

September 17, 2020

Hon. Scott Fielding
Minister of Finance
Manitoba Legislature
Room 103- 450 Broadway
Winnipeg Manitoba R3C 0V8
minfin@leg.gov.mb.ca

Dear Minister,

KAP is Manitoba's general farm policy organization representing and promoting the interests of farm families and commodity associations. We work with industry, government, and stakeholders to ensure that agriculture in Manitoba remains profitable and sustainable.

We write today to raise concerns regarding Bill 44, the Public Utilities Ratepayer Protection and Regulatory Reform Act. We believe there are amendments required to this legislation that would better protect farmers as Manitoba Hydro ratepayers.

In Manitoba, agriculture is a key economic driver. Farm cash receipts in 2019 were over \$6.5 billion which makes up approximately 5% of Manitoba's GDP. When considering the secondary and tertiary contributions created by the agriculture sector, agriculture represents more than 10% of all economic activity in the province. Primary production in Manitoba is essential to the entire value chain.

KAP highlighted the importance of primary production to the provincial economy and the value chain as interveners in Manitoba Hydro's 2017/18 & 2018/19 General Rate Application (GRA) before the Public Utilities Board (PUB). KAP expressed concern about potential rate hikes and quantified the impact a rate increase would have on farm profitability and sustainability. Due to input from all stakeholders, the PUB implemented a more reasonable rate increase.

The PUB provides valued independent oversight of critical service providers in Manitoba. However, PUB proceedings are cumbersome and inefficient. Thousands of pages of material and weeks of hearings take place to arrive at an independent decision. We believe that there is a better path forward for the PUB and a way to streamline the process. Moving to a five-year approval process provides stability to Manitoba ratepayers and is a good first step in balancing inflated quasi-judicial proceedings and the financial requirements of Crown corporations like Manitoba Hydro.

Section 39.6(1) of Bill 44 allows Cabinet to increase electricity rates at whatever rate is deemed necessary until 2024, at which time the PUB is locked into increases of no more than 4% or twice the rate of inflation. This could significantly hamper the agriculture sector's competitiveness at a time when farmers and producers are faced with increasing carbon tax and input costs, and an unpredictable global economy.

We understand that Manitoba Hydro is faced with a large debt burden due to export contracts and new infrastructure, and the PUB has previously denied large rate increases. We do not, however, believe that reducing the PUB's effectiveness for the next four years is the solution to growing concerns about Hydro's debt-to-capitalization. We can appreciate that the Manitoba government is keenly focused on reducing debt burden for all Manitobans, but our economy, disrupted by the effects of COVID-19, cannot withstand large-scale hydro rate increases.

Manitoba Hydro is a distinct competitive advantage that the Manitoba government advocates for around the world when encouraging new businesses like Roquette to establish operations within the province. The move to allow Cabinet to increase electricity rates threatens that well established investment advantage and the subsequent value chain benefits.

We urge you to consult with Manitoba farmers and the province's business community and amend this bill.

Sincerely,



Bill Campbell
President, Keystone Agricultural Producers

Cc: Hon. Jeff Wharton, Minister of Crown Services

Cc: Hon. Blaine Pedersen, Minister of Agriculture and Resource Development