed in the other direction.

Mr. Storie: I am not asking the Minister to come to some conclusion about which option he is going to choose. I respect the right of Manitoba Hydro to review its options. I know that those options have been reviewed previously, not in detail but the general options of proceeding with Wuskwatim as versus proceeding with a generating station downstream from Conawapa.

For example, has Manitoba Hydro estimated the number of acres, hectares of land that will be flooded by this option? Have they estimated the number?

Mr. Neufeld: It is the review itself that will determine all the problems that the Member for Flin Flon (Mr. Storie) requests details on. I do not see how they can give you an answer on specifics when they have not yet completed their study. I am at a loss as to what the Member for Flin Flon expects.

Mr. Storie: My question is to the CEO of Manitoba Hydro. Does Manitoba Hydro have any estimate of the consequences of proceeding with Wuskwatim? What kind of water reserve would be required? Is there an estimate of the number of acres available to Manitoba Hydro at this point in time?

Mr. Chairman: Mr. Minister and gentlemen, is everything going through the Minister, or do these gentlemen have the authority to answer?

Mr. Neufeld: No, if there is a question to the CEO or anybody else, they are quite at liberty to answer.

Mr. Garry Beatty (President and Chief Executive Officer): I would just have to take a minute to consult with our people to find out if we have a firm estimate. The question of the licensed level within the Northern Flood Agreement, there will be undoubtedly some not-so-firm estimate related to that of the amount of flooding involved. There is certainly some flooding, but I am not sure that a firm estimate could be provided until we have completed these studies, but if I may consult for just one moment, Mr. Chairman.

* (1010)

Mr. Neufeld: I could read from a paper that Hydro has prepared, and I will read the issues to the Member.

1. There is no current consensus regarding the flooding impacts associated with the Wuskwatim development or the meaning and significance of such impacts to surrounding communities.
2. Planning decisions related to design, construction and operation will be influenced by the result of the environmental impact assessment.

That is the whole thing.

Mr. Chairman: Mr. Beatty, did you have anything to add to that?

Mr. Beatty: No, that is precisely the answer, Mr. Chairman.

Mr. Storie: So we are to believe that Manitoba Hydro has not reviewed the potential. Wuskwatim is not something new; Wuskwatim has been discussed before. Manitoba Hydro has reviewed what would be necessary obviously to bring the Wuskwatim Generating Station into place. We all know around this table that some land is going to be flooded, but we are being told that Manitoba Hydro has not an estimate of the quantity of the acreage that might be affected. That estimate does not exist, the Minister is telling us.

Mr. Neufeld: That is what I am telling you and I do think that before anyone can make a prudent commercial decision, they must know the full impact of that decision. That will not be known until a complete study is done. The Member suggests that a study on Wuskwatim will result in the construction of Wuskwatim. That is not so. That just gives us the opportunity to review options that are available to us. I think that is prudent, good commercial business sense.

Mr. Storie: Mr. Chairperson, I am not suggesting that the Minister should not review his options. I am not suggesting that a study of Wuskwatim will necessarily mean the construction of a Wuskwatim Generating Station. What I would like to know and what I believe is accurate is that Manitoba Hydro has a fairly good assessment of some of the downsides of proceeding with this project.

The Minister says he cannot give us an estimate of the number of acres. Can the Minister tell us what the size of such a generating station might be?

Mr. Neufeld: The exact size, I do not know. I would have to let Mr. Beatty answer the question, but I think it is in the order of 350 megawatts.

Mr. Storie: Just to back up, the Minister read from a document about Wuskwatim and the issues that Manitoba Hydro wants to address. Could he table that for the committee? Could we have a copy of that document?

Mr. Neufeld: I will table it.

Mr. Storie: Thank you. Is part of Manitoba Hydro's plan to—or have they already, prior to announcing their decision to proceed with the review of Wuskwatim, have they spoken to directly the Northern Flood Committee, individual chiefs, the people at Nelson House, for example, who will be affected by this?

Mr. Neufeld: For a full answer on that, I will defer to Manitoba Hydro personnel.

Mr. Beatty: That is certainly a key part and an early part of the Wuskwatim Environmental Assessment.

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Mr. Storie: The community of Nelson House and the community of Thompson were not consulted in advance of Hydro's decision to proceed at this point with the review.

Mr. Neufeld: I have to go back and say the impact study in no way directs Hydro to one project or another or in fact any. I have to repeat that before such a decision can be made, and it is a major decision, they have to do the study. Once that is done, and I will repeat, once that study is completed, they will be in a position to make a decision. I cannot make it any more clearer than that.

Mr. Beatty: Just to add to what the Minister has said, Mr. Chairman, upon the board decision to proceed with the Wuskwatim Environmental Assessment, the chairman of the board did communicate this immediately and in writing to the Northern Flood Committee chiefs. So that has been done.

* (1015)

Mr. Storie: So the communities that might be affected directly have been contacted. I guess the Minister probably knows, as the CEO of Hydro knows, that these projects raise considerable fears amongst many in northern Manitoba, certainly those who have been involved in the Northern Flood Agreement. The Northern Flood Committee communities know the impact of these kinds of projects. I certainly know, from talking to those groups and individuals in those communities, that the kinds of problems that those projects have created, the kinds of problems that Wuskwatim is likely to create to some extent are much feared and for a justifiable reason. The Minister perhaps could inform the committee what the Northern Flood Agreement has cost Manitoba Hydro to date for compensation to the five communities with which we have a comprehensive compensation agreement.

Mr. Neufeld: Again, for exact figures, I would have to ask Mr. Beatty to answer that. There have been a number of things done. There have been arenas built and halls built, but the exact amount over the 10 years, I am not certain. I will ask Mr. Beatty whether he has a figure on the total compensation as a result of the Northern Flood Agreement.

Mr. Beatty: Yes, we provided that to the committee, that estimate, at the last meeting. To provide it again, I would have to go and check. It was tabled at the last meeting.

Mr. Storie: I am disappointed that no one can recall the number, but I could certainly estimate a ball-park number. I will certainly check Hansard and review it, but we know that it is in the neighbourhood of \$40 million or more perhaps.

Mr. Beatty: I am having referred to me, Mr. Chairman, page 38 of our Annual Report. I believe the up-to-date amount for the Northern Flood Committee claims is just under \$40 million, 37 or thereabouts.

Mr. Neufeld: The total amount to date paid under Northern Flood Agreement is \$31.6 million.

Mr. Beatty: And this refers for this dated report, 31. So it is slightly above that now.

Mr. Storie: Yes.

Mr. Neufeld: The liability is estimated to be in excess of \$40 million but the payments to date, as I read this note 7(b), are \$31.6 million as at March 31, 1988.

Mr. Storie: I guess the point I am coming to, is Manitoba Hydro of the opinion that a compensation agreement similar to Northern Flood is likely to be the outcome of a decision to proceed with Wuskwatim?

Mr. Neufeld: I would like to think that what we have learned from the Northern Flood Agreement and the negotiations and problems that have arisen from that will teach us to reach a more definite agreement in any future projects we have in the North.

* (1020)

Mr. Storie: I certainly agree with the Minister there. I think that the Northern Flood Agreement has some serious flaws. Nonetheless, the agreement does provide protection for the people who are directly affected, and I think that perhaps both sides would want an agreement that is much clearer, more concise and easier to implement. The Minister did not answer directly whether it is likely that we will have to have some sort of agreement if we proceed with Wuskwatim, and I use the word "if."

Mr. Neufeld: Again, as the assessment is under way and as it is completed, we will be in a position to know whether an agreement is necessary. That decision will not be arrived at unilaterally. That will be arrived at in conjunction with the chiefs and the bands up in the North, in the affected area.

Mr. Chairman: On the same line of questioning, Mr. Storie.

Mr. Storie: Then I would ask Manitoba Hydro whether they can give us their best guess as to whether some sort of compensation agreement is going to be required before we proceed with a generating station at Wuskwatim. Is it Manitoba Hydro's best opinion that we will require such an agreement?

Mr. Beatty: A further agreement, that is possible, but we will not have any certain knowledge of that until we have completed our studies. The Wuskwatim plant, if it goes ahead, is covered of course by the Northern Flood Agreement now, so you can only be referring to some exceptions to the agreement, I assume. I do not think we could make a judgment until we have completed the reviews that we are undertaking to know what adverse effects are possible.

Mr. Storie: Well, I guess the question is, is it likely that people outside the Northern Flood Agreement who are not currently receiving compensation because of the water regime changes may be adversely affected by water regime changes in the event that Wuskwatim

were to proceed? Does not that seem like almost a certainty that in fact there are going to be individual cases where compensation and perhaps collective, perhaps community cases where there has been a change in the water regime and an impact on lifestyles, economic or social?

Mr. Neufeld: If we answered that question now, why go ahead with the impact study? Secondly, it would take away some of our negotiating positions if we were to come at a position before the negotiations started.

Mr. Storie: Mr. Chairperson, I guess the Minister is determined to proceed with the study and that may be appropriate. Obviously, I am concerned that the communities, the individuals who have traplines, who hunt, who have traditional rights in the area, be apprised at every step of the process, that they understand what is being undertaken and that somehow what happens, and unfortunately in the case of Nelson House and South Indian Lake, does not happen without their knowledge and consent and without some kind of compensation package in place. It cannot be after the fact. It does not work for Manitoba Hydro and it does not work for the bands. So we will put that question on the table.

I would like to, I guess, look at the option to Wuskwatim. What is the other alternative that the Minister or that Manitoba Hydro may be considering if not Wuskwatim, if we require another generating station?

Mr. Neufeld: The other option that has been examined to date and will continue to be examined is Conawapa but, as I said before, until the assessment studies are completed, we will not be in a position to know which way to go or indeed if we have to go in either direction.

Mr. Herold Driedger (Niakwa): Mr. Chairman, I have some questions actually of Hydro, following along this very same line of questioning that was started by Mr. Storie, particularly with respect to the environmental impact assessments. We have had in the past, I guess it is now, four days of meetings. We have referenced a need for the fact that the decision as to whether to go with the Wuskwatim option or the Conawapa option has not been made. At least, we have been told they have not been made. We are told that environment impact assessments need to be done to help assist in making these particular kinds of decisions. Now, as I see it, from if I can recall the answers provided to date and what I have reread in the Hansards, there are essentially two Hydro generating stations that are contemplated in the options at this moment. Am I correct?

Mr. Neufeld: There are two that have been discussed. I do not think that Hydro would want to be limited to two. They have not discussed with us in any event any more than the two, but there have been two—when you say “contemplated,” that is probably going a little too far, but there are two that have been under consideration.

* (1025)

Mr. Herold Driedger: All right, I accept the correction. I was not trying to determine that there was a decision in the word “contemplated.” If there are other Hydro generating stations in the consideration or even in the idea stage, it would be nice to know which these are and exactly where they are.

Just with respect to these two that have been referenced in the last little while, Wuskwatim and Conawapa, as I understand, the Wuskwatim option does not require a completely new transmission line from the site of generation to the south. It can be tied into the existing line. I also understand that the Conawapa requires a complete new transmission line in order to bring its power from the site of generation to the south. Am I correct in those two statements?

Mr. Neufeld: I think I will have to defer to Mr. Beatty on the details.

Mr. Beatty: Conawapa would require a new high voltage, direct current line from the project to a southern terminus.

Mr. Herold Driedger: The reason I ask these questions, because I think we had sort of talked about this, is essentially that in order to assess whether you are going to choose or make a decision with one option or the other, you have to have the environment impact assessments as part of your decision-making process and the potential costs involved of mitigations and any particular kind of environmental problems that may be encountered. Are you currently undertaking environmental impact assessments on all three projects? That is the Wuskwatim project, the Conawapa project and the Bi-pole Three project?

Mr. Beatty: Yes, that is correct. The Bi-pole and Conawapa are linked with the Conawapa option.

Mr. Herold Driedger: Are these environmental impact assessments being done in-house or are they being contracted out?

Mr. Beatty: They are contracted out but closely supervised with our own staff.

Mr. Herold Driedger: Could I ask, if they are contracted out, when the contracts were let?

Mr. Beatty: To give the specific dates, I would have to refer to our vice-president of Corporate Relations, Ms. Jolson, but generally speaking, the Conawapa assessment and Bi-pole assessment, I believe, were let in August, and the Wuskwatim in October.

Mr. Herold Driedger: That is good enough. But in this year, 1988—

Mr. Beatty: Yes, yes.

Mr. Herold Driedger: —August and October, roughly, give or take a few weeks?

Mr. Beatty: I am told I may want to correct that. Mr. Chairman, could I ask Ms. Jolson to comment on that?

Ms. Linda Jolson (Vice-President, Corporate Relations): The Conawapa study was let in June 1988 to ID Systems, and a Bi-pole contract was let July 15, 1988, to Maclaren. We have just recently had the approval to proceed with the Wuskwatim study and we have not called the tenders on that yet. We have done preliminary work through an outside consultant in the past year to produce a plan outline for Wuskwatim and we will be proceeding to let the contract.

* (1030)

Mr. Beatty: We received board approval in October but the process of actually letting the contract has not occurred. I am sorry I misled you.

Mr. Herold Driedger: All right then, the Conawapa project is under way, the assessment project, and the Bi-pole Three project is under way. Could I ask if the Bi-pole Three assessment is taking into account both possible routes east and west of Lake Winnipeg?

Mr. Beatty: I am going to ask Ms. Jolson to comment on that. We have kept those two options open to this point, but I would ask Ms. Jolson to comment.

Ms. Jolson: At this time, the two corridors are being considered east and west as part of the scoping and detailing of the study plan.

Mr. Herold Driedger: Again, to go back to earlier information, the decision about an in-service generating plant needs to be made in 1989. Could I have a more firm date? Is it half-way through, I mean June, or is it the fall of '89 or the end of '89?

Mr. Beatty: At the present time, our estimate is that during 1989 and probably at the time of perhaps late summer or early fall, we may very well have to make a decision and undertake some commitment.

Mr. Herold Driedger: I am not using specific days here. We could be out by a couple of weeks, but essentially you then have had about a year's lead time or a year's worth of environmental impact assessment work done for the Conawapa option and, if the contracts are just now being looked at to be let out for the Wuskwatim option, we only will have about six months and, of those six months, half of that or most of that will be in winter. Is this actually going to be adequate to give you fully all the information necessary so you can actually compare all three—not all three, but the two projects that are just presently under consideration?

Mr. Beatty: We believe that we will have sufficient information at that point from the work ongoing to position us to make that commitment.

Mr. Herold Driedger: These environmental impact assessments, are they essentially, I mean are they being done by—I realize that McLaren and ID Research are engineering firms and essentially they will be applying, I suppose, their particular discipline to the assessment. Is there going to be any kind of social impact assessment being done by these same firms?

Ms. Jolson: It is part of the component and the firms actually have a multidisciplinary team that is party to the study.

Mr. Herold Driedger: Are these hearings or these assessments done with some degree of openness whereby—I understand from Mr. Storie's line of questions that he is specifically concerned about some of the communities that will be affected. Are they going to be actually allowed to make representation while these assessments are going on?

Ms. Jolson: Yes, we work with the Government regulatory authorities and we have to have our study plans approved by that body. Part of proposing the study plan to the regulatory authorities is to identify the consultation process that will take place. When we formally request a licence, public hearings may be triggered also as part of that process.

Mr. Herold Driedger: Just to pick up on the last thing that you said, Ms. Jolson, when you formally request a licence, that means at that point Hydro will have made a decision. Is that correct?

Ms. Jolson: Yes.

Mr. Herold Driedger: All right, now this is just for a little bit of information to assist me in understanding how these decisions are arrived at. In 1999, what is the actual shortfall that Hydro anticipates we will be experiencing, given the fact that in another five or six years another 500-and-some-odd megawatts will be coming on stream when the Northern States Power sale is open?

Mr. Beatty: Mr. Chairman, if I could ask our senior vice-president of Energy Supply, Mr. Fraser, to answer that question and then subsequent, questions I would like to do that.

Mr. Murray Fraser (Senior Vice-President, Energy Supply): The shortfall is shown for 1999 as 76 megawatts.

Mr. Herold Driedger: That is in 1999. Is that sort of essentially expected to continue for the next five or six years at that same level, or I suppose—I think, to answer the question, my question, I would probably need to know what the shortfall would be then just prior before the Northern States Power sale comes on. There is going to be some growth involved in that five- or six-year period?

Mr. Fraser: I probably do not understand the question. The Northern States Power sale, you are referring to the one that starts in 1993?

Mr. Herold Driedger: Yes. That is the one that starts but it comes off in about 2005 or 2006, so there is going to be a period where we are going to be short to be able to meet our domestic requirements. So, in 1999, you will need 76 new megawatts to service our domestic need and, in the year 2000, I anticipate we would need a few extra megawatts and, in the year

2001, a few more extra megawatts. So essentially, I think the number I am looking for is the difference we are going to need to supply between that five-year period when we do have 550 megawatts coming back on stream.

Mr. Fraser: Okay. So the question relates to when the sale ends, not when the sale begins.

Mr. Herold Driedger: Yes.

Mr. Fraser: Okay, the maximum shortfall prior to the end of the sale is shown as 569 megawatts.

Mr. Herold Driedger: That is total or is that one year's shortfall?

Mr. Fraser: That is the maximum shortfall expected between 1999 and 2005.

Mr. Herold Driedger: That is maximum. Is that peaking load or is that, I guess, the firm average of what is required?

Mr. Fraser: That is our shortfall and capacity in order to meet our Manitoba load.

Mr. Herold Driedger: Perhaps I do not understand the term too well then, so perhaps could you, just so I understand the terms "peaking power" and "capacity," could you explain those, I mean, just very briefly? I do not want a long treatise on this.

Mr. Fraser: The way we approach it, and we did go into this at one of the earlier meetings, is we predict what the peak load in that particular year is going to be and we predict our ability to meet it, and the maximum shortfall in that period of time is 569 megawatts.

Mr. Herold Driedger: Then the actual shortfall that you need when you are planning for 1999, what you are actually planning for is, because of the 550 megawatts that are essentially locked up in the firm power sale, you are actually planning for a 550-megawatt capacity, that is essentially what you are telling me?

Mr. Fraser: That is correct.

Mr. Herold Driedger: Then Wuskwatim being a 350-megawatt capacity generation actually does not then enter into the equation?

Mr. Beatty: These are based on estimates of load growth which are extremely sensitive and I think, Mr. Driedger, you will recall that we talked about a range where the high end and the low end are both well within the range of possibility, have relatively high probability as these things go. So what we are giving you there is a median number and, if we have a slight change in load growth, and it is very sensitive to load growth, we could be at a point where the smaller plant, Wuskwatim, makes sense. If it goes higher, also very possible—we are projecting a long way out here—then the larger plant is favoured. We have to be very careful

with the specific numbers that Mr. Fraser is giving you at this point.

* (1040)

Mr. Neufeld: I think it is well, and correct me if I am wrong, Mr. Beatty, those are not the only options. There are options available to us like diversity exchanges with other power corporations. There is an option of the thermal generation that I do not think is included in this. So, we have other options, Mr. Driedger.

Mr. Beatty: Mr. Chairman, that is entirely correct and certainly we are constantly working with scenarios where the assumptions vary, the factors vary, and it is conceivable that in an extreme case we could perhaps, with recapture of the NSP power, get away with thermal generation life extension. That is a possibility. We have not ruled out any options but among the two most probable are these leading contenders, Wuskwatim, in the case of low domestic demand growth, and Conawapa, in the case of the base case and the slightly higher load growth.

Mr. Neufeld: I would like to add too that it is our intention to keep Hydro's options as broad as possible so that we can continue to supply secured power and that has to be emphasized, secured power, to Manitobans at the lowest possible cost.

Mr. Herold Driedger: Just to the end to these series of questions, in your trend analysis, could you just—and maybe you do not have the information with you now, but I really would like to have the information supplied.

I am sorry, I suppose, Mr. Beatty, in your calculations—and you probably do not have this information with you and I am just going to ask if the information supplied at some future point in time if you do not have it with you—could you tell me roughly what kind of demographic projections you are making for Manitoba, essentially for the next, well I mean in the next 10 years, say, 20 or 25-year period.

Mr. Beatty: Well, the word "demographic" covers a variety of factors. Perhaps, Mr. Chairman, I could ask Ken Adams, who is our corporate planning officer and in charge of the load forecasting unit at Manitoba Hydro, to comment on this. It is very important, unless you are just interested in the population number. There are a variety of demographic assumptions that come into play that we feel are the most reasonable assumptions. I would ask Ken to comment on some of these, if I may, unless the Member is looking for something simpler.

Mr. Herold Driedger: If you have it now and it is not too detailed, yes. Otherwise, I think some of this information could also be supplied by a document.

Mr. Beatty: We would be very happy to supply that to the committee later. We could easily do that.

Mr. Herold Driedger: I would be satisfied with that.

Mr. Chairman: Any more questions Mr. Driedger?

Mr. Herold Driedger: I will pass.

Mr. Storie: I appreciate the questions of my colleague. I was going to start pursuing the same line of questioning.

It strikes me that the chairman of Manitoba Hydro or perhaps the Minister indicated at our last meeting or previous meeting that domestic load growth was growing somewhere in the range of 100 megawatts a year. If you look at the table that was provided for us, in terms of capacity, demand and supply, it looks to be in that range, 100. So a generating station the size of Wuskwatim would last, all things being equal, about three-and-a-half years. We have heard again this morning that is based on the assumption that there are no energy-intensive projects, that we do not get a newsprint mill in The Pas that uses 125 megawatts, that we do not get an aluminum smelter that uses 350. I recognize that those are exceptional cases. It was made clear that those things are not considered when they are talking about general projections of domestic growth.

But the fact of the matter is that once we have proceeded to the point where Wuskwatim, after all of the environmental work is done and all of the other problems that are associated with it have been looked after—

Mr. Chairman: Mr. Storie, I think that was a question that Mr. Beatty wanted to reply to.

Mr. Storie: Mr. Beatty can reply, Mr. Chairperson, when I am—

Mr. Chairman: Well I think before you put too much on the record, I would wish that if he would want to respond to that first question first.

Mr. Storie: Mr. Chairperson, on a point of order, when I have concluded my remarks and have put my questions directly, I would certainly be more than happy to have Mr. Beatty or the Minister respond, but I would be given the privilege of finishing my remarks as is customary.

Mr. Chairman: I would like to warn you that I will cut you off if your question has been asked. I will allow the Member to also respond.

Mr. Storie: I assure you that my question has not been asked because I have not completed my remarks yet.

The point I was making to the Minister is that once a decision has been made to proceed with Wuskwatim, which will have to be some time prior to 1999 for our own domestic purposes, we are going to be committed to a project which will not allow us the flexibility to negotiate major sales, not allow us to aggressively look for energy-intensive industries to use in the Province of Manitoba. By choosing this option, we are saying, let us stay the course, let us pretend that nothing is going to grow in Manitoba. The assumptions here are

based on low-growth projections or no growth. The chairman of Manitoba Hydro said, well we have options. We can bring thermal generators into play. We can purchase, we can import more electricity. Those options, I do not think, are particularly attractive financially to Manitoba Hydro nor to the ratepayers of Manitoba.

My question is, what is the impact, for example, of a decision made now to proceed with Wuskwatim, or a decision made in the next two years, if in three years from now we have the opportunity to attract an aluminum smelter? What are the consequences of making those kinds of sequence of events happen?

Mr. Neufeld: I have not heard the Member's lengthy political dissertation. I would say that he should be comforted by the fact that Manitoba Hydro is keeping its options open. We will be certain to be able to supply the power that is necessary, as they have in the past and they shall in the future. We do not want to proceed precipitously into a direction that is going to be costly to Manitoba ratepayers.

Mr. Storie: Mr. Chairperson, I did not suggest that we do that. I refer only to the Minister's statement on Wuskwatim that he tabled, where it says, "The next generating station will be brought into service in 1999. We expect a generation choice may be made in late 1989 or early 1990." At some point, we have to quit looking at our options and make a decision.

My question is, if we proceed with the Wuskwatim option that produces 350 megawatts of power when we know that there are possibilities for Manitoba's economic base to be diversified by a newsprint mill, aluminum smelter, perhaps other energy-intensive projects—the Japanese company, DKK, were looking at a cesium plant which is energy intensive. There are all kinds of industries which could be attracted to the province.

* (1050)

What I am saying is it seems to me that this option assumes that Manitoba is not going anywhere. It assumes that Manitoba has no future when it comes to energy-intensive industries. I am wondering what the consequences are of coming to the decision point in 1990 and, if the Minister will follow my logic, what are the consequences of coming to a decision in 1990 to proceed with Wuskwatim, six months later or a year later finding that we have an opportunity but that we are going to need 350 extra megawatts of power than we will have. What are the consequences? What is it going to cost us to import the power to come up with alternatives? Is it not a costly decision?

Mr. Neufeld: That of course is a hypothetical question and, if there is one thing I have learned in six months in office, it is I do not answer hypothetical questions.

Mr. Storie: Mr. Chairperson, I am tempted to remark that he does not answer any questions but that would be unkind, so I certainly would not say that. The point of this is that Manitobans may in fact be faced with that. We know that there are companies out there who

are looking for low-cost dependable supplies of energy. Are we going to put ourselves in a position where we cannot respond quickly, because we all know that the planning time to introduce a new generating station is lengthy. We know that the construction time is lengthy.

Are we limiting our options? Are we saying to Manitobans that there is no hope for the future? We are not going to see any energy-intensive industries by proceeding along this path rather than the preferred option, to proceed more aggressively with attracting industries here, with being more aggressive in our outreach and our promotion of our own advantages when it comes to energy.

Mr. Neufeld: The Manitoba Energy Authority is not ceasing its efforts to attract an energy-intensive industry to Manitoba. The one thing the Member for Flin Flon (Mr. Storie) did not say, if we build and we do not sell, it is awfully costly to the ratepayers of Manitoba. We have to make the decision. It is a judgment call and I am sure that the decision will be made with a great deal of forethought and with a great deal of work going into it. When it is made, it will be the right one for Manitoba. I think Mr. Beatty may want to add to that.

Mr. Beatty: Mr. Chairman, I understand the concern here but let me say that this question of next generation, this decision is a fundamental business decision with large financial consequences. As we explained at the time we reviewed the load forecast, we do factor in a probability for major uncertain loads. Our people are very close to our major customers and to their plans for the future. We watch that very carefully. We have been staying close to the Manitoba Energy Authority in its discussions. We do, in our load forecast, this median forecast, it factors in a probability for each of a number of major uncertain loads, which independently, individually get a lot of attention.

What I said in the presentation that I made to begin these proceedings, the hearing of Manitoba Hydro's Annual Reports, Mr. Chairman, is that the forecast does not and cannot contemplate a load of massive scale the size of an aluminum smelter. That is not included. But that would be a new situation not unlike, for example, in impact, an export sale. Basically we would have to take that decision if and when it were made, at the time it is made. If the economics of taking it at that point did not make sense, then we would not take it. We would have to delay the time at which they could come into the province. That is just a hard business decision that has to be taken.

But I do want to emphasize that we do factor in expansions, we do stay as close as we can to the possibility of new developments, but we cannot let time wash away the best alternatives. For that reason, I think that our process is sound and the options—we do not want to make a decision before we have to. We want to keep gathering information, but I think the process is sound.

Mr. Neufeld: I would just like to add to that the aluminum smelter or an intensive user such as an aluminum smelter takes a fair amount of lead time as

well, so we would have a period of some five years probably in which to get the power necessary.

Mr. Storie: Yes, certainly discussions with Alumax would tell you that they would require three years minimum lead time. My concern is that we are going to put ourselves in a position where one of these exceptional load increases come on—and I appreciate the fact that Manitoba Hydro keeps in touch with MEA and assesses the needs of its major customers in places like Inco and so forth, but these are exceptional. That was my concern and it seems to me quite obvious that if a new aluminum plant requires 350 megawatts that there is no option for Manitoba Hydro to import that at anything other than exceptional cost to Manitoba, Manitoba Hydro, to provide for that purpose, or to bring on thermal plants to meet that need, to continue to operate our thermal plants at Selkirk or Brandon. I mean both of those options are extremely expensive.

On top of that, I guess you have the necessity, some people would say, to expand our horizons when it comes to industries like aluminum smelters—and I wanted to deal with the aluminum smelter issue first of all. The Minister was in San Mateo, met with Alumax. I am wondering if perhaps he can indicate who Manitoba is competing with in terms of the possible location for a smelter.

Mr. Neufeld: Before I answer that question, I would like to tell the Member for Flin Flon (Mr. Storie) that we could very well import through a diversity exchange. That is not ruled out. We could. Secondly, any major user sees his window some five to ten years in advance and starts preparing for the time that the market will be there for him, so that there is a fair amount of lead time for obtaining additional generation.

As far as your direct question as to who are the other bidders for an aluminum smelter with Alumax, there's Venezuela, there's Iceland, there's Quebec, of course, and Manitoba and one other which has not been told to us, but I would believe it is British Columbia.

Mr. Storie: Did the Minister have a chance to assess what positions particularly with respect to hydro rates but also other industrial incentives that have been put on the table for Alumax in terms of Manitoba being an attractive place versus others?

Mr. Neufeld: We think that Manitoba is attractive for several reasons. We have a good labour pool. We have secure power. We may not have the power at the rates that they wish. Before the province enters into any agreement, I have said before and the Premier (Mr. Filmon) has said before, that the ratepayers of Manitoba Hydro, the domestic ratepayers, will not subsidize a major industry. If there is a subsidy necessary or if there is help necessary, that will have to come from Government.

The Government, before it reaches a decision, must know the full economic impact of an industrial user such as Alumax before it makes a decision as to how much it is prepared to offer. The MEA are studying. They have on fast track right now a study on the

economic benefit to Manitoba. Once that is known, then Cabinet can make a decision as to how far it will be prepared to go in aiding a large user.

Mr. Storie: I spoke to the president of Alumax. He made it quite clear that what they need is a firm, stable supply of energy at a low rate. The Minister's comments suggest that they are not prepared to offer that to Alumax.

Mr. Neufeld: I think I have already said that we know what the published rates are. We know what Hydro's published rates are. I have said that if the economic benefits to Manitoba are great enough for us to offer Alumax the rates that they have asked for, then we will offer that, but we will not offer that without knowing exactly what the economic benefits are. I have said that before and you have not listened, Jerry.

* (1100)

Mr. Storie: The light may be coming on. The Minister is now saying that if there can be a net economic benefit to the province even if we provide low rates, the Minister is prepared to consider that. Does that include providing incentive rates if there is a net economic benefit to the province?

Mr. Neufeld: I think there are two things here. We have a published rate from Hydro that Hydro must receive in order to keep its rates to its residential users at the lowest possible level. That is No. 1.

If there is to be assistance given to a large user, it must come from another source and that other source can only be one level of Government or another. Before that decision can be taken, we must know what the economic benefits are. We will not go blindly and make an offer without first knowing the impact to Manitoba taxpayers, what the cost of that benefit shall be.

Mr. Storie: I think we are getting to the bottom of it and I am heartened by it. Mr. Filmon and Mr. Neufeld seem to think that if you provide a subsidy that it is not paid for by the taxpayers. Clearly, it does not matter what level of Government pays a subsidy or provides a subsidy to attract industry, the taxpayers pay for it. Whether it comes out of the left pocket or the right pocket is quite immaterial to the taxpayer. The question is, is there a net economic benefit if you do it one way or the other to the Province of Manitoba? Do we create the jobs and the infrastructure and the secondary capacity, the manufacturing capacity, we want to have?

I think maybe the Minister is subtly or perhaps not so subtly changing his position and I am glad to see it. That will be in the best interests of the Province of Manitoba.

It seems to me that when the Minister met, and again in my discussions with the president, he made it clear to me that the issue of subsidies was not what was the primary concern. More of a concern was a low stable rate, and he suggested that the offer from the federal Government or a provincial subsidy of one sort or another may not be what is needed to pull this deal

together. Is the Minister now saying that he is prepared to consider the alternative which I have been recommending, and that is the preferential rate?

Mr. Neufeld: I have said three and four and five months ago that the Manitoba Hydro will not offer a rate other than the published rate. If a subsidy is to come, it is to come from one level of Government or another. I said that four or five months ago.

The ratepayers and the taxpayers are two different people. The taxpayers, of course, will gain from aid given to, be that in the way of grants, be that in the way of subsidies, any large user. The ratepayers of Manitoba will not. The benefactors of any large industry locating in Manitoba are the taxpayers, and they are the ones who will pay any cost if there is a cost indeed. But we must first know the cost and we must know the benefit.

Mr. Storie: Well, we are back to square one. If there is a net economic benefit to the province of going one way versus the other, the Minister said that seems fair. When you pin him down and say, he is saying we cannot offer preferential rates, we will not do that. We are only going to offer the industrial rate as is published by Manitoba Hydro.

Well, the president of Alumax made it clear to me, that provinces like Quebec, never mind countries like Venezuela and Argentina and Brazil, are prepared to do a heck of a lot better than that. Quebec is prepared to do better than that. The president of Alumax indicated to me that the Premier of Quebec is prepared to do better than that. Is the Minister saying, even if there is a net economic benefit by providing preferential rates, Manitoba is the loser in this? That is an irresponsible position. It is not defensible.

Mr. Neufeld: I am not sure whether the Member for Flin Flon (Mr. Storie) simply does not understand, does not want to understand, or is following his own political agenda.

I have said before and I will say again that the Manitoba Hydro has a published rate. If there is to be a rate below that, the cost of that rate has to be taken up by all of Manitoba taxpayers, not by the users of Manitoba Hydro. That is what I have said time and time and time again, and I will say it one more time. Manitoba Hydro will get its rate. If there is to be a lowering of that rate to any large user, that difference has to be made up by the Manitoba taxpayers. If you want to discuss what Premier Bourassa has offered to Alumax in the way of subsidies or in the way of lower rates, let us not forget that they have some five million people to pick up that difference, we have one million. So our subsidy per resident is five times what the Quebec subsidy is going to be.

Let us not forget one more thing, that Quebec has a large user in the Northern New York State that pays some 11.6 cents per kilowatt hour, which greatly subsidizes the rate that could be charged to the Quebec residential user. We do not have that benefit here.

So there is a difference. We cannot go beyond the economic benefit to Manitobans, and I have said that

before. But that is a function of Government, it is not a function of Manitoba Hydro.

Mr. Storie: Well, Mr. Chairperson, I am wondering if the Minister can indicate whether he has discussed with Manitoba Hydro or MEA the possibility of using the surplus from a future generating station for that purpose.

The Minister keeps suggesting that simply because you want to provide a long-term stable rate that you somehow have to have that subsidized by the ratepayers. That is not necessarily the case. Certainly if you bring on another generating station, Conawapa as an example, there is a period of time where you in effect have surplus power. It is required for domestic need and you have surplus power. We have done that previously.

The Minister, I hope, is not getting so hidebound that he does not recognize that there are alternatives to simply saying, well, let us assume that we have so much domestic capacity and we are going to have to provide some sort of incentive rate from that. That is not necessarily the case. It could be from some additional capacity. Is that not a possibility? Is the Minister not going to consider it even in those circumstances where there would be no additional cost to the ratepayers.

Mr. Neufeld: There will be an additional cost to the ratepayers. If we have the opportunity to sell the way Quebec Hydro sells at a very advantageous rate, if we have that opportunity, then that would subsidize the Manitoba ratepayer. If we use those monies to subsidize a large user, the Manitoba ratepayer is suffering, the Manitoba user is suffering. He would get it for less. You have to consider what he would be getting it for and what he is getting it for. Those are the only two things that are on the table for the Manitoba user—if you cannot understand that, Jerry.

Mr. Storie: I understand your argument, but I do not think you understand the sequence of events that might occur, that should occur, if this is well planned, if the Minister has any interest in planning.

The fact is that we are going to require new generating capacity for domestic use by 1999 by all accounts. When that new capacity comes on, it can be either Wuskwatim, which produces 350 megawatts, or it can be Conawapa which produces 1,200. If we choose the Conawapa option, because I think three-and-a-half years of leeway time which is built in if you assume 100-megawatt growth per year for Conawapa is not adequate, then for a period of time you have hundreds of megawatts which are in effect surplus but the cost of which producing all of those megawatts has to be borne by the ratepayers because of the necessity for adding capacity.

Now we have the possibility of providing incentive rates for surplus power, creating jobs, economic development, at no additional burden to the ratepayer. That is a very logical sequence. It has been used in the past. The alternative, of course—well, the Minister smiles and says that is right. Of course the NSP sale is an example. The NSP sale has been profitable for

Manitoba Hydro, profitable for the people of Manitoba. The chairman has confirmed it, the president has confirmed it. The Minister has been somewhat reluctant to confirm it, but it is a fact.

The same can happen if you bring on something like an aluminum smelter or some other energy-intensive industry. It is a possibility. Is the Minister saying even that possibility is not within the realm of his interest?

* (1110)

Mr. Neufeld: You have suggested planning, you have suggested keeping our options open. That is how the discussion started this morning. We are keeping our options open. We are planning and, if that means Conawapa, it is Conawapa; if it means Wuskwatim, it is Wuskwatim. If it means no additional generation, it is no additional generation. But I think it is prudent of Government and it is prudent of Manitoba Hydro to keep all their options open.

Now let me say one more thing about NSP. You have put on the table time and time again, how advantageous that sale was. If that sale, and I have said this before, you have got to consider any sale, the cost of supplying that power with the replacement power. If we have to advance Conawapa because of the NSP sale, and what you are suggesting right now in your argument we do have to advance Conawapa because of the NSP sale. If we did not have the NSP sale, we would not have to advance Conawapa till 1999. We could go beyond that. That has been brought up here today.

If that NSP sale causes an advancement of Conawapa, you have got to consider the NSP revenue against the Conawapa incremental cost and your debt. You cannot do it. The incremental cost of Conawapa is far more than the NSP sale.

Mr. Storie: Again the Minister—obviously there are some assumptions in that. Of course, the assumptions are what you do with the Conawapa energy, but the point that I was trying to make with the Minister—first, he says he has to keep his options open. That is right, you have to keep your options open, but at some point in the next year and a half or two years this Minister is going to have to make a decision.

What is that decision going to be based on? Is it going to be based on a decision that we do not want to go anywhere with Manitoba? We are not interested in using our energy advantage? We are going to say let us look at domestic growth only, let us limit our options, or is it going to be a more aggressive approach which has been taken by provinces like Quebec? Quebec developed its energy market. It also used its energy in its own province to build its economy.

This Minister is saying we are not prepared to do that. I know there are differences between the northeastern seaboard market and what markets are available to Manitoba. This Minister and his chairman have said our interest is in using Manitoba energy to build the Province of Manitoba, create jobs in Manitoba. Obviously, I feel the same way. It is in our interests to do it. But if we are going to take the approach that

says I do not care what the rest of the world is doing, I am not going to do it, then we are going to be in trouble.

What option is this Minister going to take? Is this Minister going to take the low road and say the future is uncertain and we cannot make any decision? Is he going to take the low road and say I am not going to be aggressive, I am not going to try and compete in this world market?

The aluminum companies in this world can go anywhere. They can go where they can get low energy. They can go where they can get preferential treatment. They can go where wages are lower. Are we going to abandon that market? Quebec and B.C. have been quite successful at attracting those kinds of options. Are we abandoning it?

Mr. Neufeld: The decision will be taken and it will be taken with full knowledge of what Manitoba needs and what we think is in the best interests of Manitoba's needs.

If the Member for Flin Flon (Mr. Storie) wants to compare our ability to compete with that of Quebec Hydro alone, we cannot, we simply cannot. I have already said they have five times the users. They have beneficial rates from Northern New York. They buy power at an extremely attractive rate from Labrador. How do you compete against that?

We have a cost and we have a benefit. We have to measure those two before we can take a decision, and I think that the Government and Manitoba Hydro are prudent in keeping their options open in arriving at a decision. I do not see how we can do otherwise.

We cannot make a decision here today. We will make our decisions as they are needed but, until such a time, we will keep every option open, which includes, as I have said before, Conawapa, Wuskwatim, thermal, and our predictions for Conawapa include a large user.

Mr. Herold Driedger: I just have a comment to make and then Mr. Angus will pick up some questions. We have heard here the attempt to, I suppose, expand our generating capacity in order to capture an export market which even, according to Hydro's own admission this morning, is basically something based on forecasts and on uncertainties and you try to nail down those uncertainties as much as possible.

I just wish to draw to the committee's attention that essentially right now, today, according to this last Annual Report, the financial expense that this corporation has is 44 percent of its actual revenues, and even with an aluminum smelter, we are looking at trying to expand export sales. Normally, those export sales would be the American market as well, and we have in the States right now a situation where the corporate debt is absolutely expanding. It is actually exploding because of these leverage buyouts and takeovers. We have a situation even where, with the last election, the election of President Bush, the American dollar falls. We are going to have a situation where the domestic financial fragility that the Americans have is going to probably cause higher interest rates that are going to be affected by, again, the interest expense that Hydro has.

I think that rather than trying to engage in some economic adventurism, I think I would rather see the Hydro corporation take a little more prudent economic view as to how it is going to do some developing and I would like to actually take a look at these rosy projections we have. They can often be dashed on the rocks of reality.

We have already had the chairman in the first meeting that he had here state that the corporation is recommending that all revenues that the Hydro was expecting to get, which were to be shared with the Manitoba Energy Authority, are to revert back to Hydro. Obviously, we have a situation here where already the profits that are expected are lower than anticipated.

I rather want to see that what Hydro does is done with some degree of economic prudence. That is not a question. I am sorry. I just had to interject because my questions have actually been attempting to try and arrive at a situation where we can examine whether Hydro is actually going to end up being the kind of generator of economic activity that we want, or whether it is going to be the generator of energy security which I think is preferential right now for the people of Manitoba. By stating energy security, I will defer to my colleague, the Member for St. Norbert (Mr. Angus).

Mr. Chairman: Mr. Angus.

Mr. John Angus (St. Norbert): Thank you very much, Mr. Chairman—Mr. Chairperson. Through you to the Minister, I should perhaps clarify that—

Mr. Chairman: I will respond to the first address.

Mr. Angus: It is an attitude awareness that continually reminds us that people of all genders have equal rights. Through you to the Chairman (sic), the questions that I have centre on free trade and you may in fact want to get your free trade individual to the table. The issue is complicated and undoubtedly has been discussed before at this table and certainly is being bandied around in the press on a regular basis. So while the questions may appear to be repetitive, I certainly have not heard the answers from the staff, the people who, hopefully, have looked at the Free Trade Agreement and the impending implications of the Free Trade Agreement.

While our Parties' philosophies may differ on the method of obtaining a liberalized trade and those decisions will be made on a higher plane in a different court, some of the decisions may in fact impact on Manitoba's energy and resource policies and ability to do business. I would like to, as much as I can in a non-partisan way, get some clarification from the administration as to their understanding and their intended reaction to the impending agreement.

With that background, I am using as a source a document which was tabled in the House, called "Free Trade and Energy—a Discussion Paper." It was released in May or June of this year from Manitoba Energy and Mines. I hope that the staff of the Hydro have at least seen it and have had a chance to prepare responses to what appears to be another group of legitimate

bureaucrats getting a singular interpretation of an agreement.

* (1120)

We may have other professional people who have different opinions, and I would like to hear what their opinions are in relation to some of these. So I am not going to go into it in total detail but my questioning process, depending on the answers, should take between 20 minutes to half an hour, and I have pulled out some of the things that I am more concerned about specifically. With that, Mr. Chairperson, do you want me to just proceed with the questions?

Mr. Neufeld: Before you proceed, I would like to clarify the document to which you refer which came out of the Department of Energy and Mines.

I have to say that was written at the request of the former Government with a particular view, and the facts are that they stopped after the election. They were directed to stop by someone within the department and then the former ADM, Assistant Deputy Minister, completed it on his own.

The first draft had something like 41 pages we found out. The second draft was down to 36. I finally got one well into the end of May which had 33 pages. I was not on the original mailing list, but the former Minister of Energy and Mines was on the former mailing list. So I think with that background you could start using the document.

Mr. Angus: Thank you, Mr. Chairperson, and thank you to the Minister.

I come from a different world of politics where we have been used to dealing with professional administrators who oftentimes will vary in their opinions but nonetheless their opinions are considered, and where there has been less political direction to the answers we want to hear and more specifically allowing those people that have spent their lives preparing themselves to answer these questions, to give us the answers. I think, Mr. Chairperson, that it is much easier for a politician like myself to deal with the answers when I feel that I have gotten straight answers, not people telling me what it is I want to hear, regardless of your political stripe -(Interjection)- Thank you, Mr. Chairperson.

So through you to the Minister, and you can direct the questions to whoever, on page 21 in the summary of the conclusions where it says Manitoba's major concerns with the Free Trade Agreement are as follows:

"1. Most of the safeguards for Canada's future energy supplies that ensure Canadian control over energy resources have been eliminated due to the surplus test restrictions, the proportional access requirements and the investment provisions."

Do you want to just comment on what this individual meant by eliminating those?

Mr. Neufeld: It is actually a very general statement. It says that because of the 15-year test. Now you are

probably relating more to oil and gas than it is to Hydro. Do you still want to discuss it here?

Mr. Angus: No. No, again—

Mr. Chairman: Mr. Angus.

Mr. Angus: Thank you, Mr. Chairman. That is the Member for St. Norbert, right?

Mr. Chairman: No, nobody addresses you quite that formally here.

Mr. Angus: No? I do not want to go into those areas that are obviously applicable to gas and oil and mines and resources, energies and mines, I am sorry. But there are a lot of the overriding principles in the interpretation of energy that do not simply come from the resources of gas and oil, but from the natural resource of energy and energy power.

So I feel that there is—in order to try and clear up the confusion, if you like, I would like to see a separation. I would like to see the administration say to me, yes, we have looked at this particular portion and we believe that there is another opinion for energy and gas. As far as it applies to electricity, this is our interpretation or our understanding.

Mr. Neufeld: I will then direct your question to Mr. Funnell, the General Counsel and Corporate Secretary of Manitoba Hydro.

Mr. Chairman: Mr. Funnell.

Mr. John Funnell (General Counsel and Corporate Secretary): Well, first of all, no, I am not going to comment on his statement, other than to say that I disagree with those conclusions.

Mr. Angus: Mr. Chairperson, obviously Mr. Funnell you have looked at those concerns in the Free Trade Agreement, those chapter and verse, and it is your interpretation of those clauses that there is no concern for Manitoba energies.

Mr. Funnell: That is correct.

Mr. Angus: Going on, Mr. Chairperson, in addition, the logistics of reconciling the proportionality requirements with existing contracts has not been fully articulated. Now I suspect that these are referring to Sections 409 and a GATT Agreement which the inclusions and Sections 1, 2 and 3, the three-year averaging clause and the fixed price continuance. Would you like to comment on that?

Mr. Funnell: That is correct. Once again, we do not see these as being a problem in the export of electricity.

Mr. Angus: In reading the clauses many, many times myself, I wish I had the comfort of either a legal opinion or wherever you get the feelings from, because it seems to say to me, Mr. Funnell, that you have a three-year averaging provision and a continuance of that three-

year averaging. My concerns stem from 12-year agreements that we have entered into for hydro pricing that we may be forced to continue those prices, based on the consumption and based on the fixed price, as indicated in those sections.

Again, I see some shaking of the head and I appreciate that but I would like, if I can, a bit more of an explanation as to where I am reading this incorrectly.

Mr. Neufeld: Before Mr. Funnell answers the question, I would like to inform Mr. Angus that Mr. Funnell is a lawyer as well as general counsel.

Mr. Funnell: Your question—would you mind? I am sorry.

Mr. Angus: Identify them more specifically?

Mr. Funnell: No, giving me your question again.

Mr. Angus: I would appreciate from the counsel, and let me preface it that a well-known politician in the country suggested, where there is one lawyer he will starve to death, where there are two lawyers they become millionaires. That is simply because they disagree and they have different interpretations.

I respect the senior counsel for the corporation. The question centres around Section 409, subsections (a), (b) and (c) whereby it seems to me they have said that there is the 36-month provision and that the prices will be maintained. Now my concerns are, at the end of 12-year contracts, as an example, that we have entered into with fixed pricing, does this interpretation, does my interpretation—and I am not a lawyer, but does it mean that we will be forced to continue with the last three years of that 12-year agreement and provide the same quantities at the same investment alternatives? If you would be kind enough to expand on your answer as to why, it would give me some degree of comfort.

Mr. Funnell: It is my opinion that the proportionality provision to which you refer applies only to the duration of the contract itself. In other words, we are not going to get a—once the contract has run out, those provisions come to an end with the contract. Yes, indeed, the proportionality provision will apply in the event of a shortage.

I think you must bear in mind that the contracts that we have negotiated all along have all contained a provision permitting reduction of quantities in the event of a domestic shortage. In other words, we have always said—as a matter of fact, this was a point which the Americans had some discomfort with in the process of the negotiation. We said, in the event there is a shortage, the Lieutenant-Governor-in-Council has the right to step in and, in effect, ration the supply. If that should occur, we, by contract, have the right to reduce the amount of power that we are selling to you.

Mr. Angus: If I can put that into sort of layman terms, it means that if we, for whatever reason, a drought or failure of a major station, do not have the energy to provide to the United States to fulfill our contractual

obligations, we can then cut back on the delivery of that product to the United States?

Mr. Neufeld: That is during the duration of the contract. You should preface that.

Mr. Angus: So we have a 12-year agreement to sell product "A" to the United States, a product that we are already selling in Canada. If for whatever reason we cannot produce it to product A, we can stop selling it to the United States? Is that correct?

* (1130)

Mr. Funnell: That is correct.

Mr. Angus: Do we not have to cut back proportionately in Canada? Can we just willy-nilly cut them off like that and not have the proportional clauses of this overriding federal agreement?

Mr. Funnell: Yes. We may, under certain conditions, have to observe the proportionality provision that you refer to. It is unclear at the present time how that proportionality provision would be applied. Is it going to be national, regional, local?

The agreement, of course, is between the two nations. Therefore, one would assume that the requirement is a national requirement and not a regional or local one. Yet of course, unlike pipelines, we are not interconnected on a national basis. As a matter of fact, there are certain physical impairments that prevent this. So the supply source is really a regional one. This is admittedly one of the vagaries of the agreement but nevertheless one that does not cause us immediate alarm. I should also say that we have been supplying power to the United States now for 18 years as an exporter. So we have got quite a bit of experience behind us and we have never had to curtail the supply to them.

Mr. Angus: I appreciate that. I would hope that we never would.

Unfortunately, what happens is that in my experiences that future generations, oftentimes led by the legal provision, say that back in 1988 this is how you prepared for that. I would suggest, Mr. Chairperson, through you to the counsel, that we may not have prepared our case to give us absolute protection and/or the maximum amount of protection that we want. Notwithstanding that, let me make sure that I have got it absolutely clear. If we have to cut back to three-quarters productivity delivery to the United States, then we would be required to cut back in Canada in the same fashion to our domestic market, meaning the citizens of Manitoba. How do we do that? That is my question, Mr. Chairperson. How do we actually go about doing that?

Mr. Funnell: The provisions of The Manitoba Hydro Act permit us, in cases of emergency such as you refer to, to institute rationing. It would be through the vehicle of an Order-in-Council by the Lieutenant-Governor-in-Council.

Mr. Angus: That is fair. I appreciate that.

The paper also suggests that the agreement makes it difficult for provinces to pursue independent resources policies. I note the confusion on your face and I felt somewhat confused myself there, because I would like to think we have a certain degree of sovereignty rights in establishing our policies for the energies in Manitoba. Can you enlighten me a little bit as to what your interpretation of that would be?

Mr. Funnell: It is my understanding in my reading of the document that there is nothing there that would inhibit or limit in any way the policy directions which a Government may wish to take.

Mr. Angus: I suspect, Mr. Chairperson, it has to do with the dispute mechanism settlement procedures and the ambiguities around that, the ad hockery of the decision makers in the dispute mechanism, and how the policies may—and this is only my interpretation through you, Mr. Chairman, to Mr. Funnell—that when we do find ourselves in a disagreement with our customers that this disagreement will be settled by third people off someplace else who may in fact then be establishing policy.

Mr. Neufeld: First of all, I should indicate to Mr. Angus that the electricity that is sold to United States or Northern States Power is by virtue of an agreement. We have already heard that the agreement is supreme. If during the term of the agreement there is a shortfall, there is a provision for reduction of export power to the United States. Once that agreement is finished, there is nothing in the Free Trade Agreement that says we must again sell power to the United States. It is not a forced trade agreement; it is a free trade agreement.

Mr. Chairman: Mr. Beatty, did you want to make any comments to that?

Mr. Beatty: No. I perhaps should have said something earlier. Generally, I address this question of our assessment of effects of the Free Trade Agreement on electricity in Manitoba Hydro in my opening presentation, generally speaking. But notwithstanding that, the proportionality provisions of the agreement with respect to electricity are, as John Funnell has indicated, one of the most vague parts of the agreement and we are not sure exactly how it would apply.

The spirit of the Free Trade Agreement is willing buyer-willing seller. Our firm contracts as opposed to interruptible, the supply of interruptible electricity to our customers in the U.S., spell out terms and conditions, and I think we expect that it is within the spirit of the agreement that the terms of these contracts will be respected. What the agreement seeks to do is limit Government policy that would restrict imports or set a minimum price level or that sort of thing.—(Interjection)— Beg your pardon? Taxes, export taxes, well, you could put on export taxes provided the same taxes are put onto exports to other Canadian provinces.

That is with respect to that proportionality provision, our general interpretation. We think it will not be a large

problem; that is our interpretation. I recognize there are many interpretations.

Mr. Angus: I appreciate Mr. Beatty's remarks, Mr. Chairperson, and just through you to the Minister, I am sure you recognize the "overriding clause" that they refer to in the Free Trade Agreement which suggests that the Governments will do whatever they can do enforce this particular agreement. Now, whether or not that means that they can override existing contracts, I do not know. I leave that to the lawyers and to the courts, which I guess is one of the unfortunate things in this document is that there are too many things that are going to be left to future people making interpretations of what we think we are getting into right now. I think that is the reason for a lot of these questions because people who we have to assume know what they are talking about are writing a report in one way, and other people who we assume know what they are talking about are giving a different opinion.

Mr. Beatty: I guess one of our main concerns in the past, and certainly prior to the appearance of a Free Trade Agreement, in the United States with respect to exports and the trade climate has been the lobby being put forward by the National Coal Association which I am sure all Members are familiar with. I think it is very interesting that the spokesmen for this coal lobby in major speeches have indicated lack of confidence in the agreement with respect to their concerns, so I think that with respect to the threat posed by the National Coal Association and the coal lobby affecting our exports, the Free Trade Agreement does provide us with some real comfort there.

* (1140)

I think the spirit of that agreement, if not the letter, provides some comfort with respect to that threat and I think—they also mention the proportional clause. From their point of view, it is not completely satisfactory.

Mr. Neufeld: Yes, Mr. Chairman, Mr. Angus is leaning a great deal upon a document he has in front of him. He has read us one conclusion. He has not read the entire report to us, which is couched in "maybe," "could be." There is not one direct statement in that entire report that says that hydro cannot be exported, that there is a problem with the export of hydro, not on direct. It is maybes, that is all you have in there.

Mr. Herold Driedger: Yes, I am sorry. I just have three short questions and then I will let—I know Mr. Storie wishes to ask a few more questions and I will give him the balance of the time.

Mr. Angus: Excuse me, I am—

Mr. Herold Driedger: Were you not finished?

Mr. Angus: No, I am certainly not finished. I am right in the middle of the question process, Mr. Chairman. If I may, with respect to my friend—

Mr. Herold Driedger: All right, Mr. Angus.

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Mr. Angus: Thank you very much. Mr. Chairperson, through you to the Minister, I will be pleased to provide this document. I think that it would produce a lot of boring rhetoric if I simply read it and quoted the very substantial opinions of individuals who are prepared to substantiate their conclusions. I agree that I am taking out excerpts, and I think we all recognize that.

One of the questions that I have to ask is that it is likely that Congress may pass amendments to U.S. trade law which would restrict Canadians' exports from the agreement before it comes into effect January 1, 1989. This is a direct result of the coal lobby influence. Are you aware that they did or were doing anything of that nature? Have you been monitoring that situation?

Mr. Beatty: I guess I am really not prepared to comment or in a position to comment on the Omnibus Trade Bill, which I think is what you are referring to. I do not disagree that it is a virulently protectionist piece of legislation, but one could only say that the agreement, FTA, works against it.

Mr. Funnell: May I just add that I am sort of maintaining a watching brief on this to see what progress these things made, and the thing has been quiet for the last little while and, shall we say, within the last six weeks I have not heard anything.

Mr. Angus: As long as you are providing that brief, we may find out about it through the news media before it gets to a point where it could be passed. Do you have any concerns about the Americans being able to continue their portion of the agreement, allowing them to continue to enact laws that would affect our ability to export this product?

Mr. Funnell: Mr. Chairman, I am not sure that I understand the question that has been put.

Mr. Chairman: Mr. Beatty, did you want to respond to that?

Mr. Beatty: No, Mr. Chairman, but I wonder if I could ask the Member to maybe elaborate the question just a bit.

Mr. Angus: It is my understanding, notwithstanding the Omnibus Trade Bill and notwithstanding the fact that I agree with your observation about the spirit of entering into a secure agreement to trade our products, we are disputing, I suspect, the massive mechanism and the ambiguity of the mechanism to make that happen. It is my understanding that there are regulations and rules that can be put in place in the United States of America that we will be bound by, that will supersede the Free Trade Agreement. This question might be directed better to Mr. Funnell. Do you have any comment on that, Mr. Funnell?

Mr. Funnell: I am not aware of these.

Mr. Beatty: Trade law existed and was altered, amended and changed before the Free Trade Agreement. I have no doubt that it will be altered,

amended and changed after the Free Trade Agreement. With respect to the specifics of the Free Trade Agreement, I guess I have indicated in my presentation that we think the FTA is essentially neutral with respect to trade law. But certainly, the spirit of the agreement works against the spirit of aggressive protectionist trade law which we are seeing.

Mr. Angus: Mr. Chairperson, my half hour is certainly up. There are other questions and I would be more than pleased to discuss them informally, as opposed to at the committee level.

Mr. Herold Driedger: Again as I said before, I do not want to take much more time because I know Mr. Storie has a bunch of questions and I would like to pass this report, just three very short questions dealing with the environment again just to make certain that I understand this.

We have heard Mr. Storie reference that the Burntwood system is a very complex system, and it looks like there are all kinds of things they might be unsure of in a study on that for environmental impact assessment on that particular generating station. Just to double-check, can a complex environmental assessment such as what it looks like it is going to be, can that be done in the six months that are essentially available?

Mr. Beatty: Mr. Chairman, I am informed that we are going to be able to get the essential information we need. It carries on. Work continues beyond the six-month period, but pretty well all the information we will need, I am informed, will be provided in that period. I could ask our Vice President of Corporate Relations to elaborate if you wish.

Mr. Herold Driedger: No, I think that will be fine. Just for the sake of comparison, how long did the South Indian Lake and Limestone studies take, just for comparison purposes?

Mr. Beatty: I would have to check, Mr. Chairman, just one moment please. I am informed Limestone was two years. I guess we do not have, without checking, information on South Indian Lake.

Mr. Herold Driedger: I suppose I will do this after the committee, but I would like to sort of compare the size of the possible impacts to try and assess whether or not the six months is sufficient time.

One last question, and this is just to satisfy a question I received the other day from somebody who is interested. Apparently the Lake Winnipeg levels are regularly between 711 feet and 714 feet above sea level, if we may use that archaic expression. What is the level now in the light of the drought?

Mr. Beatty: Mr. Chairman, I am informed it is 711.8.

Mr. Herold Driedger: Is it expected to drop significantly below that before your anticipated recharge will occur in spring?

Mr. Beatty: Mr. Chairman, I think the answer to that is no. Just one moment please, if I may. I stand

corrected, 711.4 is the estimate, down from the current 711.8.

Mr. Herold Driedger: Thank you very much. With that, I am prepared to pass the report. I will give the time to Mr. Storie.

Mr. Storie: It does not look like we are going to be able to finish. I would just like to finish up with some questions to the Minister or Mr. Funnell, in particular, referencing the comments, the questions posed by my colleague for St. Norbert (Mr. Angus).

Mr. Funnell acknowledged that there are some vagaries in the agreement when it comes to how proportionality would be implemented. Mr. Funnell gave us the assurance that Manitoba Hydro has never faced the prospect of a shortfall in terms of providing Manitoba residents. I assume that Mr. Funnell would agree that if the drought were to continue for another two or three years that we could face that prospect. I understand we are importing during peak demand as it is. I am assuming that it could become more serious if we were into a drought situation.

My direct question is whether he has read the opinion of the Ontario Attorney-General's Department which says that the proportionality clauses, and in fact the clauses in contracts like the one Manitoba Hydro has with some of its export customers, would be overridden by the Free Trade Agreement, where we have written into the agreement clauses which say that, in times of a shortfall in energy, we reserve the right to cut back? The opinion is that the proportionality clause overrides those. Is Mr. Funnell aware of legal opinions which put that on the record?

* (1150)

Mr. Neufeld: I think Mr. Storie, before you ask somebody, a lawyer especially, to answer a question like that, you should table the document and let him study it.

Mr. Storie: I already have tabled that document. I believe I did table it some time ago in the Legislature, but it has certainly been available. It is an opinion, a public document prepared by the Attorney-General's Department in Ontario.

I raise this not to suggest that Mr. Funnell or anybody else should study every legal opinion that has been produced on this topic but to identify the fact that this agreement is fraught with legal definitional problems and that we are not going to know. For the First Minister (Mr. Filmon) to say Hydro export policy will not violate the trade pact or to make predictions that proportionality will not affect Manitobans' access to energy at some time in the future is preposterous. No one knows that with certainty, and that is the difficulty. Is Mr. Funnell aware of any other opinion which would support the Minister's conclusions that proportionality would never affect Manitoba Hydro's ability to service Manitoba needs?

Mr. Neufeld: The concern Mr. Storie raises now is directly contradictory to the one he raised earlier.

Before, he said we should export more. We should actively pursue additional sales. Now he is saying in effect do not have any more sales because we may be hurt by the Free Trade Agreement. I cannot quite understand your logic. I will let Mr. Funnell now answer.

Mr. Funnell: The answer is that, yes, we did study the Attorney-General of Ontario's opinion. Yes, we disagree with the conclusions. It is our view that the Attorney-General of Ontario's position is an extreme one and it is not our view. I think the other question was, do I know of any others? I am sure there are, but I have not got them. I do not know.

Mr. Storie: The Minister commented that I tried to have it both ways. The Minister could not be more wrong. If we did not have the Free Trade Agreement, if we were not, in my opinion, threatened by the Free Trade Agreement, we would be able to have export contracts with those kinds of provisions which could not be overridden by some federal Government initiative, by some Free Trade Agreement. The fact is that we are pretty secure. I have always supported an export policy in terms of Manitoba Hydro, but the Free Trade Agreement impinges on our ability as a provincial Crown corporation to maintain sovereignty in that regard and therein lies the danger.

The other question that I wanted to ask Mr. Funnell was with respect to the definition of electricity as a good under this agreement and that there are some who felt, including the National Coal Lobby, that this was going to make it easier to in fact bring suits against Manitoba Hydro. Mr. Beatty mentioned that the coal lobby was not satisfied with the Free Trade Agreement because the proportionality was a threat to them. That implies to me that the coal lobby believes proportionality is going to require Canada to send energy to the United States, notwithstanding clauses, individual contracts to the contrary. But would Mr. Funnell comment on the goods issue?

Mr. Neufeld: Mr. Storie has repeatedly asked for legal opinions. He has received many legal opinions, and I suppose he thinks his background as a school teacher makes him more competent than the lawyers to answer the question. Take the answer as it is given to you and, if you have a better legal opinion, bring it in.

Mr. Chairman: Mr. Funnell, did you want to respond to that question as well?

Mr. Storie: Mr. Chairperson, the Minister's comment is irrelevant. I had asked for an opinion from a lawyer. I was not giving an opinion on goods.

Mr. Neufeld: You disagreed with the one that was given.

Mr. Storie: I was giving an opinion, I was giving other persons' opinions on the impact and I asked Manitoba Hydro counsel, which I think is legitimate, what his opinion is.

Mr. Neufeld: And he gave it to you and you keep questioning him.

Mr. Storie: Mr. Funnell has not responded to my question about the impact of the inclusion of electricity as a good under the agreement, whereas prior to that it was not included in the agreement and was considered an intangible.

Mr. Funnell: We do not believe that change will make a significant difference. It is made to bring the trade in electricity in line with the harmonized system of tariffs to facilitate the maintenance of statistical information. Now we do not believe that in itself will result in a greater exposure to litigation. There are other forums perhaps that are available that may not have been available before. But whether or not that will in itself increase the frequency of disputes is something I cannot comment on.

Mr. Storie: Mr. Chairperson, I appreciate that conclusion, that opinion from Mr. Funnell, and I think it confirmed the fact that Manitoba Hydro is clearly not better off under any circumstances under free trade. It is not better off when it comes to proportionality clauses, it is not better off when you consider that electricity is now considered a good. He is saying it may not make any difference, but I have made the point all along that we are no better off. We have no more certainty in terms of our access to the American market. In fact, there may be things in the agreement which actually will defeat our own access to energy, including the proportionality clause.

The final question, I guess, is to the Minister. Is the Minister's opinion or the Government's opinion with respect to using electricity as our energy advantage as an opportunity to provide incentives for industry, is it determined by the fact that under free trade that would be a violation?

Mr. Neufeld: To answer your first statement, Mr. Storie, you said we were no better off under the Free Trade Agreement, and that may well be so. I think that we are no worse off as well. But a little earlier you said that we now have all the conditions we need for a good export of electricity. So if we had it before, we are no better off or no worse off, what more do you want?

In answer to your direct question as to whether or not the Free Trade Agreement influenced or will influence in any way the Government's decision on offering hydro rates, the answer is very, very definitely no.

Mr. Storie: So the Minister is saying that despite the fact that Liberal Governments and Socred Governments and Tory Governments have used incentive rates to attract industry, that this Minister is not considering it. He is saying the fact that the Free Trade Agreement would not allow for it, it will be a clear violation of the Free Trade Agreement. It has not the impact on him, yet he still thinks the Free Trade Agreement is a good idea.

The Minister is coming part way and I think there may be good news. The Minister may agree that we are no better off under free trade. Well, I can certainly show why we might be worse off. I refer not only to

the opinion that was tabled by the First Minister (Mr. Filmon) where he says, "Hydro export policy will not violate trade impact." Well that is a pretty definitive statement. He is saying it will not impact it.

His own opinion, however, and I refer to page 13 and the opinion that was provided says, "Prior to stating our answers to the question about whether The Manitoba Hydro Act should be amended, we would like to summarize the pertinent conclusions that we have reached up to this point." And it says, "With respect to export restrictions, these can be applied by either level of Government providing the conditions of FTA are met, including the condition that such restrictions do not involve the higher price for exports than price charged to domestic consumers. We think it would be difficult," and this legal opinion says, "though perhaps not impossible for the U.S. to successfully argue that a two-tier pricing system applied by a utility is actually a minimum export price or an export restriction."

In other words, we have already taken from our ability as Manitoba Hydro to offer preferential rate, if we get free trade. This Minister says he would not anyway, "but certainly if we get free trade we can." This Minister may not be the Minister of Energy and Mines, the Minister responsible for Hydro forever. Some other Government might want that right and it is being taken away without consultation, without our consent, and in opposition, I think, to the will of the majority of Manitobans.

We do not have any certainty that we can even keep the existing two-price system that we have, where Manitobans receive it at cost and we negotiate export prices. It is not a certainty. So we have lost part of our sovereignty by the fact that we can no longer manage it as we see fit and we could lose the rest of it. This is no certainty and for the First Minister to table an opinion and attach a news release that says, "Hydro export policy will not violate trade pact," is unforgivable. The Minister is going to have to unfortunately take the flak for this kind of propaganda.

* (1200)

Mr. Neufeld: Again the statements you read was "maybe" and you can get as many different opinions with "maybe's" and "could be's" as you have lawyers in this country. We have to take the best advice, and that is any commercial enterprise will take the best advice they get and use it in arriving at their decisions. Our best advice is that the Free Trade Agreement will have no great impact on the operations of Manitoba Hydro. I never said, incidentally, that we would be no better off. You said we would be no better off.

If Linda Jolson would like to comment on the general review of the FTA from the Canadian Electrical Association—oh, it was you that gave me the note.

Mr. Chairman: Mr. Minister, I think it was agreed at the outset of this meeting that we would adjourn at twelve o'clock—

Mr. Neufeld: Unless Mr. Storie thinks we can finish by quarter after twelve.

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Mr. Storie: I have a series of questions on the Burntwood—

Mr. Chairman: Is it the will of the committee to sit again? Committee rise.

COMMITTEE ROSE AT: 12:01 p.m.