



Second Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

Standing Committee

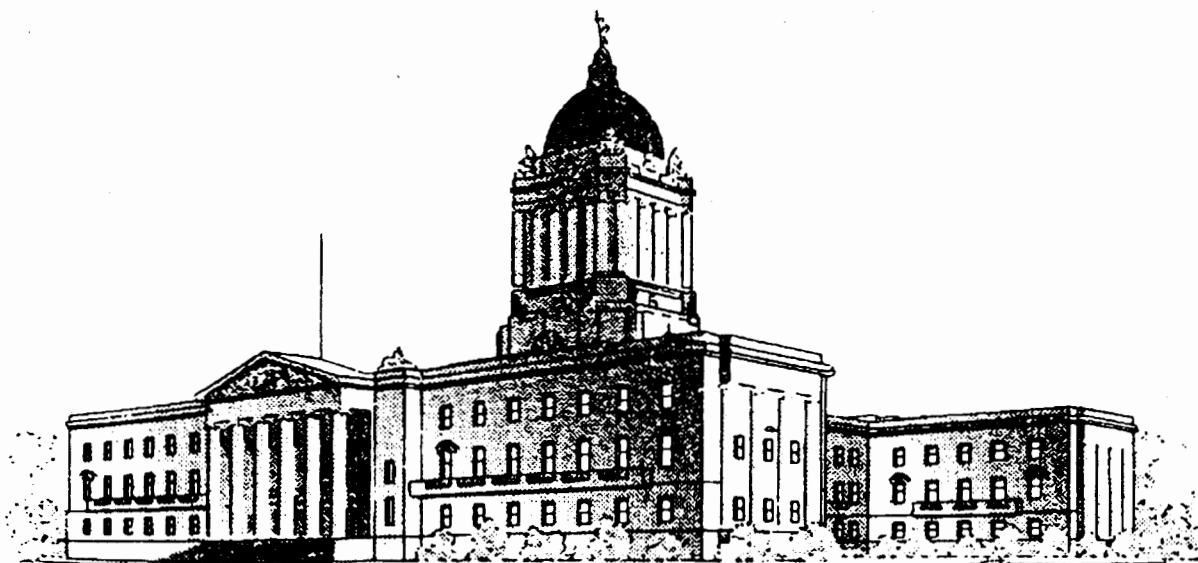
on

Public Utilities

and

Natural Resources

Chairperson
Mr. Frank Pitura
Constituency of Morris



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary	Concordia	N.D.P.
DOWNEY, James, Hon.	Arthur-Virden	P.C.
DRIEDGER, Albert, Hon.	Steinbach	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
ERNST, Jim, Hon.	Charleswood	P.C.
EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
FILMON, Gary, Hon.	Tuxedo	P.C.
FINDLAY, Glen, Hon.	Springfield	P.C.
FRIESEN, Jean	Wolseley	N.D.P.
GAUDRY, Neil	St. Boniface	Lib.
GILLESHAMMER, Harold, Hon.	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McALPINE, Gerry	Sturgeon Creek	P.C.
McCRAE, James, Hon.	Brandon West	P.C.
McGIFFORD, Diane	Osborne	N.D.P.
McINTOSH, Linda, Hon.	Assiniboia	P.C.
MIHYCHUK, MaryAnn	St. James	N.D.P.
MITCHELSON, Bonnie, Hon.	River East	P.C.
NEWMAN, David	Riel	P.C.
PALLISTER, Brian, Hon.	Portage la Prairie	P.C.
PENNER, Jack	Emerson	P.C.
PITURA, Frank	Morris	P.C.
PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
RADCLIFFE, Mike	River Heights	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack, Hon.	Niakwa	P.C.
RENDER, Shirley	St. Vital	P.C.
ROBINSON, Eric	Rupertsland	N.D.P.
ROCAN, Denis	Gladstone	P.C.
SALE, Tim	Crescentwood	N.D.P.
SANTOS, Conrad	Broadway	N.D.P.
STEFANSON, Eric, Hon.	Kirkfield Park	P.C.
STRUTHERS, Stan	Dauphin	N.D.P.
SVEINSON, Ben	La Verendrye	P.C.
TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES

Friday, October 25, 1996

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Frank Pitura (Morris)

**VICE-CHAIRPERSON – Mr. Gerry McAlpine
(Sturgeon Creek)**

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Messrs. Ernst, Praznik, Reimer

Messrs. Helwer, Kowalski, McAlpine, Ms. Mihychuk, Mr. Pitura, Mrs. Render, Messrs. Sale, Santos

APPEARING:

Mr. John McCallum, Chairman, Manitoba Hydro-Electric Board

Mr. Robert Brennan, President and Chief Executive Officer, Manitoba Hydro

MATTERS UNDER DISCUSSION:

The Manitoba Hydro-Electric Board 44th Annual Report for the year ended March 31, 1995.

The Manitoba Hydro-Electric Board 45th Annual Report for the year ended March 31, 1996.

Mr. Chairperson: Good morning. Will the Standing Committee on Public Utilities and Natural Resources please come to order.

Before the committee can proceed with the business before it, it must first proceed to elect a Vice-Chairperson. Are there any nominations? We need to elect a Vice-Chairperson. Are there any nominations?

Mr. Edward Helwer (Gimli): I would like to nominate the member for Sturgeon Creek, Mr. McAlpine.

Mr. Chairperson: Mr. McAlpine has been nominated. Are there any further nominations? Seeing as there are none, then Mr. McAlpine is elected as Vice-Chairperson for the committee.

This morning, the committee will be considering the Annual Reports of Manitoba Hydro-Electric Board for years ended March 31, 1995, and March 31, 1996.

Does the minister responsible for Manitoba—

Ms. MaryAnn Mihychuk (St. James): Mr. Chairman, I would request that the committee deal with the 1995 annual report in today's meeting and reconvene to deal with 1996. The contents of the March 1995 report deal with the year '94-95.

In fact this is the first time that this committee has been recalled since the election. That is an extraordinary length of time to not have Manitoba Hydro and the minister responsible before a committee which it is ultimately accountable for. So I would urge the minister—we did have this debate on a previous report, Manitoba Mineral Resources. We dealt with a report that was very outdated. For the same reasons, I urge the committee to allow due process and allow for a fair hearing of each report separately.

Mr. Chairperson: Thank you.

Hon. Darren Praznik (Minister charged with the administration of The Manitoba Hydro Act): Mr. Chair, I appreciate the comments of the member for St. James. I am not quite sure why, with the scheduling I guess around a general election and other things, that a committee was not held.

What I would suggest we do today is that because, as we discovered with Manitoba Mineral Resources, there are so many issues that are intertwined that Hydro in itself is not judged or questioned on a year-to-year

basis—that is a structure we impose—but one on its general trends.

Certainly there are a host of issues surrounding Hydro, I know that she and her colleagues have raised in the Legislature, issues that have come out of our decision to privatize MTS, questions as to whether or not the same scenario is applicable at Manitoba Hydro. There are issues that I have raised about deregulation in our largest out-of-province market, the United States.

What I would like to suggest, and my House leader has joined us at this committee, is that we consider both reports as is scheduled. Should there be insufficient time to complete all of the questions, and I suggest that because the issues are so intertwined in this continuum—my House leader is here. I look to his advice, but I would prefer to consider both and be open obviously to the questions that members may have about the future of Hydro as opposed to restricting it to a very, very narrow discussion. So I would like to propose that we carry on with the two annual reports. Should it require further debate or discussion, I am certainly not adverse to requesting that the House leader schedule another session to complete the business, but I think it just makes for a better discussion.

The member knows when we have debated my Estimates and other areas that I have always been supportive of a more free-ranging and less-restrictive discussion in order that the members of this committee have a full opportunity to discuss the issues facing our largest Crown corporation.

Ms. Mihychuk: Just on the same topic, I would, again, in terms of a fair process for the public and for the hearing of the changes that have happened to Hydro—many things have happened over the last year and a half, two years, to the electric industry. As the minister says, deregulation; there were the PUB hearings. There are an enormous number of questions that the public has and has the right to know, and I would urge the minister—and I hate to think that there was a trend here in the withholding of annual reports, but the Auditor's Report has also mentioned the outstanding number of reports that have to be dealt with by the Legislature.

So I would again caution and urge the minister to ensure that when the reports are received, and we did

receive them from Manitoba Hydro a long time ago, the 1995 annual report, to schedule committees in a reasonable time and, in fact, Mr. Chairman, I would argue that Manitoba Hydro would have been perhaps in a better position and we would have been able to give it its due questioning and the interest we obviously have in Manitoba Hydro had this committee been scheduled away from the legislative crunch that we are in right now as we are trying to deal with a very large number of legislative bills before the House.

So I would urge the government to consider its scheduling. Manitoba Hydro is vitally important to the people of Manitoba and to our side of the House and requires due diligence and proper scheduling in a fair and reasonable time, so I would be prepared to deal with 1995. I do have several questions dealing with this annual report, and then we can perhaps move on if there is time.

Mr. Chairperson: Is it agreed by the committee to proceed as indicated by Ms. Mihychuk?

* (1010)

Mr. Praznik: Just to understand this, we are still considering today, and I think for the interests of a good discussion of Hydro, and I have no problem about how members ask specifics, but many of the questions that I have received in the Legislature, many of the changes that have taken place have not even been within the year ending March 31, 1996, report, and I am sure members are going to want to get into those issues.

I just want it to be clear that we are considering both reports, and I am prepared to entertain even a more wide-ranging discussion on events after the end of the report, but I think the appreciation is, we are considering both reports. If we require additional time to carry on the discussion, I am sure the government House leader is not adverse to scheduling that, but I certainly would not want to see this committee—my preference would be that the committee not choose to accept a recommendation whereby we only restricted our discussion to one annual report because, then, quite frankly, many of the issues that she is going to want to raise are not in that annual report and I would take it then we are not to deal with.

So I certainly concur with her view that it requires a good discussion. I am prepared, if members of the committee are in agreement, to see if we have to meet again certainly to do that, but let us have that wide-ranging discussion, and if there are specifics in each report, we should deal with them, and we will walk everything through, I would suggest, together until there is a satisfaction we have had a good discussion on the issues at hand.

Mrs. Shirley Render (St. Vital): Yes, I certainly understand the reasons that the member for St. James (Ms. Mihychuk) has given, but I also fully agree with the minister. There have been many changes in the last year, and I think we would be unduly restricting the kinds of questions that I am sure the opposition would like to ask if we simply restricted it to 1995. There have been changes in 1996, and I think that we should be allowed to deal with some of these changes that have taken place in the last 12 months.

So I would suggest that we go along with what the minister has suggested, looking at the two annual reports, and if the opposition does want to restrict their questions to 1995, that is fine, but there may be some on the opposition—I see our Liberal member here—that may want to zero in on some of the things that have happened in this last while that are very pertinent to the well-being of Manitoba Hydro.

(Mr. Vice-Chairperson in the Chair)

Mr. Tim Sale (Crescentwood): I was just indicating I think we should proceed, Mr. Chairperson.

Mr. Vice-Chairperson: Agreed? [agreed]

Did the honourable minister responsible have an opening statement?

Mr. Praznik: Yes, Mr. Chair, I do. I am going to try to make mine unusually brief or at least unusual for me, because I think what is important for members of the committee is to hear from the chair of the board and the CEO, who are so very involved intimately with the details of the corporation.

Mr. Chair and members of the committee, I would first like to introduce the officials of Manitoba Hydro who

join us today: first of all, no stranger to us, Mr. John McCallum, who is chairman of the board of directors of the Manitoba Hydro-Electric Board; Mr. Bob Brennan, also no stranger, the president and chief executive officer; we also have Mr. Glen Schneider, who is the manager of public affairs.

Today, Manitoba Hydro will be presenting their 44th and 45th annual reports. Mr. Schneider, I think he is in the back if you would just like to give us a wave so everyone knows who you are.

Today, Mr. Chair, Manitoba Hydro will be presenting their 44th and 45th annual reports for the fiscal years ending March 31, 1995, and March 31, 1996.

As indicated in its 1995-96 annual report, last year marked several record-breaking achievements for Manitoba Hydro in electrical production, consumption and net income. Hydro's record profits of \$70.1 million surpassed its 1994-95 profit by \$14.2 million and marked three consecutive years of profits, previously unsurpassed in Hydro's history.

Mr. McCallum and Mr. Brennan will be speaking further about the unprecedented changes which are occurring within the energy industry and the actions being taken currently by Manitoba Hydro to prepare for these changes. One of these is a major restructuring of the corporation which is currently underway, a restructuring more significant than any other since the amalgamation of the Manitoba Power Commission and the Manitoba Hydro-Electric Board in 1961.

(Mr. Chairperson in the Chair)

I would just like to point out, to benefit members of the committee, a rather I think opportune article that appeared in yesterday's Globe and Mail, and I would like if the Pages could distribute it. I only table this with members of the committee today, or to distribute, to give you a sense of how far reaching the revolution in electricity is. I think there is no other way to describe it. A revolution in how we organize electricity in this continent is now taking place.

Quebec Hydro announced yesterday, it reported, about its decision to open up its grid to competitive generation, in essence, and this, I would suggest, is by and large

being driven by their sales into the United States and their need to have a reciprocal arrangement in order to maximize their ability to sell into their largest market. I only share this with members of the committee not as an indication necessarily of policy decisions that we have taken at this time but certainly to give members of the committee a sense of what is happening in a very fast changing environment in North America.

Just to remind members of the committee, a quarter of our revenues, some \$250 million approximately, is derived from sales into the United States, and certainly we all as legislators, as the trustees of the public shares, have an obligation to ensure that we are keeping up to date with those changes to protect the value of our asset and its future potential. So I just share this with members of the committee today to give a context to some of our discussions about the future.

Before we begin in detail, however, I would like to take this appropriate opportunity to congratulate the men and women of Manitoba Hydro for their handling of the most serious occurrence on September 5 of this year. You will recall that early morning storm when tornado force winds destroyed 19 high voltage direct current transmission towers near Grosse Isle. It is these lines which transmit approximately 75 percent of Manitoba Hydro's power from the generating stations on the lower Nelson River to the Dorsey HVDC converter station near Rosser. That event was one of the most serious incidents to befall Manitoba Hydro in its entire history and it is an occurrence that could have had catastrophic results throughout our province. It did not, primarily through the combination of skill, hard work and dedication put forth by the people of Manitoba Hydro to keep our lights on.

I had the opportunity to visit the scene only hours after the accident, and, frankly, I was overwhelmed with the extent of the damage but more so with the organized effort underway to effect repairs in a timely and efficient manner.

Although the cost of this incident reached approximately \$10 million and work was undertaken in some very difficult terrain and weather conditions, the line was placed back in service on September 10 with no major system outages and, most importantly, no injuries.

We in Manitoba tend to take reliability of our electrical supply for granted. I believe that the occurrence brought home very clearly what an indispensable part electricity plays in our daily lives and how, quite frankly, vulnerable any utility can be to accidents. Just for the information of members of the committee, I think we went in the space of a millisecond from exporting 1,500 megawatts to importing about 200 megawatts immediately and shortly thereafter up to 600 to 800 megawatts.

What is truly remarkable about the incident, and it speaks to not only the system that we have designed but our interconnections with other utilities, particularly into the United States, is that in that millisecond in which our lines went down, and we went from exporting that huge amount of power to importing 200 megawatts instantly, I do not think that there was one light, clock or electrical appliance in this province that was affected by that change.

Just for a moment, what impressed me about the whole system was the fact that we went from exporting such a huge amount of power to importing the power in a millisecond, and, yet, the next morning I do not think there was a digital clock in the province that was blinking because it had had an interruption of electricity. So that speaks very highly to the way our system is designed and, I think, very importantly, to the huge interconnect that exists across North America, part of the grid of which we are an integral part, that we in North America are very fortunate compared to many areas of the world, and it is a tremendous advantage to have that kind of interconnection of electrical utilities. We certainly saw its advantage when we were in these straits.

So, Mr. Chair, and ladies and gentlemen of the committee, I would ask you that you join with me today in extending our congratulations and sincere thanks to all of the people at Manitoba Hydro for their efforts in what could have been a very catastrophic moment for the province of Manitoba.

I will now ask Mr. McCallum to comment upon Manitoba Hydro's operations from a board perspective after which—

Ms. Mihychuk: I am sorry to interrupt. Just on the topic of the recent storm that we all faced, it may be a nice gesture for the committee to recognize the

outstanding work that the employees of Manitoba Hydro did, and we also would like to commend that. I took a tour of the area that came awfully, awfully close to Dorsey. The hydro towers were crumpled pieces of Lego or Mechano sets that were just incredibly destroyed. It also made us realize how important those employees are and how valuable an asset those people are in Manitoba Hydro.

* (1020)

Mr. Praznik: In that spirit, I would just like to ask that a copy of these remarks be forwarded to Manitoba Hydro perhaps for publication in their newsletter just to indicate that the legislative committee of this province that deals with this, the Legislature of this province recognizes the work of the people at Manitoba Hydro in that very important and potentially catastrophic moment in our history.

I would ask, Mr. Chair, if you could so request the Clerk to forward a copy to Manitoba Hydro.

Mr. Chairperson: Agreed and so ordered.

Mr. Praznik: Just to carry on, Mr. Chair, as I have indicated, I would now ask as part of my remarks and presentation, after which I am sure my colleagues in the opposition would like to comment, I would like to request, as we have done in the past, that Mr. McCallum make his remarks respecting the operations of the board, and then Mr. Brennan will be presenting a number of slides on the specific operations of the corporation. Following this, obviously it would be most appropriate for our critics to reply. I think that gives a much fuller picture to the story.

Mr. Chairperson: We thank the minister. Before we proceed to Mr. McCallum and Mr. Brennan, I would just like to ask the critic from the official opposition if there was an opening statement?

Ms. Mihychuk: I will pass at this time to hear from the chair of the board and the CEO of Manitoba Hydro, and then I will present my comments.

Mr. John McCallum (Chairman, Manitoba Hydro-Electric Board): Mr. Chairman, members of the committee, I am pleased to present the 44th Annual

Report of the Manitoba Hydro-Electric Board for the year ended March 31, 1995, and the 45th Annual Report for the year ended March 31, 1996.

My opening remarks will highlight some of the significant policy issues dealt with since we had the opportunity to meet with you last. Our president, my colleague Bob Brennan, will then focus more specifically through a slide presentation on current issues and the dynamic changes affecting and occurring within Manitoba Hydro.

New financial targets were endorsed by Hydro during the past year which will see the debt-equity ratio improve from the previous target of 85-to-15, to 75-to-25 by 2005-06. This change, as well as new targets for interest coverage and capital expenditures, will help position the corporation to operate successfully in a competitive environment. Also very important, it will protect our customers from sudden adjustments in rates.

Effective April 1, 1995, rates to general consumers increased by an average of 1.2 percent in accordance with a two-year rate order approved by the Public Utilities Board in March of 1994. In March 1996 the Public Utilities Board approved a two-year rate application which will result in average rate increases to general consumers of 1.5 percent effective April 1, 1996, and 1.3 percent effective April 1, 1997.

The third comprehensive settlement under the Northern Flood Agreement was successfully concluded in March 1996 and was a significant accomplishment for us. Only two communities, Cross Lake and Norway House, have not yet been settled, and negotiations are underway with both to reach a final settlement.

During the past fiscal year, Manitoba Hydro achieved the highest level of earnings in its history with a net income of \$70.1 million. That amount represents a \$14.2-million improvement over the \$55.9-million net income in 1994-95 and was mainly the result of 1995's long and very hot summer and an exceptionally cold and long winter.

Manitoba Hydro is currently undergoing a period of unprecedented change with the reorganizing of the utility into three distinct business units, each responsible for their respective business plans and operations. This

restructuring commenced last April and will prepare the organization for the emerging market-driven, competitive electric power industry. Bob Brennan will be speaking further to you on this subject.

Before concluding, I want to express to you my appreciation for the staff of Manitoba Hydro who throughout this period of transition continue to focus their efforts on providing to all Manitobans a safe and reliable electrical supply. The province of Manitoba is fortunate to have a large supply of developed hydroelectric energy and is fortunate to have the calibre of people within Manitoba Hydro as guardians of this valuable resource.

Mr. Brennan will now be presenting a very in-depth picture of current issues and operational matters affecting Manitoba Hydro and it is through a slide presentation. I should note, Norway House we have reached an agreement with on the Northern Flood Agreement and they are now in the ratification process or stage.

So I will turn it over, Mr. Chairman, to Mr. Brennan for our slide presentation which I should say we have put a lot of time into developing. It will take a little while to get through it, but it I think will give you a real picture of the issues we face, where we are, where we have been financially, operationally and so on.

Mr. Chairperson: Thank you very much Mr. McCallum. The traditional practice of the committee has been that in order to make a presentation utilization of slides, there would be general leave and unanimous consent of the committee to proceed. Is there leave? [agreed]

I will turn the floor over now to Mr. Brennan.

Mr. Robert Brennan (President and Chief Executive Officer, Manitoba Hydro): Thank you, Mr. Chairman. I will start with the mission statement for Manitoba Hydro that is taken right out of Manitoba Hydro's act, and it is a quote right out of the act. We interpret the quotation in terms of the values that society places on the act when it was originally written, and that is to provide for the continuance of supply of power adequate for the needs of the province and to promote economy, efficiency in the generation distribution and supply and use of power.

Just a little bit about Manitoba Hydro. Manitoba Hydro is the fourth largest electric utility in Canada. We have fixed assets at a cost of \$6.8 billion. Our 1995-96 revenues were \$988 million and we have 390,000 customers which is outside the inner city of Winnipeg. Our goals in our corporate strategic plan, I will just briefly go through them. We are attempting to have highly motivated skilled and dedicated employees. We would like to have a superior level of customer satisfaction, and as I will point out later I think we are doing very well in that particular area. We want to maintain high system reliability and power quality, achieve the highest level of public and employee safety, promote environmental protection and sustainable development and offer Manitoba customers the most competitive electricity rates, be an outstanding corporate citizen generally and achieve a high level of financial integrity.

* (1030)

This is a short overview of the system. This includes all our generating facilities including the two thermal plants that we have at Brandon and Selkirk. It includes all the plants on the Nelson, the plants on the Winnipeg River including the two plants owned by the City of Winnipeg, and it also points out the interconnections, three major interconnections to the United States and three to Ontario and four to Saskatchewan. It also shows the major transmission line coming down from the North from Henday and Radisson to Dorsey in the south.

This shows our system capability both in terms of capacity and energy. Our total capacity right now, including our thermal plants, is 5,210 megawatts. Our peak which we established just this year, which was the highest peak the corporation ever experienced, was 3,603 megawatts. This was for the Manitoba system itself, including—[interjection] In terms of demand, yes, and that includes the city of Winnipeg as well. This is the entire system. The undeveloped Hydro potential is greater than that which we have already developed. Our capacity surplus in '97 is 1,126 megawatts, and by the time we need our next source of generation in 2,015, we have capacity surplus of 311 megawatts. We will have to build the next plant based on energy requirements, and in 2,015 we are getting relatively short and right after that we get into a negative energy position. Right now based

on dependable flows, we have a surplus of 1,861 gigawatt hours.

This is a chart that shows a dependable surplus energy. Dependable surplus energy means this is the amount of energy for which we plan our system on and that is the lowest flows on record. In almost all years, we will have more energy than this, but it shows the amount of energy that would come out of our system on dependable flow conditions. The blue portion represents our hydraulic component. The thermal portion is that orangey colour with the red being imports. You can see that with the Manitoba load, plus our contracted firm sales, we have to go into imports in the event of a low-flow year. We are also using all our thermal facilities at the same time. I will get into later what happens under under-average flows. You can see that by 2010, we have a small surplus at that point, both for our own load as well as the combined firm load of Manitoba, as well as our export load.

This is the system based on average energy and all our financial forecasts are based on average flows in the future. As I will point out later, that is a big risk to Manitoba Hydro in case we do not get that, and we will be into a major import situation. We will also lose the export revenue that we have today, which is, as Mr. Praznik pointed out, in the neighbourhood of \$250 million.

You can see that based on average flows, we do have some energy available for sale, and that is the type of energy we are continuing to look at to see if we can get some kind of a short-term firm sale or even a longer-term firm sale if it matches the requirements of our system.

This is the storm that was referred to earlier, and there is no doubt the storm was a real problem for Manitoba Hydro, but the system operated perfectly. Our staff worked extremely well in getting this system back on line and everything just went extremely well. The impact of the storm in terms of system reliability, it could have had really serious impacts, but everything worked perfectly. Our staff were able to arrange appropriate import transactions that allowed us to make sure the load within Manitoba was taken care of.

The staff of Manitoba Hydro do an awful lot of our own construction work. One of the reasons why we do

that is to ensure that we have adequate staff in the case of a storm to respond to situations like this. Ordinarily we are concerned about ice storms and that sort of thing but, in this case, it was really good to have the type of construction and operating people we required to put the line back into service.

The repairs to the system are going to cost in the neighbourhood of \$4.3 million and, in the case of our net interchange revenue, it is going to be in the neighbourhood of about \$5.3 million, something in that neighbourhood, so it was an extremely costly event for us. We immediately lost all our export sales which, during the five-day period, totalled—we lost what we were forecasting to be in the neighbourhood of about \$3 million and in addition had to import and use coal at the same time.

This is our export capability right now. With those lines I mentioned earlier, you are coming out of Manitoba, into Saskatchewan and Ontario and the United States. We have a total capability to go to the United States of about 2,000 megawatts, and to Ontario and Saskatchewan it is 300 megawatts each.

We are limited in how much we can export. There are transmission bottlenecks in the United States. Even though we have the 2,000 megawatt capability, there are still bottlenecks once we get into the United States. In some cases it makes it difficult to get to the type of markets we would like to. The type of changes that are occurring in the industry are an opportunity for Manitoba Hydro to take advantage of using other people's transmission facilities to in fact increase the rates that we are getting now.

Also, utilities in the States have taken pay coal contracts. They also do in Ontario and Saskatchewan. That forces them to either burn the coal or, even if they do not burn it, they have to pay for it, and that causes some difficulty for us. The more power we have, the last couple of years we have had relatively good water levels, and that has an impact on price just because of the amount of power we have available for sale.

This is our total available demand and capacity for '96-97. At the time we have 3,630 megawatts and that was our demand at the peak, and at that point we are exporting 640 megawatts. We had, including some

import capability of 5,700, which is more than the total generation we have, but it includes the import transactions we have arranged for and because of that we had surplus that we could do something with of about 1,490 megawatts.

Energy sales. This takes care of our actual results in '95-96 and our projection for '96-97. The total kilowatt hours, millions of kilowatt hours were 19 million kilowatt hours of energy within the province, and it will be about the same next year. We had an extremely cold winter, so it will be down marginally is our forecast. Exports will be in the neighbourhood, which will be a record in the case of '96-97, of 12.8 billion kilowatt hours.

A very quick overview of our financial results: In '93-94, we made \$69.5 million; in '94-95, \$55 million; in '95-96, which are both before the committee, \$70 million. This has had the impact of improving our retained earnings up to the level in the current year of \$442 million. Our interest coverage is gradually working up into the area we would like it to be, and that is in the neighbourhood of 120 to 135. Debt-equity ratio is going up slowly, but it is going the right way, and we are quite pleased with that generally.

* (1040)

This is our operating and maintenance expenses. I guess I will just go down to the bottom, where you will see it by year, the changes by year. You will see that the average annual decrease in our operating expenses is 1.4 percent annually. At the same time that was taking place, energy sales, customers and employees were going up annually at the same time we were reducing our operating expenses. Sales were 6.8 and then employees and the number of customers as well. Employees is the bottom line where we had a reduction of 1 percent annually.

Interchange revenue, and as I mentioned earlier, this is the area that causes us the greatest deal of concern. In '97-98, you can see the red line indicates what happens when we get maximum flows. That is the amount of net interchange revenue we will get, and as you can see, it is approaching \$240 million, in that neighbourhood. On average flows we are close to 200, and this is without foreign exchange. Then, if we go into a low flow situation, we get \$50 million, so you can see the

difference between average and low is \$150 million and even more than that between high and low. You can also see that as we get out further a drought is extremely costly to us. Not only do we lose all the revenue we forecast, it starts costing us dramatically in terms of the net exposure to the corporation.

Our financial targets that Mr. McCallum referred to, we have new targets for interest coverage, and that is net profit before interest, to interest, and our targets are in the neighbourhood of—we would like to get our interest coverage in the range of 120 to 135. We would like our cash flow from operations to take care of all our capital expenditures, and our financial forecasts with the current financial forecasts do that for us.

Debt-equity, we would like to achieve a debt-equity target of 75/25 no later than 2005-2006.

This shows Manitoba Hydro's interest coverage compared to other utilities across the country. We are definitely not the best, but it definitely could be better.

This is our actual debt-equity ratio and our forecast as to how we intend to get to 75-25. This is a long-term debt expressed as the total amount of debt per customer, and this is something that Manitoba Hydro is extremely concerned about and is something we are working on. That is why the capital expenditure targets we have in terms of making sure our debt does not go up for capital expenditures and making sure that all our capital expenditures are taken care of by internally generated funds. The utilities on the left-hand side of course are investor owned who have an awful lot of equity through common share capital. [interjection] That is correct. SaskPower, in their case, got an awful lot of equity by selling off their gas distribution business as well as the gas rights. You know, they actually had their own gas wells and that sort of thing. When they sold that, they made a profit, and the profit went into the equity of the company.

This is our ability, based on our current financial forecasts, to cover capital expenditures, and you can see that our capital expenditures are covered by internally generated funds all the way through to the end of the forecast period.

This is our retained earnings. As you can see, in 1989, there were \$92 million. We have now got them in the neighbourhood of—at the end of the current year, there will be \$400 million and rising, as we talked about earlier.

This is our projected financial results, and as you can see, to get to the type of debt-equity target we have, we are projecting very, very modest rate increases of 1.1 percent to achieve that all the way through after the 1.5 percent and 1.3 percent that we already have approved by the Public Utilities Board. The one thing we know for sure is that this is just a forecast and will change either positively or negatively, depending on situations of the day, but this is a planning tool that we use as an indication of what direction the corporation is going in.

This is our projected borrowing requirements, and you can see that the majority of our borrowing requirements in the future are to retire or refinance maturing debt.

Some performance measurements, we have a series of comparisons with a composite of the Canadian Electrical Association. I can tell you, I cannot identify who the other people are other than they are the majority of the electric utilities in the country, but I cannot, as a result of a confidentiality agreement we had when we got the information, everybody puts it into a common base and then the comparisons are made, but I can identify when Manitoba Hydro is the best in any particular class or what level the best is. In this particular one, this is a customer outage frequency, and this is measured in number of outages per customer. You can see that Manitoba Hydro has a very, very good line as compared to the rest of the industry over time. In addition to that, we are very close to being the best.

This is the average outage per customer measured in minutes, and you can see once again Manitoba Hydro, in this case, is the best. You can also see where we have storms. We get those peaks. Those peaks are as a result of storms in the Manitoba Hydro system.

Customer satisfaction, this is a survey that the Canadian Electrical Association does, and it is done right across the country. A series of questions are asked, after which an index is made up. Prior to 1990, the Prairies were done as a group, and subsequent to that, we were able to influence them to do it by province. As you can

see, Manitoba Hydro has the best in '95-96 in terms of customer satisfaction.

Employee accident frequency, number of accidents per million employee hours. This is something that is a factor that is very much of a concern to Manitoba Hydro. We have been very, very conscious in the last few years of the type of safety programs we have, both for our employees and for the public generally, and we are doing very well. We did not have such a good year in '94, and '95 was a difficult year for us, as well. We did have a fatality in '95, but in '96, so far it has been reasonably good. Manitoba Hydro is usually in the top three in terms of employee safety.

* (1050)

System unit cost as measured in average system interruptions is one way and system unit cost on the bottom axis. The best performer is Manitoba Hydro on this particular graph. It varies by year, depending on how much water Manitoba Hydro has, but we are usually one, two or three in this particular graph. As you can see, we have the highest reliability and the lowest cost. [interjection] It is okay. We will keep on going. It looked like it was the same one as the one before.

This graph shows our operating maintenance and administration costs. It shows the composite in actual, and it shows where Manitoba Hydro compares to that composite as well as our forecast for the future. As you can see, despite the fact our forecast provides for inflation in the future, Manitoba Hydro's operating costs are remaining constant.

Competitiveness of Manitoba Hydro's rates, this was the last Public Utilities Board rate approval that came this year, and the Public Utilities Board approved for April 1 implementation, an average rate increase of 1.5 percent; and April 1 of '97, a further 1.3. Residential customers are getting an average increase of 2.84 and then 2.34. Large industrial customers, because they pay more than their cost, did not get a rate increase at all, and I believe that by the time they—we know for sure that industrial customers in Manitoba will have gone seven years by the time this rate application is finished without a rate increase. Industrial customers in Manitoba are still paying more than their cost even with these rate increases.

This is the average revenue per kilowatt hour compared to other utilities and, as you can see, Manitoba Hydro is the lowest.

The average rate increases of Canadian electric utilities, I think the big thing to note on this graph is the fact that virtually everybody is coming to the point where the rate increases are very, very small now, no matter where you are, if at all. The whole question of competitiveness is very much of an issue for all utilities.

This is Manitoba Hydro's rate increases in the past compared to inflation, and you can see that in all cases the average rate increase is below.

This is a price index for electricity compared to both inflation as well as the CA composite. The inflation rate comes pretty close to the composite rate of the other utilities. As you can see, Manitoba Hydro is below.

This is a residential electricity bill as of May 1 of '96, and it is a graph that is made up by Hydro Quebec. It shows that Manitoba Hydro has the lowest rates in the city of Winnipeg as compared to Montreal, Vancouver and Toronto and then compares American utilities as well.

This is an average of a 2,000, and I guess on average a large residential customer like an electric heat customer would have a bill in this area. That is assuming that the bill is somewhat higher in the winter, in the neighbourhood of about 5,000 kilowatt hours a month and then dropping down in the shoulder months and in the summer. As you can see, Quebec has a modestly lower rate level than Manitoba Hydro.

General service small, 100 kilowatt, 25,000 kilowatts a month, this is a small, it would be like a grocery store-type operation in a strip mall, that sort of a size of operation. You can see that Vancouver and Winnipeg are the closest and lowest at this particular point in time, which was May of '96. Once you get away from Vancouver and Winnipeg, it goes up by another third to get to Montreal.

This is 300 kilowatts, which is something like an elementary school, in that neighbourhood. It is about the size of that, 300 kilowatts and 120,000 kilowatts a

month. In Manitoba, that bill is \$5,264 compared to B.C. at \$5,600.

General service large is a manufacturing concern. There are a couple of companies in this area, three or four actually. The customer at this rate at 20 megawatts and 12,000 megawatt hours a month would pay \$352,000 in Manitoba Hydro's service area and the same customer would pay \$400,000 in B.C., all the way up to \$657,000 if he was in Nova Scotia.

This is the second-largest customer in the Manitoba Hydro system, 100 megawatts and 62 million kilowatt hours. In this case, it is measured in thousands of dollars, so in the Manitoba Hydro service area, the bill is \$1.8 million. It is followed by B.C. at \$252,000 more. As you can see, once again, as you get into Nova Scotia and Ontario, it gets quite high. [interjection] Well, we are not supposed to tell, but it is a mine.

An Honourable Member: Which smelter is it?

Mr. Brennan: It is the smaller of the two. As I mentioned, these are the rate increases to industrial power users in Manitoba, and, as you can see, there are a series of years there for which they will have no rate increases at all.

This is a revenue cost coverage of the various rate zones, and, as you can see, rate zone 1, which is the City of Winnipeg, pays modestly more than their cost. As you get out into the cities in the rest of the province and large towns and villages and cities, they pay 96 percent of their cost. When you get into the rural part of the province and the isolated areas, they are only paying 81.6 percent of their cost. On average it is 91.8.

These are the residential rates for the three zones. As you can see, anybody who is an electric heat customer anywhere in the province pays the same rate for their electric heat consumption. The basic monthly charge is different based on the rate zone, and the first 175 kilowatt hours is also different. You can see the difference in the actual calculation of the bill: 1,000 kilowatt hours in rate zone 1, being the city, is 57.59; and then you pay \$2.69 more if you are in rate zone 2; and \$10 if you are in rate zone 3. The same thing applies if you are being billed for 5,000 kilowatt hours, and that is basically because the runoff rate is the same for all rate zones.

Our Power Smart objective is to capture all cost-effective electricity conservation in Manitoba. Our current target is to save 212 megawatts of demand and 843 gigawatt hours of energy by 2011. The targets are reviewed annually based on the cheapest way to provide power requirements in the future. This will be dependent upon conditions of the day, including our forecasted rate of low-growth increase both in terms of energy and capacity. [interjection]

No, that is cumulative. Just to give you a comparison, the two plants the City of Winnipeg owns are in the neighbourhood of 132 megawatts or something in that neighbourhood. Our two thermal plants, the one unit in Brandon is 105 megawatts and Selkirk is 132, just to give you some terms of reference.

Mr. McCallum talked about our aboriginal settlements. We have now reached total agreement and have signed agreements with three of the aboriginal bands. We have reached agreement with Norway House as well, which is the fourth. That is in the ratification process, and we are in the process of having discussions with the last remaining band, which is Cross Lake Band. We are hopeful that those discussions will be fruitful for us.

* (1100)

Implications for Manitoba Hydro of the changing electrical industry. This is the cost of service risk to Manitoba Hydro of the industry as to where we are within the industry generally. Manitoba Hydro's cost as service right now has a range of 2.6 cents to 3 cents per kilowatt hour and for a large industrial customer. Our expected combined cycle combustion turbine has a levelized cost of about 3.6 cents a kilowatt hour, and that is at current gas prices at expected escalation.

New hydraulic generation complete with transmission. We have indicated Wuskwatim here and that depends on the size of the head at Wuskwatim, but it is anywhere from 2.8 to 3.4 and Conawapa is 4.3 on a levelized basis. The potential risk to Manitoba Hydro and, in my opinion, the only risk is from a combined cycle of plant being built depending on the price of natural gas in the future. We, in my view, do not have any risk from a neighbouring utility of any sort to sell in a Manitoba Hydro service area at a lower price.

Globally, and especially in the United States, the industry is providing both opportunities and risk for utilities in the continent. The Energy Act of 1992 in the States, which made the provision that utilities could use other utilities' transmission lines, is coming into force. It is coming into force very slowly, but regional transmission groups are being formed in the country, and various Canadian utilities, mainly the low-cost producers, are joining them.

As we know, all other regulated industries have undergone the same type of change, and the electricity industry is one of the last to see that happen to them. All utilities are looking for new ways to generate revenue, to help them with the bottom line, and to minimize any rate increases for our customers.

Competition has led to commodity pricing of the product, and the generation sector, especially in the United States and eventually in Canada, will be open to competition and freed from any sort of regulation.

Transmission and distribution will probably always be a monopoly and a regulated monopoly at that, and there will certainly be a trend almost immediately toward wholesale competition and eventually retail competition. Utilities will be paid only for the cost of transporting power if other utilities are using that particular utility's transmission and distribution facilities.

The status for Manitoba Hydro is that our rates are among the lowest in North America. Due to our operating strategies and the hydro generation we have, we have a reliability excellence, and all our performance indicators except our financial ones are excellent.

The major challenge is to make sure we sustain our competitive advantage and recognize that within the company it is no longer business as usual and that we have to change, and there are technological changes that are coming. We have to make sure that we are totally customer-focused, we have to make sure that if the prices are set by the market, that our prices have to be the lowest, and we have to make sure that the real price of electricity in Manitoba continues to decline in real terms.

Some of these I have talked about, but we have to make sure our customers have the type of choices they want from their utility, and we always want to be the utility of

choice. We want to improve earnings and our equity levels. We want to be in a position to take advantage of any new business opportunities that are available to us and we want to improve employee morale.

Risks and concerns to the corporation, I have talked about our poor debt-equity, our high debt levels and our low earning levels. Those are all areas that are very much of a concern to the corporation and we are working hard to try to improve those.

Independent power producers, I think the only time they are a threat to us is dependent upon the price of natural gas in the future. There is always a concern about being able to pass on cost increases or the impact of a fall in demand for any reason or any other type of risk that the corporation could face.

Some of the key issues and actions. Some of these or the majority of these we have talked about earlier so I will not go through them all.

The corporation's restructuring process that is going on, we are coming to the end of the actual restructuring process. It has been a difficult one for us, but I think the corporation has reacted extremely well to it. We have organized the company into three distinct business units: Power Supply, Transmission and Distribution; and Customer Service.

The objectives are set out here of what we are trying to achieve by the reorganization, but the biggest one is the type of focus we want, and the type of redundancy that occurs in a system like Manitoba Hydro is minimized with the type of structure we have.

We are also in the process of reducing the number of levels of management and increasing spans of controls. Anywhere where we can, we are consolidating related activities. This will be an ongoing process and will probably take some time, but we are continuing to do it, and that process will probably continue forever from now on.

This is the framework itself, and as you can see there are some corporate reporting units that report direct to me with the three main business units being separate identities within themselves reporting to myself.

These are the functions of each business unit, and the primary function of Power Supply is to optimize the output of the natural and physical resources resulting in the lowest cost for Manitoba consumers, giving due regard to safety and reliability.

Mr. Sale: Mr. Chairman, there was a term back there that I have not seen on another chart before. Could you just tell us what mitigation is? Is that environmental-related stuff?

Mr. Brennan: No, mitigation is the group within Manitoba Hydro that deals with people that we have come in contact with and had some negative impacts on their operation, and that group is designed to mitigate the process. It is mainly as a result of our developments of the '70s.

Mr. Praznik: That is the group that manages the Northern Flood Agreement.

Mr. Brennan: That is correct. Northern Flood, any other communities in which we have had a negative impact, this is a group that liaises with them and attempts to modify the past impacts that we had with them as best we can.

Transmission and Distribution, their primary function is to provide a reliable and safe transmission distribution system for the delivery of electricity from the power supply unit to the customer.

Customer service and Marketing is to provide the electrical energy services and support with excellence to meet the needs of customers within Manitoba. The unit is the contact between Manitoba Hydro and all its domestic customers.

As you can see, this is the functional relationship within Manitoba Hydro of any particular group. We had regions dealing with customers. They were responsible for building the distribution system within a particular region. They interfaced with our engineering construction people. The production people were involved with our planning people, our engineering construction people, and there were just interfaces throughout the entire company.

Under the new reorganization company, all related functions are within a business unit. We think it is much more effective.

That ends the presentation I have, Mr. Chairman.

* (1110)

Mr. Chairperson: Thank you very much, Mr. Brennan.

Mr. Gary Kowalski (The Maples): The first question I have is in regard—I have spoken to the minister, and he has undertaken that he will get me an organizational chart of Hydro, but at this time maybe I could get this question answered. How many divisional managers are there in Manitoba Hydro?

Mr. Brennan: I think I would have to check that. It seems to me, and I could be wrong, I think there are 19, but before I make that comment I would like to go back and provide that to you if that is all right.

Mr. Kowalski: When I was at this committee and we were reviewing MPIC, I noted that on your board, out of eight people, 12 percent are female. I look on the next page and I look at your vice-presidents, and zero percent are female. Out of those 19 divisional managers, how many are female?

Mr. Brennan: I think at this point one.

Mr. Kowalski: As a Crown corporation, are you satisfied with the representation of females at your senior levels?

Mr. Brennan: No, we are always trying to improve it. If you go to one level below that, there is a larger number, and I think as time goes on we will have more and more. If you take some of the business disciplines, it seems that the majority of people we hire now, into the majority of business disciplines, are female. Not only does that help our business agenda, if you will, but they also appear to be the best qualified in some of the business areas. So I think it will take some time, but we are definitely going the right way, as distinct from some of the engineering areas where they are more predominantly male, and because we are pretty heavily an engineering oriented company, that is one of the problems the corporation has experienced. With the change in

business focus, though, there is a bigger and bigger demand for people from the various business disciplines.

Mr. Kowalski: What percentage of your workforce in Hydro would be female?

Mr. Brennan: Give me a couple of minutes and I will check it for you.

Mr. Kowalski: Maybe while he is checking, I could ask another question.

Mr. Brennan: As a matter of fact, I will give you the breakdown by all the various minorities.

Mr. Kowalski: Are there any programs within Hydro right now, executive development programs, to develop female managers to the point that they could break through the glass ceiling that seems to be at least at the divisional manager level, so that their representation at the senior level is representative of their placement in the workforce at Hydro?

Mr. Brennan: Yes, we have a series of programs. They are available to anyone who requires some particular type of training, but the same thing applies to female people within the company, and we are trying very hard to make sure that we have females who are available for promotion. We still promote people based on merit, and what we are trying to do is make sure that the females are considered and have the same opportunities to make themselves capable for promotion, and I think we are doing a reasonably good job.

Every now and then, you will find that people move from one province to the other, and sometimes the numbers go down. We did have more female division managers in the past.

Ms. Mihychuk: I did not want to interrupt my colleague, but I did want to put a few general comments on the record as my opening statement.

Mr. Chairman, I think that we need to recognize the foresight and the risk taking that previous governments have undertaken to provide us with such a healthy and strong public asset that we all know as Manitoba Hydro. Manitoba Hydro provides us now with revenues and export sales that we are all proud of. It is a public asset

that is a benefit to each and every one of us not only in the revenue that it brings in in terms of export sales and profitability, but in our monthly utility bills we recover a profit from having the lowest rates in Canada and from, in some opinions, probably in North America. Many Manitobans do not realize what a valuable asset it is.

Having spent a couple of years in Newfoundland a very long time ago, 10 years ago, monthly utility bills of \$400 a month for heat were not unusual. Electric bills that exceeded \$100 a month were common. So, when we consider the value and the assets of Crown corporations, it is very important to recognize what they provide to Manitobans on a day-to-day basis and when we get our monthly rates. I will be going a little bit further into the general trend of Hydro looking at providing frozen rates to large industrial users that are indeed paying more than it costs to produce while at the same time looking at increases to residential users, and I intend to question the priority of that. We will be doing that further on during the day.

We are also recognized as having one of the best Crown corporations, hydroelectric utilities, in North America by many other people, and that included the Dominion Bond Rating group that identified Manitoba Hydro as being probably in the best position and the best utility in terms of service and its future potential. So I think that we clearly need to recognize that what we are talking about, even with what is considered a negative, the debt-equity ratio, is truly because of the foresight of previous governments to make that investment. Had we not made that, we would not have a situation where we can enjoy low rates and a very stable future, I hope.

* (1120)

There have been unprecedented changes in Manitoba Hydro, and I wish to explore those with you in more detail. There is some concern when we are looking at restructuring into business lines. There is a trend that we have seen in other public utilities for the separation into business units and the potential privatization of some or all of those units. All Manitobans recognize this as a significant threat to Manitoba Hydro, are concerned about its security and its future and its viability as a Crown corporation. In fact, some of the measures that you may take may actually even make it more attractive for fair value. As we have heard from the government side,

comments by the Premier (Mr. Filmon), that we were looking for a fair price virtually on any Crown asset. The fear here that Manitoba Hydro would indeed be a gem to other utilities—and we see several major mergers, including Consumer Gas, which, I see, has recently merged and become a major power broker both for natural gas and electricity. I will be asking a series of questions about your partnership that you have recently entered with Consumer Gas, which, as I say, is now moving into being a major competitor in the natural gas and electric industry.

Just in terms of the Grosse Isle-Dorsey situation and the storm, I did have the opportunity to go out, and I question whether we have done due diligence in terms of the scientific investigation as to the type of catastrophe that actually occurred, and I know that there are several different words being used—wind, storm, tornado. Having gone out there and witnessed some of the damage, where we have seen damage spun around, various wind damage—and I am going to be asking if Manitoba Hydro perhaps has had some clear definitive answer whether that indeed was a tornado. That has been raised to us by many of the local farmers who are looking for compensation, obviously, as a disaster area. We saw some unusual wind patterns as seen in the crops that have been whipped around into circles, so I would be interested, given that Manitoba's hydro was indeed damaged to a great extent.

In addition, when we were on the tour of Grosse Isle and the Dorsey station and in that area, many farmers congratulated Manitoba Hydro, and I just want to put that on the record. If there was a situation where there was transportation or the need to repair transmission lines on their fields, they felt that Manitoba Hydro was very accommodating, was quick to respond to their concerns, and so I wanted to respond that customer satisfaction and, in this case, the farmers in that area indeed were very appreciative of Manitoba Hydro. Their concerns are with the Manitoba government and Disaster Assistance. I just want to say that Manitoba Hydro's employees were out there from the minute that they could be and continued to work and provide service which is indeed a commendable record.

Manitoba Hydro's employees, I do intend to ask questions about the number of employees you have now working and, in the past, there has been a downsizing in

Manitoba Hydro, including how are those services being provided now? Are we seeing a correlation in the amount of contracting out that Manitoba Hydro is perhaps doing, and the financial consequences of moving away from civil servants or in this case Crown employees to contracting out, whether that is truly a viable economic alternative and if we are getting the same type of service as we did when they were on staff with Manitoba Hydro?

Employees are in fact the reason why Manitoba Hydro works so well. So the concern is that as we look at efficiency projections actually increasing, and energy production is going to be, we hope and we project on the increase, the number of workers has decreased. I am going to be asking how we are moving towards that system, and can we ensure that that continues? We must not sacrifice the workplace or workers or our system by looking at fairly short-term efficiencies and perhaps looking at fairly low employee levels.

In addition, I would just like to say that Manitoba Hydro has been and is the benefit of a northern economy and having worked many years in the North and having actually been hosted by the Limestone generating plant for a couple of meals, I really appreciated it at that time. They were much better than what Energy and Mines ever provided for us, so it was always a huge treat to go to Hydro.

But I do want to say that it is important for Manitobans, particularly in the south, to realize where this wealth comes from, and when you go to the North you can see vast developments in the North, and the people in the North have sacrificed, many of them, for those developments. I am pleased to see the settlement of the Northern Flood Agreements with most of the communities, because for many years we have seen the people of the North—and even with the settlements I would argue that many of the things that we take for granted in the south are not available in the North, which is indeed unfortunate.

I will be asking Manitoba Hydro for their commitment and professional development, for employment opportunities for northerners, for the role of aboriginal people in the decision making in Hydro, because the very lands and the very waters that we use to benefit our southern appliances and lifestyle are the ones that are being sacrificed by the North. Many communities do not

even have reasonable power supply in the North, unfortunately, and I will be asking about several communities that are looking for power lines and reliable service. So I think that it is very important for Manitobans to recognize that the Manitoba government receives taxes and revenues from the North, and Manitoba Hydro receives its energy supply from the North. So we have an obligation and a responsibility to ensure that northerners and northern Manitobans live in harmony with Manitoba Hydro and indeed benefit in some way as we in the south. Thank you for your time.

Mr. Chairperson: At this point we have general questions on the reports.

Ms. Mihychuk: On the 1995 Manitoba Hydro-Electric Board Annual Report, I am going to start right in the beginning, and when we look at the mandate, the mandate of Manitoba Hydro is to provide for the continuance of supply of power adequate for the needs of the province and to promote economy, efficiency in the generation, distribution and supply and use of power.

Can I ask if there has ever been the discussion of the mandate to be expanded or to perhaps consider providing low and reasonable rates for customers? I know that may be a consequence of policy, but it is not within the mandate.

Mr. Praznik: I am not quite sure of the member's question, because I think if she reads the mandate, when we talk about promoting economy and efficiency in the generation distribution and supply and the use of power, the ultimate result of that is highly competitive hydro-electricity rates.

If the member would refer back to the slides that Hydro presented where various electricity bills are compared for residential, for industrial, for small users, and when they are compared to other utilities in Canada—and let us in context appreciate that utility costs or electrical costs in Canada on average are considerably lower than anywhere else in the industrialized world and that, within those parameters of Canada being one of the lowest in the industrialized world, Manitoba Hydro is one of the lowest within that grouping case over case. The fact that the mandate is to provide, produce and distribute electricity efficiently leads to exactly the result in theory and in practice that the member asks for.

If she wants to discuss changing the mandate, yes, there are some consideration of that because the world in which Manitoba Hydro is currently operating in which we are very much part of a North American electrical marketplace today—and technology, by the way, has created that. A hundred years ago or 70 years ago or 50 years ago, the ability to interconnect and to move electricity from utility, then utility to utility, was very, very limited. Today technology has resulted in the ability for us to lose 1,600 megawatts in a millisecond of export and import 200 megawatts in the space of a millisecond without a blink of an eye in the system literally.

Technology has resulted in us being very much involved in a North American electrical marketplace. Our customers live in that competitive marketplace. So, if one asks, is there some issue in changing the mandate, yes, as trustees and as the board of Manitoba Hydro has had discussions with us, they have opportunities that they have to pursue or can pursue that ensures the viability of the utility in the long run. Some of those may involve consideration in broadening the mandate somewhat.

* (1130)

If you ask the question, how does that affect the cost to the consumer, ultimately the whole purpose is to ensure that Manitoba Hydro is one of the most, if not the most, efficient generator of electricity so that it can deliver the most cost-effective, competitive rates to its consumers in North America, if not the world.

So I think that we may be saying the same thing, I say to the critic. It may not specifically say the lowest rates. Those rates have to carry the cost of the utility. If one says, we are just going to have rates based on our costs, then there is no requirement for Hydro to be efficient. Requiring them to be efficient generators of electricity means low rates. That is what the theoretical and the tie is, and I think I would argue, based on those charts, that is the practice of Manitoba Hydro, and they are quite good at it.

Ms. Mihychuk: I think that the history of Manitoba Hydro has served the people of Manitoba well. My concern is that, if the mandate became like a business to optimize revenues, I see several areas where we can see a fairly significant price differential and various components where there is a margin that we would still

be competitive and probably even still be lower than our competitors, but we could increase rates substantially.

So we have relied on basically the good will of government and the Crown corporation to serve the people of Manitoba. We have seen in some reports in this publication, we do indeed recognize that providing continuous, reliable and economic electric power for the people of Manitoba is included as one of the goals or missions. I am just saying that, given when we look at potential competition, privatization, the goal becomes not only to serve the people of Manitoba, but the goal becomes to optimize profits, to look at expansion and various financial targets. So I raise that as a concern.

The goal of Manitoba, indeed, has been, in effect, to provide us with reasonable rates, low rates, and I hope that that maintains. I am somewhat pleased and somewhat cautious when the minister says that the mandate may be reviewed. I am saying the people of Manitoba deserve a strong Crown corporation whose mandate is to provide low economical rates to the people of Manitoba as a priority.

Mr. Praznik: Mr. Chair, I do not think we disagree in any way in that purpose. Perhaps my answer should be a little more expansive as to what I mean about rates. Obviously, a quarter of our revenues comes from sales in the United States. If we did not have those revenues, this would be a bankrupt corporation. If you look at our debt-to-equity ratio and our profit margins, we are very dependent on those export sales on our balance sheet. That market into which we have sold for a number of years now on a utility-to-utility basis is quickly deregulating. The downside to it, of course, is it is change, with all the risk that is involved. The upside is we are one of, if not the lowest cost exporter into the potential marketplace. We have all the competitive advantages, and Manitoba Hydro, in informing me as their minister of the challenges in some of the slides that were here today, recognize that we have to be continually examining how we access that marketplace

The one thing for certain for all of us, no matter who sits in this desk, is we cannot afford to lose access to the American marketplace. We have to continue to access that particular market in order to ensure that a very significant part of our revenue is there. In fact, when I speak to the president he gets very excited, and he may

want to elaborate on the opportunities that he sees for Manitoba Hydro to be accessing new market opportunities in the American marketplace at potentially more advantageous profits for the utility.

The reason that becomes important for us is twofold, from my observation as a minister—and the president or chair may want to elaborate—but one is the profits we derive from our American sales ultimately go towards reducing the costs that Manitobans have to pay, and secondly, the fact that we sell a very significant amount of power into the United States for United States dollars means that we have a currency hedge against our U.S. debt. Remember, this corporation has \$6 billion of debt. I am not sure of the exact amount that is in American dollars, but 60 percent is in U.S. dollars. So those sales give us a currency hedge and they give us a profitability.

One matter that I know Hydro briefed me on when I was appointed that totally fascinated me is, because we are a utility that can store electricity, we can store electricity as long as we have capacity in our reservoir; we do not have to run it through our dams. The member talks about the North, et cetera. I just remind her that the water flowing by the Assiniboine right by this building that will go up north from the south is part of those reservoirs and part of what gives us capacity, so we get into a bit of—

An Honourable Member: You cannot turn the Charleswood Bridge into a dam.

Mr. Praznik: No, but where you put a dam—the fact is, it is the water that gives us the electricity falling on a certain area. The point I get at is, as long as we have the ability in a reservoir to stop generating, to close our reservoirs and not waste the water, we can store our generating capacity, unlike coal thermal plants or nuclear thermal plants who have the difficulty in gearing up and gearing down. I mean, it is just something you cannot turn off or turn on instantly.

One of the things Hydro—the president may want to elaborate on, that I am fascinated by—is in certain times of the year, particularly I think at night in the winter, we will shut down capacity, shut down generating capacity on our northern system, store the water in our reservoir. We will import power during the night, because we are importing very cheap U.S. power because they cannot

turn down their nuclear plants or their coal plants, so they pretty much—I would not say give the stuff away, but they have to get rid of it because they cannot stop generating it. During the day, we can run our water through our dam and we can sell them what we would have generated the night before at a significantly higher rate into the U.S. market because that is when the demand is. We made I do not know how many millions on that last year. The president may want to elaborate, but it was a profit, just by managing our system. The result, of course, is profit to Manitoba Hydro which helps ultimately reduce the cost to the Manitoba consumer.

So managing our U.S. market—and I wish we had more of a Canadian market to manage, but we are more heavily regulated in cross-border electrical trade in Canada with little hope of breaking that than we are into the United States. That is an irony of Canada. But our 2,000 megawatt line capacity there gives us the ability to again ensure a very good rate, a better rate for Manitoba consumers. So managing, that is what is important. I do not disagree with what the member is saying in goal, but I do not think we should ever run away from managing that opportunity. The president may just want to add something on the detail for members of the committee.

* (1140)

Mr. Brennan: I think it is important to recognize that any time we can increase the market to which we sell for any reason at all increases the price. As soon as we get more players in that market, any type of power we have whether it is firm sales, we can make or interruptible prices, the more people in the game, the higher the price. We do look forward to the changing environment with real optimism for the corporation. Our biggest concern is it is not changing fast enough for us. We really think there is a good opportunity for Manitoba Hydro's power. We know that at times we have so much power, like summers like we just had where the water has been extremely good, we have had an awful lot of power available for sale, and when that happens the price goes down. So we would like to take advantage of any opportunities we have to increase our market share.

I would also like to go back to your comments about the concern about residential customers and industrial customers and that sort of thing. Manitoba Hydro, when we proposed our rate increase to the Public Utilities

Board, we did propose a lower rate increase for residential customers than the Public Utilities Board actually approved. We had a very modest increase for industrial customers. It was pretty modest, but it was still an increase and because we are a regulated company and Manitoba Hydro just cannot do anything it wants, they actually changed our recommendation and increased the amount or certainly took away from the amount that we were proposing for industrial customers. I think they did not move residential very much, but they left it and decreased our rate increase generally.

Ms. Mihychuk: Thank you for that. I guess that Manitobans have a certain suspicion when the government speaks of trust and its record. We know what happened with the telephone company and we are in that debate right now, so obviously the suspicion is that "trust us on Manitoba Hydro" just does not fly, so we are going to try and put on the record some of our concerns and the more the government denies it, the more likely that we are going to see the sale of parts or bits of Manitoba Hydro, and the record proves it in many other Crown corporations.

My question for the minister or for John McCallum, the chair of the board, in 1985 the board consisted of a group of individuals, and I am still on the '95 report. Can you tell me of the board members, how many were northerners?

Mr. McCallum: This was in '95? No one, and then Ken MacMaster is on the board now who spent a great deal of time up north, but, well, I guess he does live north of Winnipeg, but he is not in what we usually think of as the North.

Mr. Praznik: But he is a very well-versed northerner. In fact, I will answer that, Mr. Chair.

Noting the concern about having an individual with an understanding of the North and when one tries to make recommendations to cabinet for appointment to this board, you try to balance a lot of very different skill sets that you want to have on a particular board of directors, and those change from time to time depending on the challenges facing the corporation. Upon my appointment there were a number of vacancies, there were a number of individuals who had been long serving on the board who I think were interested in moving on to other things. One

of the voids, in essence, that I recognized was it was important to have someone who had a broad understanding of northern Manitoba and the people there and some of the issues, as well someone who had an understanding of some of the labour issues as well. Mr. Ken MacMaster who is a former MLA from northern Manitoba, a former Minister of Northern Affairs, a former Minister of Labour, who has recently retired out of INCO in the last couple of years, was felt to have had a broad base of experience and I made that recommendation for appointment and he has been appointed to the board and provides that kind of insight. That was a means of particularly filling that particular need on the board.

Ms. Mihychuk: I thank the minister for those comments, and I am sure that enriches the board to have that experience at the table. Are there intentions to look at other opportunities for First Nations, aboriginal representation on the board of directors?

Mr. Praznik: I think, as I indicated, when one is structuring boards there is certainly a need to, at any given time, have members who bring in expertise or an experience based on the issues that the utility or the corporation have to face. My regret, and I do not say this in a partisan way, but at the time we were doing a lot of dam construction in northern Manitoba was a time when some First Nation representatives on the board would have probably been helpful, and although today the member has recognized the efforts of previous governments in building northern dams, I tell you as a minister whose hair is greying and hairline is receding, dealing with all of those Northern Flood Agreements that are 20 years old, I have to question a whole other generations of politicians in their time who built dams without settling those issues.

I do not say that to get into a partisan debate, but I think all of us as Manitobans despite the good parts of Manitoba Hydro and what we have accomplished have to recognize that it is 20-some years after we have built many of these dams and we are still settling the compensation packages. That is a shame on all of us as Manitobans and I am glad that we have now since this government has come to power we have three that are settled and ratified, one where we have an agreement that is in ratification and the last one is in very, very heated negotiations. There is not really any major substantive

issues left and I hope we can conclude the agreement. The irony, of course, when those dams were flooded, I was probably in Grade 2 or 3 in grade school years and here I am today settling them with my colleagues. So it is a bit of a shame for all of the province. I am glad we are at least getting it done.

That was the time, in my opinion, that we should have had a greater number of First Nation people involved with Hydro for that to happen. If you ask me today what the challenge is facing the North, and I am certainly cognizant of that First Nation issue and that there are a number of vacancies on Manitoba Hydro that we as a cabinet have to consider in the next number of months, and that certainly is one issue that fits in the mix. Another one that is certainly there as we look at our export market changing is expertise in marketing and quite frankly people who have expertise in designing new product for a new evolving market, so both of them were important areas that have to be addressed in further board appointments. It is something I am cognizant of, and myself and my colleagues are considering as we plan for additional appointments to the board.

Ms. Mihychuk: I thank the minister. I agree with my colleague from The Maples (Mr. Kowalski), who is very concerned about the representation of women at the senior levels. Although the government talks about major strides, many Crown corporations are deficient in a fair representation of women at the board and senior management levels, so we look forward to a change in that structure. The glass ceiling has not been broken for many women and requires additional incentives, opportunities and recognition of the skill that many women have to be placed in positions in senior management.

I wish to ask some more questions, a little bit about the North and northern employees. In the Ombudsman Report that we recently received in the past week. There was an example of a situation where a northern worker had been terminated because there was some contracting out, and the Ombudsman did not find fault with Manitoba Hydro at all. I would ask, however—no fault was found with Hydro because in fact it was a contracted-out situation and that employer did not have an obligation to continue this employee's work, is my understanding. I do not have the case in front of me, but I just wanted to highlight how a commitment to northern employment

may be there by Manitoba Hydro, and we have seen through the construction phases of Limestone and Kelsey and others where northerners were employed in the construction wherever they could be, but, as we contract out, that obligation does not seem to be there.

Has Manitoba Hydro considered including that as part of the tender or the contract with the companies that you choose to contract out with, a certain provision for northerners or northern employees to be represented?

Mr. Brennan: What we have done is that we have—wherever we work within a close proximity in the North to an aboriginal community, we try to make sure that the relationship is as good as possible. Certainly we know there are opportunities for us to have those employees on our payroll or do contracted work for us whereby Manitoba Hydro saves money. We do not have to provide the same kind of mobilization; we do not have to provide housing costs, that sort of situation. So we actually try to make sure that the scope of the job is scoped and broken down enough that aboriginal people can actually bid on the jobs. We have an awful lot of contracts with aboriginal people; we try to work with them in trying to—actually, instead of going to the tendering process, actually negotiate jobs with them as long as it is within the estimate that we have for that particular job. Not always will it work, but we try extremely hard to do that. We are doing that on the North Central Project. We have done it on a line into Split Lake. The weir that was built at Cross Lake was built with approximately 94 percent of the people working on the project who were aboriginal. I think Manitoba Hydro has done a better job than most companies in trying to get as many aboriginal people employed.

* (1150)

Mr. Chairperson: The honourable minister, to continue.

Mr. Praznik: Yes, just to add one comment, I know one always has these debates about whether or not one should have a stated policy of preference in contracting or opposed to work locally where often that should be the best cost because people do not have to move up if they are able to take jobs. Certainly, Hydro has pursued the policy of trying to work with people in communities and,

in many cases, very successfully. Manitoba Hydro has to be one of the largest employers in northern Manitoba. Some communities specifically are significantly Hydro employees. There is a large Hydro presence in Thompson and in other centres throughout northern Manitoba.

In terms of going to a straight policy, sometimes it does not always work, and I just share with her the story last year of the North Central line. I believe it was the community of Oxford House whom we were negotiating with a line-clearing contract. They were in the neighbourhood of \$1.7 million, \$1.6 million, if memory serves me correctly. Our estimate was that that contract should have been considerably lower, and they would not budge on the amount. It went out to tender, and I think it came in for around \$900,000. The amount would have been close to double if we had gone the preference route, and I do not think that is fair, quite frankly. People have to be competitive. There is a competitive advantage in being located in the North. The end result was the contractor, of course, who did win the contract on land clearing at Oxford House, a very significant number of the people that they hired were people from Oxford House, as works through the system.

So I would not want it to be of the view that Manitoba Hydro—northerners are a significant beneficiary of Manitoba Hydro, and let us not believe otherwise. It is a major employer; it buys many services in northern Manitoba; it provides communities with electricity; and it makes a significant contribution to the economy of northern Manitoba.

Ms. Mihychuk: Can the minister tell us how many residents of Cross Lake work at Limestone, for instance?

Mr. Brennan: We would have to give you that number. I do know the number that is there is less than what we believe is the case. What happens in the case of minorities, we ask them to self-declare whether they are minorities or not. We know that in the case of people at Jenpeg we have more aboriginal people on the job than have declared, but we can provide that number.

Mr. Praznik: Mr. Chair, I always have a problem with these kinds of assessments because, as Mr. Brennan has indicated, it is a self-declaration.

The second thing, to ask the question about how many people at Limestone would be from Cross Lake, first of all, does that mean that people who reside in Cross Lake can commute to work, people who used to come from Cross Lake and may now be living in Gillam? You get into these kind of questions, it is like asking, how many people from Beausejour are employed in Winnipeg, how many came from Beausejour? It just does not make any sense after a while.

The question is, are there opportunities for people who grow up in northern Manitoba to find employment opportunities with Manitoba Hydro? The answer is yes. It is better today than it was before. There was a time, and I agree with the member, when it was very, very difficult for northerners to get jobs with the utility. I think that has changed significantly in the last decade or decade and a half, and we continue as a utility to ensure that, in the things that we are doing, even breaking down contracts and working with contracts and other things, that northerners have an opportunity to compete for the work. Quite frankly, in many, many cases they have a competitive advantage, and they are getting those jobs, they are getting that work. At the end of the day I think that is what people really want, and that is happening.

I know, when I have toured Hydro facilities, I have met a lot of people who are northerners, and I use native northerner whether they be aboriginal or nonaboriginal, but they grew up in the North, they are employed with Manitoba Hydro and they work in the North. So it really becomes a mug's game when we get into these definitions, and if the member's point is that a greater effort has to be made, yes, always one can make a greater effort and Hydro will strive to it, but I would not want it to have any appearance that Hydro is not a significant employer and a benefit to people of northern Manitoba in giving, providing opportunities for good jobs in northern Manitoba.

Ms. Mihychuk: Well, there are certainly some jobs available. Unfortunately, the record proves itself. Many, many people from southern Manitoba fly up north, work in fairly sophisticated jobs, and then fly home after a certain cycle, or that used to be the situation, that type of transportation, and I think the CEO of Hydro was talking about that. If there were the resources available in the community, some of those costs would not have to be incurred.

Perhaps, because of the circumstances of the people in the community, it is difficult for them to achieve that level of expertise. It is difficult for them to achieve a high school—let us get real here. It is difficult for them to receive a high school in the sciences, then go on to university and get the proper education or technical community college, whatever may be the appropriate position. So there are many barriers faced by northerners, particularly on fairly small communities, and in this case the community of Cross Lake and Norway House, I just use them as an example, because they are fairly close to Jenpeg.

My question is, what special initiatives has Hydro provided to educate or provide training for aboriginal peoples who could possibly take those positions when they come open and available? Are there training mechanisms available and other incentives to provide these people the opportunity to fill in those spots?

Mr. Brennan: Yes, we do have various programs, some of which are to hire summer students that are aboriginal within a certain community. We found that extremely effective. They get some awareness of Manitoba Hydro. They get the opportunity to work in an environment that is a work environment. We hire the better students, and they have the opportunity to see what some of the disciplines are like within Manitoba Hydro as well. We also have scholarships for some of these people as well, and those that get the opportunity to work with us certainly try to take advantage of scholarships if they proceed. So I think we have created a really good environment for allowing aboriginal people to work within Manitoba Hydro and for them to get contracted jobs. I think our record is just A-1.

Ms. Mihychuk: On a point of order, or a procedural point, actually, what is the time line for the committee? When are we going to break for lunch, or do we continue until questions are completed? What is the time frame?

Mr. Chairperson: According to Rule 81(1), referring to committee days, Standing and Special Committees may meet as scheduled by the government House leader. During fall sittings on Fridays, from 10 a.m. to 12 p.m. and from one till three. These hours may be varied by unanimous consent of the committee.

Mr. Praznik: Mr. Chair, as we indicated at the beginning, I must admit I am a little disappointed that our questionings have not got into the larger issues facing the utility. I am sure those are to come.

An Honourable Member: Oh, they will.

* (1200)

Mr. Praznik: Well, exactly, the member for Crescentwood said they will, and they should, because quite frankly, we as a province and as legislators are facing some major, major issues and ultimately decisions over the next number of years as we come to grips with the world changing around us. I, as a great believer in the parliamentary system, know that this is the place where that discussion and debate begins as we consider options, and I think it is in fairness to everyone. There is a lot of discussion that has to take place just on where we are today, never mind some of the challenges we have to face.

As I indicated, I think that this committee has to meet again. We obviously have not passed the annual reports. I know that there is a great deal of effort going on this afternoon and over this weekend in scheduling committees. The government House leader (Mr. Ernst) managed to schedule this one for the morning part of the Friday, scheduled till noon, and there are a lot of arrangements going on involving other members who can be here, et cetera.

I would suggest, if my critics agree, we are going to rise now at twelve o'clock, but I am going to recommend to the House leader that we schedule a period of time after we adjourn the session, but this year. Obviously, our House leaders will have to negotiate that period of time, but I expect that we have not completed our work. We have to come back and I look forward to, you know, a much larger discussion. We are just getting into it today.

Mr. Sale: Mr. Chairperson, I want to be clear about the rule. The rules seem to me to have been stated that, unless there is unanimous consent that we come back at one o'clock, this is not an option, according to what I hear the Clerk saying, that it is 10 to 12 and 1 to 3 unless varied by unanimous consent. So I just want to be clear about the procedure before we rush off to feed ourselves.

Mr. Praznik: Mr. Chair, I believe the member is correct in the sense that that is the times for the committee, but this particular matter was put in the morning part of the committee day and was not scheduled. I believe our Whips, I look to our Whips, and all of our parties now are working co-operatively to deal with the business before the House, and I believe there are other members who are scheduled for other things this afternoon.

Point of Order

Mr. Sale: Mr. Chair, I think procedural points like this are frustrating, but they are important. The committee meeting was called for ten o'clock. So as far as I am aware, I do not think it was called for from 10 till 12, and I would ask the Clerk to clarify what the notice states.

Mr. Helwer: Mr. Chairman, I believe the arrangement between the House leaders was that we would meet this morning from 10 till 12, and if they needed another meeting, as the minister has agreed to another day, that would be arranged, but today I believe 10 to 12 were the arrangements that were made.

* * *

Mr. Praznik: Mr. Chair, I appreciate there is lots going on of which we, as not the House leaders, are not a part, but I give my commitment to members of the committee. I am interested in a very thorough discussion of these topics, because I think this committee has to do that.

I think we should request that our House leaders schedule a significant period of time, you know, perhaps a whole day of committee after the House adjourns the session on the 7th of November when it is easier, and we do not have those pressures of legislative matters before us. So you have my commitment on that, and I look forward to that discussion. It will give members a chance, I think, to digest the heavy-duty material that Hydro has presented here today.

Ms. Mihychuk: I appreciate the minister's comments. I am prepared to support that. I would ask the minister to assure our side of the House and members that are interested that the next committee hearing will be prior to 1997.

Mr. Praznik: Within the powers that I have, I will endeavour to ensure that. I would suggest this is something, you know, within a few weeks of us winding up the session, we should be scheduling. Our House leaders may even want to look at setting a date, when my staff are available, before we conclude the business of this sitting of the Legislature.

Mr. Chairperson: Is there agreement?

Mr. Sale: Mr. Chairperson, I agree, but I would just note for the record that I think it is very important that all of us, both sides of the House, be very clear on the notices that are posted and the intention. My calendar was set for as late as three o'clock today because that is the adjournment time other committees have had, and unless it is varied or unless the committee meets specifically for a period of time, then while it is a problem, I understand, for members who did not note that, I think it is equally frustrating for those of us who did. So I just make that point.

Mr. Praznik: Mr. Sale's point is a good one. I guess we are dealing with a new set of rules this year, and as in every end of session there are arrangements made by House leaders, so perhaps we just need a little clarification on that for all of our ability as we struggle to deal with a new set of rules. I appreciate his comment, and I am supportive of that kind of assessment.

Mr. Chairperson: Thank you very much.

The time being 12:05 p.m., committee rise.

COMMITTEE ROSE AT: 12:05 p.m.