



Second Session — Thirty-Second Legislature  
of the  
**Legislative Assembly of Manitoba**

**STANDING COMMITTEE**  
on  
**PUBLIC UTILITIES**  
and  
**NATURAL RESOURCES**

31-32 Elizabeth II

*Chairman*  
*Mr. P. Eyer*  
*Constituency of River East*



MG-8048

**VOL. XXXI No. 9 - 10:00 a.m., THURSDAY, 18 AUGUST, 1983.**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Second Legislature**

**Members, Constituencies and Political Affiliation**

Name	Constituency	Party
<b>ADAM, Hon. A.R. (Pete)</b>	Ste. Rose	NDP
<b>ANSTETT, Andy</b>	Springfield	NDP
<b>ASHTON, Steve</b>	Thompson	NDP
<b>BANMAN, Robert (Bob)</b>	La Verendrye	PC
<b>BLAKE, David R. (Dave)</b>	Minnedosa	PC
<b>BROWN, Arnold</b>	Rhineland	PC
<b>BUCKLASCHUK, Hon. John M.</b>	Gimli	NDP
<b>CARROLL, Q.C., Henry N.</b>	Brandon West	IND
<b>CORRIN, Brian</b>	Ellice	NDP
<b>COWAN, Hon. Jay</b>	Churchill	NDP
<b>DESJARDINS, Hon. Laurent</b>	St. Boniface	NDP
<b>DODICK, Doreen</b>	Riel	NDP
<b>DOERN, Russell</b>	Elmwood	NDP
<b>DOLIN, Hon. Mary Beth</b>	Kildonan	NDP
<b>DOWNEY, James E.</b>	Arthur	PC
<b>DRIEDGER, Albert</b>	Emerson	PC
<b>ENNS, Harry</b>	Lakeside	PC
<b>EVANS, Hon. Leonard S.</b>	Brandon East	NDP
<b>EYLER, Phil</b>	River East	NDP
<b>FILMON, Gary</b>	Tuxedo	PC
<b>FOX, Peter</b>	Concordia	NDP
<b>GOURLAY, D.M. (Doug)</b>	Swan River	PC
<b>GRAHAM, Harry</b>	Virden	PC
<b>HAMMOND, Gerrie</b>	Kirkfield Park	PC
<b>HARAPIAK, Harry M.</b>	The Pas	NDP
<b>HARPER, Elijah</b>	Rupertsland	NDP
<b>HEMPHILL, Hon. Maureen</b>	Logan	NDP
<b>HYDE, Lloyd</b>	Portage la Prairie	PC
<b>JOHNSTON, J. Frank</b>	Sturgeon Creek	PC
<b>KOSTYRA, Hon. Eugene</b>	Seven Oaks	NDP
<b>KOVNATS, Abe</b>	Niakwa	PC
<b>LECUYER, Gérard</b>	Radisson	NDP
<b>LYON, Q.C., Hon. Sterling</b>	Charleswood	PC
<b>MACKLING, Q.C., Hon. Al</b>	St. James	NDP
<b>MALINOWSKI, Donald M.</b>	St. Johns	NDP
<b>MANNES, Clayton</b>	Morris	PC
<b>McKENZIE, J. Wally</b>	Roblin-Russell	PC
<b>MERCIER, Q.C., G.W.J. (Gerry)</b>	St. Norbert	PC
<b>NORDMAN, Rurik (Ric)</b>	Assiniboia	PC
<b>OLESON, Charlotte</b>	Gladstone	PC
<b>ORCHARD, Donald</b>	Pembina	PC
<b>PAWLEY, Q.C., Hon. Howard R.</b>	Selkirk	NDP
<b>PARASIUUK, Hon. Wilson</b>	Transcona	NDP
<b>PENNER, Q.C., Hon. Roland</b>	Fort Rouge	NDP
<b>PHILLIPS, Myrna A.</b>	Wolseley	NDP
<b>PLOHMAN, Hon. John</b>	Dauphin	NDP
<b>RANSOM, A. Brian</b>	Turtle Mountain	PC
<b>SANTOS, Conrad</b>	Burrows	NDP
<b>SCHROEDER, Hon. Vic</b>	Rossmere	NDP
<b>SCOTT, Don</b>	Inkster	NDP
<b>SHERMAN, L.R. (Bud)</b>	Fort Garry	PC
<b>SMITH, Hon. Muriel</b>	Osborne	NDP
<b>STEEN, Warren</b>	River Heights	PC
<b>STORIE, Hon. Jerry T.</b>	Flin Flon	NDP
<b>URUSKI, Hon. Bill</b>	Interlake	NDP
<b>USKIW, Hon. Samuel</b>	Lac du Bonnet	NDP
<b>WALDING, Hon. D. James</b>	St. Vital	NDP

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES**

**Thursday, 18 August, 1983**

**TIME — 10:00 a.m.**

**LOCATION Winnipeg**

**CHAIRMAN — P. Eyler (River East)**

**ATTENDANCE — QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Evans, Lyon and Parasiuk  
Messrs. Brown, Eyler, Harapiak, Fox, Ransom  
and Scott

**APPEARING:** Mr. S. Cherniack, Chairman of the  
Manitoba Hydro-Electric Board  
Mr. J. Arnason, President and C.E.O.

**MATTERS UNDER DISCUSSION:**  
Manitoba Hydro-Electric Board

\* \* \* \*

**MR. ASSISTANT CLERK, G. Mackintosh:** Committee, come to order. Since the Chairman is no longer a member of the committee, are there any nominations for the Chair? Mr. Harapiak?

**MR. H. HARAPIAK:** I nominate Mr. Eyler.

**MR. ASSISTANT CLERK:** Mr. Eyler has been nominated. Is it the pleasure of the committee to have Mr. Eyler as Chairman? Agreed.  
Mr. Eyler.

**MR. CHAIRMAN:** Committee, come to order.

**HON. W. PARASIUK:** I think we had finished questions, I believe Mr. Lyon at the last meeting had some questions he wanted to raise.

**MR. CHAIRMAN:** Mr. Lyon. Mr. Brown.

**MR. A. BROWN:** I have a few questions which I would like to raise at this particular time. There was a report in one of the papers about three weeks ago that a bridge had been approved across the main channel of the Nelson River at Cross Lake. I've been asking some questions in the House since then and the Minister of Transportation told me that to the best of his knowledge this bridge had been approved and was going to be paid for by Manitoba Hydro. I would like to know whether Hydro can confirm that a bridge is going to be built over there and what's the cost going to be?

**MR. CHAIRMAN:** Mr. Arnason.

**MR. J. ARNASON:** Mr. Chairman, under Claim No. 37, a claim made by the Cross Lake Band and the Northern

Flood Committee, the Federal Government and Manitoba Hydro and the province were named in that claim which included the building of a bridge to improve the transportation situation in the Cross Lake area. Recently we've received a letter from the Federal Government; this letter was addressed not only to Manitoba Hydro but to the Department of Northern Affairs and it indicates in this letter that Canada has agreed to proceed with the development of a final bridge design and to initiate whatever construction may be possible this year on a bridge at the causeway site.

This letter indicates also that the Federal Government is prepared to contribute 50 percent to the cost of this bridge and is asking Manitoba Hydro and the Department of Northern Affairs to contribute the remaining 50 percent.

The letter also states that despite the fact that the Federal Government was included in the claim along with Manitoba Hydro and the province, they are now changing their position and they're revising the point of Claim No. 37 so as to show Canada as a co-claimant. We have responded to this letter by indicating that when the revised claim is processed then we will be reviewing it. In the meantime we have no indication or no desire to contribute to that bridge.

In answer to your question, we have no knowledge as to what the cost of the bridge would be either.

**MR. A. BROWN:** It was as a result of that article that I became a little concerned, because if I remember previously - I could not remember that such a claim had been before Hydro. Is this a recent claim or has that claim been there ever since the regulation of Lake Winnipeg?

**MR. J. ARNASON:** I would say it's a more recent claim. I think we have 40 claims at the moment before arbitration and these are processed in sequence. Now the precise timing of that claim, I might get some assistance here. — (Interjection) — Approximately three months ago, Mr. Chairman.

**MR. A. BROWN:** I think that my concern must be that until the entire matter at Cross Lake is resolved that there will be claims coming forward and there will be no end to it; that eventually we will have to go along with the regulation of the water level at Cross Lake and try to give the community, put it in the same place that it was prior to the regulation as much as we can. Is anything further being done at the present time to try to negotiate with them? I know that we tried to get them to agree on the regulation of Cross Lake, and the community themselves could not agree at that particular time as to whether they wanted the water raised at Cross Lake and a certain level given to them - the community just could not agree.

Has anything further been done since then?

**MR. J. ARNASON:** There are continuous discussions with the various groups involved in the Northern Flood

Agreement and, of course, Cross Lake is one of them. There is a study under way by consultants. The study will be completed in 1984 that deals with the issue of the problems associated with fluctuating water levels and that will be available next year.

It is a continuous process of communication, but those areas where we cannot resolve the problems go before arbitration. It might be of interest, Mr. Chairman, that we have probably resolved 600 issues compared with 40 claims before the arbitrator. So there is a continuous process of resolving the issues and the tough ones go before arbitration.

**MR. A. BROWN:** Do we have a figure of compensation which is being paid that community? I know that individual claims are being paid as far as fishing is concerned; could we have some of the costs which Hydro is involved with right now in claims?

**MR. J. ARNASON:** Is this total claims relative to the Northern Flood Agreement or specifically with respect to Cross Lake?

**MR. A. BROWN:** I would like, really, specifically to Cross Lake and then I would like Nelson House too, if we could.

**MR. J. ARNASON:** In total, Mr. Chairman, for compensation payments, a trapline program, a fishermen's assistance program, would be in the order of \$900,000.00. In addition, there was remedial works that have been completed in the amount of \$1,776,000.00. Those would be the total costs to date for Cross Lake.

The arena costs would not be included in those numbers, that's an ongoing thing.

**MR. A. BROWN:** Do we have a recent cost of the arena at the present time, and is the arena completed?

**MR. J. ARNASON:** The arena project is proceeding quite well. It's on schedule, workmanship is of good quality. The total costs to date are \$1.7 million and we expect the project will be completed on schedule, that's roughly in the November-December period of this year.

**MR. A. BROWN:** All right, now I would like to have the cost for Nelson House, the compensation that is paid there, fishing, traplines, just as a comparison between the two communities.

**MR. J. ARNASON:** Nelson House - we have made compensation payments, registered trapline program payments and fishermen assistant program payments in the amount of approximately \$860,000.00. In addition, we have, for remedial works at Nelson House, spent \$5.5 million in total.

**MR. A. BROWN:** Okay, the \$5.5 million, that would be over a period of years, I would presume.

**MR. J. ARNASON:** Yes, that's over a period of a number of years.

**MR. A. BROWN:** What would the yearly payment be, or is there no other payment other than the \$860,000 to the community?

**MR. J. ARNASON:** I'm sorry, I missed the question, Mr. Brown.

**MR. A. BROWN:** We have the \$860,000 for the trapline and fishing compensation, and we have \$5.5 million for remedial, but this \$5.5 million is something that's been spent over a period of years. My question was: is there anything else that we pay on a yearly basis, other than the fishing compensation and the trapline?

**MR. J. ARNASON:** We will have some continuing programs relative to remedial works around the community - repair of roads and bank protection.

**MR. A. BROWN:** So the problem at Nelson House does not seem to be as great as we what we have at Cross Lake, and I suppose that the Cross Lake situation is mainly because we have such fluctuating levels over there. I suppose that a real good look has to be taken at giving them a more stable level of water in order to alleviate some of these problems, because I can see where Manitoba Hydro and the Provincial Government and everybody is going to be asked continuously for more concessions as long as this problem is going to remain. I am certain that you are aware of this.

I would just like to make this comment that I certainly would like to see us proceed, or see Hydro proceed with this as soon as they possibly can.

Now, when we come to the regulation of the water at Cross Lake, we had two figures - one that Paul Jarvis presented at one time, and one that the University of Manitoba, in a study that they did in which these two figures varied greatly from \$12 million to \$350,000.00. Has any more work been done on this to see how feasible it would be and to regulate the water as to which particular program we would be following?

**MR. J. ARNASON:** I believe, Mr. Chairman, what Mr. Brown is referring to is the possibility of a weir being constructed downstream from the community, and in that way alleviate the changes in water levels from summer to winter. No additional work has been undertaken on that. It will be reviewed in this study that I mentioned earlier that will be completed in 1984, and that will be a part of the study that is under way at the present time. That weir is a possibility, but we do not have any new numbers on the cost of that installation.

**MR. A. BROWN:** Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Any further questions? Mr. Lyon.

**HON. S. LYON:** Mr. Arnason, you mentioned something about the Government of Canada being involved in a determination about a bridge at Cross Lake. How did their involvement come about? Was it in their capacity as agent and/or trustee for the Indian band, or how did they become involved - navigable streams or what?

**MR. CHAIRMAN:** Mr. Arnason.

**MR. J. ARNASON:** Yes, the bridge is on the reserve itself, and as far as I recall there was always some intention to build a bridge on the reserve. This isn't

exactly a new item. They were named in the claim by the Cross Lake people and the Northern Flood Committee, and therefore they have had a great deal of pressure to improve the access in the area. As you know, there is a ferry there at the moment and there is a bit of a causeway, and a walkover bridge in a certain area. There are times of the year when the ferry isn't operating and where ice bridges are not safe, so there has been a fair amount of pressure to improve the access from the mainland to the Cross Lake Island. There are a number of people on the island and, as I recall, the school is on the island and they really need good access.

**HON. S. LYON:** What size of a bridge are we looking at? Would it be comparable, say, to the bridge that was built at Norway House, if you're familiar with that?

**MR. J. ARNASON:** I really am not sure of the size of that bridge, I think at one time they contemplated a Bailey bridge, that type of a bridge, but I'm sure that it will be a bridge to accommodate whatever traffic is needed and heavy equipment and so on. I really can't answer that in any more specific way. But they talk about a bridge with two lanes plus sidewalk at the causeway site. That's about the only description I have so . . .

**HON. S. LYON:** The span distance would be what across?

**MR. J. ARNASON:** Well, it depends on how the abutments — there is a causeway now and they'll be pushing in some more soil and gravel and trying to reduce the span itself. — (Interjection) — It is suggested it might be 500 feet, Mr. Chairman.

**HON. S. LYON:** So in ballpark figures, and I realize that you know more than I in estimating this accurately, but in ballpark figures we might be looking at a structure, two lanes, with a footpath as well, of several million dollars? Or a few million? A few being three or four, and several being anything more, I suppose.

**MR. J. ARNASON:** I assume it will be a few million dollars. That's about the best perspective I can put it in until we see the design and have more precise information.

**HON. S. LYON:** My colleague was mentioning the possibility of greater regulation of the levels of water at Cross Lake as being one means whereby Hydro might mitigate its liability for damages to the Flood Committee. To what extent has this been reviewed by Hydro, the idea of evening out the flow on the Nelson so that there would be less liability for damage, less need perhaps for a bridge, less liability for such fringe items as \$3.5 million arenas and so on? Couldn't we mitigate a lot of this just by regulating the flow better than we have been doing?

**MR. J. ARNASON:** These things have been viewed internally and the reduced benefit by evening out the flow would be quite costly to the utility. It would result in loss of revenue of a number of millions of dollars,

but this study that I mentioned earlier, we'll be looking at that possibility to see whether it is desirable to level out the flows and try to determine what the cost benefit might be of that as well as the installation of a weir, amongst other things.

**HON. S. LYON:** Isn't there a danger, however, that if Hydro proceeds as indeed it must, I suppose, with the orders of the Arbitration Committee, Judge Ferg, isn't there a danger that the arena is going to be built, this \$3.5 million? The bridge is under active consideration by the Department of Transportation here and there's a push being made for that, all of these things being premised on the fact that the fluctuating water flows are going to be the norm. Wouldn't it seem to suggest that this study that Hydro has under way at the present time should be hurried up in order that no further large million dollar undertakings will be required for benefits which — and we'll get into this a little bit later on — the study may well reveal are minimal, even if Hydro were to return, for instance, to the normal flow of Lake Winnipeg through the structure? The benefits lost to Hydro, the study may well reveal, would be very minimal indeed.

Isn't there some need for urgency of this study to get under way before the taxpayers are put to further millions of dollars of costs that are really basically unnecessary?

**MR. J. ARNASON:** Yes. We agree that the study is urgent and we are pushing it along as quickly as possible for some of the reasons you mention.

**HON. S. LYON:** I suppose, and I don't want to be unfair in this line of questioning, but is there anyone left in Hydro now who, if they had the chance to do it, would build the control structure and Jenpeg again? Is there any such soul left clinging to reality around the utility now, or not?

**MR. J. ARNASON:** I can't answer that question.

**HON. S. LYON:** I'm sure you can't.

The Jenpeg structure, how is it functioning? Is it still the most expensive power that Hydro is producing, that is, of the Hydro generating stations?

**MR. J. ARNASON:** Yes. In terms of the Hydro plants, it would be the most expensive. We have a thermal plant at Selkirk that would be more expensive, but the cost of power from Jenpeg would be in the neighbourhood of 30 mills.

**HON. S. LYON:** How would that compare, for instance, to the generation costs at Long Spruce?

**MR. J. ARNASON:** Long Spruce at site would be in the neighbourhood of 12, 13 mills.

**HON. S. LYON:** So as was anticipated at the time, this was and remains the most expensive Hydro generating facility ever put into place by the Manitoba Hydro in its history?

**MR. J. ARNASON:** It produces the highest cost of energy at the moment.

**HON. S. LYON:** Is there anyone left at Hydro today who would build that particular pink elephant, black elephant, or white elephant again, or not?

**MR. J. ARNASON:** I haven't made a survey on that question.

**HON. S. LYON:** No. I think Chief Justice Tritschler was the last one . . . Well, given the fact that the cost benefit of the water control structure and certainly of Jenpeg, which was just an added flourish, an added flourish of negligence to that whole misguided venture, does it not then suggest that this study, as I've said before, should really go back to Square One? Even though the structure is in place, even though Jenpeg is in place, and look at the water levels on Lake Winnipeg, look at the flow charts through the emptying into the Nelson and so on, and make a determination as though the control structure and Jenpeg weren't there, wouldn't there be merit in that kind of a cost benefit at the present time?

**MR. J. ARNASON:** No, I don't see any merit in that kind of a study. The structures are in place and the regulation does provide benefits in terms of our generation at Kelsey, at Kettle, Long Spruce and all future plants on the Nelson River.

**HON. S. LYON:** Are these demonstrable benefits compared to the natural water flows before the structure was in place, what demonstrable benefits would be there?

**MR. J. ARNASON:** I haven't got the numbers with me, Mr. Chairman, but I believe they may have been produced for this committee in the past. Not at this particular session, Mr. Chairman, but probably in previous sessions.

**HON. S. LYON:** No. Well, we'll take a look back and perhaps if Mr. Arnason can do the same, take a look back. If he comes across anything, if he could let our office know of any cross reference on Hansards, it would be helpful in any research we're doing on it.

The 30-mill and 12-mill costs are interesting. You won't recall, and some research recalled it to my mind, that back in March of 1977 there were statements made before this committee to the effect that the energy costs of Jenpeg would be competitive with Long Spruce and are still this way. Was there ever any likelihood of that statement being accurate? I believe the date was March 15th, that's according to my notes. That the energy costs of Jenpeg would be competitive with Long Spruce, was there ever any likelihood of that being the case?

**MR. J. ARNASON:** In my opinion, with the known costs of the plant at Jenpeg and the energy that could be produced at that site, it would be obvious that the costs per kilowatt hour would be greater than Long Spruce.

**HON. S. LYON:** What is happening at Jenpeg at the present time? What staffing does Hydro maintain at Jenpeg for these turbines that are there?

**MR. J. ARNASON:** I might need some help on numbers here, Mr. Chairman, but actually we have eliminated or are in the process of eliminating the townsite that was established during the construction period. We are building a staff house to accommodate staff who fly in. We have a fly-in operation for staff who operate and maintain the system. In terms of specific numbers, I am told that we have 40 people that will be involved in the operation at Jenpeg.

**HON. S. LYON:** Is that on-site people or does this include the people who fly in?

**MR. J. ARNASON:** This is the total number that we would have involved in the operation at Jenpeg. They go in on shift basis and they're in for eight days and off for six days.

**HON. S. LYON:** I see. So for all practical purposes those people are really Jenpeg residents in the sense that they're not flying in or out daily, or anything like that. They're as full-time as Hydro gets to be full-time up there now.

**MR. J. ARNASON:** Included in that number there would be some people in training, possibly half-a-dozen or so who are so-called trainees. Some of them could be located in the adjacent community, from the adjacent community of Cross Lake, but the majority come in and out on a fly-in operation and are what we would consider permanent staff.

**HON. S. LYON:** You mentioned that the townsite was being eliminated. What is the townsite that you're referring to? Is that the mess hall and the other living accommodation that was there?

**MR. J. ARNASON:** Yes, it's really the old construction site, the facilities that were put in place to accommodate the construction program. Our analysis of the situation was that in order to provide accommodations for staff, it was less costly to build a staff house adjacent to the power plant and try to maintain the old facilities and the upkeep of the facilities.

**HON. S. LYON:** These were, I recall from a visit, largely the trailer-home type of ATCO double unit construction, two, three bedroom affairs and so on. Are they being sold off or what? What's happening to them?

**MR. J. ARNASON:** A part of the facilities there, these double-wides, have been used in compensation for the people of Cross Lake and Norway House, relative to severance line establishment. So we have made them available to some of the local communities.

**HON. S. LYON:** So they've been moved off the Jenpeg site and moved over to the reserve, or wherever?

**MR. J. ARNASON:** Either have been or are in the process of being moved, yes.

**HON. S. LYON:** How many of those units would be involved in what you described as the townsite that is being eliminated?

**MR. J. ARNASON:** I'm not exactly sure, Mr. Chairman, but probably in the order of 35 or 40 units.

**HON. S. LYON:** And those would have a disposal value or installation value of approximately what for each unit?

**MR. J. ARNASON:** At the time of purchase, is that the question, Mr. Chairman?

**HON. S. LYON:** Yes, at the time of purchase would be a sufficient benchmark, I guess.

**MR. J. ARNASON:** Probably in the area of \$20,000, Mr. Chairman, when we purchased them. That is subject to plus and minus 10, 15 percent. But it would be in that order of cost.

**HON. S. LYON:** So we'd be looking at, just for the housing units, an initial cost of something in the order of say, three-quarters of a million dollars?

**MR. J. ARNASON:** Yes, I'm sure it was that.

**HON. S. LYON:** And then any foundation work and so on would be in addition to that, and furnishings and so on.

**MR. J. ARNASON:** Yes.

**HON. S. LYON:** So in the disposal, I presume that somebody at Hydro has placed a value on these units that are being given over to the community. What would be the disposal value be, for instance, if it were agreed that because of the water levels the house of X had to be replaced by Hydro and the arbitrator had said that, presumably to replace that house with one of these living units that Hydro had at Jenpeg, there would have to be a cash equivalent struck so that the arbitrator would be satisfied that Hydro was giving as good as he had ordered? Has any such figure or any such arithmetic been worked out by Hydro or the committee?

**MR. J. ARNASON:** The one indication of the value of the units would be that we sold two of them to the RCMP for \$12,000 each. We did put them up for sale and those that were not sold we made available through the Northern Flood Agreement to these communities I mentioned.

**HON. S. LYON:** And you tendered some of the others. What price did you get on tenders, other than the \$12,000 to the RCMP? Were there any other prices greater or smaller, or what?

**MR. J. ARNASON:** There were no bids, Mr. Chairman. The problem of location and a facility that has depreciated over a period of some 10 years makes it uneconomical to move it to the southern system and re-establish it as a residence or use.

**HON. S. LYON:** Those were the living units we were talking about. What other buildings were there in the townsite that are being eliminated or disposed of?

**MR. J. ARNASON:** We had a warehouse there; we had garage facilities; we had a recreation centre; laundry facilities.

**HON. S. LYON:** What happened to those? How were they disposed of?

**MR. J. ARNASON:** Those buildings are still at site, Mr. Chairman.

**HON. S. LYON:** What's the intention . . .

**MR. J. ARNASON:** A correction to that statement. I'm advised that some were sold on a private basis and Cross Lake acquired one or more of the buildings.

**HON. S. LYON:** You mentioned that in place of the living quarters that were formerly there that Hydro is building a staff house, or something of that nature?

**MR. J. ARNASON:** Yes. A staff house is under construction at the present time.

**HON. S. LYON:** What's the estimated cost of the staff house?

**MR. J. ARNASON:** \$3.8 million is the total cost.

**HON. S. LYON:** \$3.8 million?

**MR. J. ARNASON:** Yes.

**HON. S. LYON:** Accommodation for how many people will be provided for that kind of an expenditure?

**MR. J. ARNASON:** Accommodation for approximately 54 people.

**HON. S. LYON:** What messing facilities will there be - dining facilities will there be in that?

**MR. J. ARNASON:** It would be a similar operation to what we have at Gillam. There'll be full dining facilities with a caterer involved in providing the service.

**HON. S. LYON:** I take it it would be larger than the Gillam staff house?

**MR. J. ARNASON:** As I recall the Gillam staff house will accommodate 60 or thereabouts.

**HON. S. LYON:** So this is of a size.

**MR. J. ARNASON:** This is not quite as large in terms of total accommodation.

**HON. S. LYON:** What kind of recreation facilities, if any, will there be in this staff house?

**MR. J. ARNASON:** I'm not sure of the details of that but there is space allocated for recreation of staff. It's obvious that staff who are in there for eight days have to have some facilities to take care of their spare time. There'll be probably a reading room and things of that nature.

**HON. S. LYON:** Isn't 3.8 million a bit elaborate for a staff house for a power facility which is of a size of, say, the one on the Winnipeg River, which is the most expensive hydro that we generate in Manitoba? Why are we adding to the lack of viability of this whole badly-conceived structure by adding now a \$3.8 million staff house to it? Isn't that just compounding the original error that was made by building the nonsense in the first place?

**MR. J. ARNASON:** The costs include all the services, water and sewer and site preparation. It's not only the building itself, but it'll be a complete building, furnished, with all the services.

**HON. S. LYON:** Mr. Chairman, I'm not questioning that the building will be a suitable building; I'm questioning the need for such a structure in the first place. Are we not getting, in these mounting costs of payments to Cross Lake and payments for \$3.5 million agreements, now a \$3.8 million staff house at Jenpeg, are we not fast reaching the point where we should take a look at this whole operation again and determine whether it should be shut down and closed before we waste any more taxpayers' money on it?

**MR. J. ARNASON:** I don't think the facility should be closed down.

**HON. S. LYON:** Mothballed maybe, until some . . .

**MR. J. ARNASON:** In terms of the cost of this facility, we made an analysis of staying in the so-called construction townsite, and in the long term it was less expensive to proceed with a staff house than maintain and upgrade the facilities that existed.

**HON. S. LYON:** If Hydro requires some 40 people to man and operate Jenpeg, what would the figure be, for instance, for Grand Rapids, how many people are required to man and operate Grand Rapids?

**MR. J. ARNASON:** At Grand Rapids, we would have approximately 30 people.

**HON. S. LYON:** I suppose the figure is here, if I look - the size of Grand Rapids in megawatts compared to . . .

**MR. J. ARNASON:** The size of Grand Rapids is 472 megawatts. Is that the figure you're looking for?

**HON. S. LYON:** Yes. It's almost four times as large as Jenpeg.

**MR. J. ARNASON:** Jenpeg would be 168 megawatts, summer rating; 126, winter rating.

**HON. S. LYON:** It's that kind of comparison which you may well say is invidious, because they are different kinds of structures, but isn't that the kind of comparison that your study group should be looking at and saying, my God, let's put an end, let's staunch this hemorrhage, before we bankrupt the utility in perpetuating a mistake that should never have been built in the first place.

Isn't that a line of reasoning that your committee must take a look at?

Having regard to the fact that that's all history, it's behind us and so on, but surely there must come a time when the lack of economy of this structure is so apparent to everyone that common sense, prudence, concern for the public interest and the taxpayers' dollar all indicate that we have got to look from Square One to see how long it will pay us to operate this inefficient facility.

**MR. J. ARNASON:** At Jenpeg, we can generate roughly 900 million kilowatt hours a year. Based on the value of that generation, sold to people in Manitoba, that would work out to close to - the carrying charges at Jenpeg are approximately \$23 million a year and they will continue. The value of the generation sold to residents of Manitoba would be in the neighbourhood of \$23 million-\$24 million.

**HON. S. LYON:** So you're suggesting that in terms of its carrying charges it might be in a break-even position?

**MR. J. ARNASON:** Yes.

**HON. S. LYON:** Well, I won't go back to the earlier question, which I think was obvious to everyone. If you had the decision to make today, I dare say it would be a different decision from the one that was made in the '70s.

Why is it that Jenpeg requires so many people to run it? That is, for its comparatively small output of power.

**MR. J. ARNASON:** The station, as you are aware, is fitted with bulb-type units. It is a more complex station to operate because of the auxiliaries. There is a considerable amount of mechanical works for water cooling, for oil systems, and it's simply more complex than other stations.

**HON. S. LYON:** What other capital expenditures, or maintenance expenditures, do you see Hydro being involved in as a result of the continuation of the operation of this station? Will there be other facilities that will be required to be built?

I must say that the staff house was - it comes as a bit of a surprise that we would have to put that kind of an investment into that small a plant. Is there anything else of that nature that you can envisage at this point, say, over a five-year span?

**MR. J. ARNASON:** The only other facilities we would need is some relocation of garage and storage facilities. I assume we would be using an existing building for that. But in terms of new structures, with the completion of the staff house, that should put us in a position where we should not have major expenditures of that nature at Jenpeg. We should be in pretty good shape.

**HON. S. LYON:** Using last, whichever would suit you, Mr. Arnason, either the calendar year or the fiscal year, as a basis, for what period of time was Jenpeg operating at full capacity or partial capacity? What is ever shut down completely?



**MR. J. ARNASON:** No, it has not been shut down completely. I think we might have to dig for those numbers, I just don't have them handy, but they certainly would be available.

**HON. S. LYON:** That's quite understandable. If they're not available, Mr. Chairman, today, if Mr. Arnason could undertake to pass them through the Minister's office in a week or so, or whenever they come to hand, that would be quite satisfactory.

I don't want to delay the committee on that account. I would just like to get some idea of the operating schedule of Jenpeg, of the different units at Jenpeg, whether it operates a quarter, a third, half, full capacity, and for what period of time.

**MR. J. ARNASON:** As a general statement, Mr. Chairman, the plant has been operating very well. The operating superintendent has been extremely pleased with its operation. So we anticipate the plant will give us minimum problems in the years ahead.

**HON. S. LYON:** Aside from its standards of operation, I'm really more interested in the power output over a one-year period, and to what extent it is operating at full capacity. As I recall, its potential is above its rated capacity, as I recall from my own visit up there and discussions at the time.

**MR. J. ARNASON:** At the time of the design of the plant, each unit was rated at a certain megawatt capacity, and in due course those units were uprated. In terms of the generation, of course, that varies with the amount of water in the lake, which fluctuates from time to time. In the last couple of years, we have had rather poor water conditions; good water conditions in more recent times, but we can provide some indication of, over a period of time, what the energy generated, possibly on a month-to-month basis.

**HON. S. LYON:** Recently - switching over to Grand Rapids for a moment - there has been discussion in the paper that the Minister of Resources is reopening negotiations with the three Indian bands, who were affected by the Grand Rapids forebay flooding and so on. To what extent, if any, has Hydro been involved in these discussions or negotiations with these bands about reopening?

**MR. J. ARNASON:** These negotiations have basically been with one of the provincial departments. We have been aware of them way back in the early '60s, when work was undertaken at Grand Rapids, and through a Letter of Understanding with the Minister responsible, we undertook certain compensation programs, certain undertakings relative to the Grand Rapids forebay. As I recall, in about 1967 we received a communique which indicated that our obligations had been fulfilled in that respect. I am fully aware that the local people, a number of bands in the area, are expressing concern and wanting compensation. No doubt they are being influenced by some of the results of the Northern Flood Agreement.

But in any event, to answer your question, at the moment we are not directly involved. We are aware of

what is going on, but as I understand there will be a group of people from one of the government departments that will be assigned to deal with this question.

**HON. S. LYON:** Is it your expectation that there will be any draw-down on Hydro's treasury for any settlement that might arise from these discussions? I realize that that's a touch hypothetical, but what steps has Hydro taken to assure that these negotiations will not prejudice Hydro's financial position?

**MR. J. ARNASON:** We don't know how these discussions will move forward, but certainly we would resist any financial involvement by Hydro on the basis that we have fulfilled our obligation, as communicated to us by the Minister back in the '60s.

**HON. S. LYON:** Hydro was, as I recall, an active member of the Grand Rapids Forebay Committee, which during the greater part of its existence - again my memory tells me - was chaired by the late Bill Shortinghuis. Was Hydro not an active member of that committee?

**MR. J. ARNASON:** Yes, we're going back in history a long ways. I'm sure we were a member. I know Mr. Funnell has quite a background on the history of that particular problem. Unfortunately, he's not here today, he could help us with that. But we were involved at that time.

**HON. S. LYON:** From the standpoint of Hydro, so far as you are aware as the chief executive officer of Hydro today, Mr. Arnason, neither legally, nor morally, nor in any other way is there any residual obligation or liability on the part of Hydro to any of the Indian bands concerned?

**MR. J. ARNASON:** I think we would have to take that one under advisement. We would have to talk to these people, see what their problems are, and move on from there. It is rather difficult to make that kind of a blank statement at this point in time. We hope that's our position, but I can't confirm it.

**HON. S. LYON:** But you said earlier that you are operating on the understanding, which was communicated to Hydro some 15 or 16 years ago, I presume, that Hydro's obligations with respect to the Grand Rapids forebay were at an end. Presumably, lawyers would be able to tell us that either releases had been obtained or claims were statute barred, or whatever, that Hydro was a free agent insofar as any residual claims that might arise would be.

**MR. J. ARNASON:** That's our understanding, that's our present position, that we have fulfilled our obligation, and until someone convinces us otherwise, that's our position.

**HON. S. LYON:** We understand from the Minister of Natural Resources that apparently some actions have been brought by one or more of the bands, I believe it's The Pas Band, The Grand Rapids Band, and the Chemahowin, based upon alleged continuing damages,

resulting from the Grand Rapids forebay flooding. Can you tell us whether or not Hydro is a defendant in that action that the Minister speaks of?

**MR. J. ARNASON:** I hesitate to answer, because I am not sure I can give you a correct answer to it. At the moment, I don't think we are involved, Mr. Chairman.

**MR. CHAIRMAN:** Mr. Parasiuk.

**HON. W. PARASIUK:** Just on that, my recollection is that Hydro isn't, but again I think it would be important for us to just do a double check on that, and I can pass that on . . .

**HON. S. LYON:** No, that's quite all right. I would expect, Mr. Chairman, that if Hydro had been sued for any serious amount by the bands that the board and the chief executive officer would know. I wasn't aware myself that this hadn't reached the formality of an action until the Minister said so, so that's how recent my information is on it, I think a day or two ago.

There was talk of an action. I'm going on the word of the Minister of Natural Resources, which I have no reason to doubt, that there is an action indeed, presumably in the Court of Queen's Bench in Manitoba, against the Government of Manitoba. I'm merely trying to find out if Hydro is either a defendant or has been joined in this action by the named defendants.

If we could get subsequent information, if your law officers can tell you whether or not Hydro has been joined, I would appreciate knowing that.

To what extent, if any, has there been consultation between the board or yourself, Mr. Arnason, or your senior officers, and the Minister of Natural Resources and his staff, about resumption of negotiations on Grand Rapids forebay alleged damages?

**HON. W. PARASIUK:** I can comment on that. Hydro's position has been articulated by Mr. Arnason, that Hydro does not feel any obligation unless it can be demonstrated otherwise. We aren't against people determining whether it can be demonstrated otherwise, we don't forestall or preclude that, but our position is that we do not have an obligation.

**HON. S. LYON:** Mr. Chairman, I thank the Minister for that corroboration of what Mr. Arnason has been saying. The concern - to come at it the other way - that has been expressed that the government may well be opening discussions on a statute-barred claim, that is on a claim by the Statute of Limitations, would no longer be a viable claim, if the government for its own reasons, decides to initiate discussions and maybe even potentially a settlement on such a claim that many would regard as being statute-barred, can we be assured that Hydro will not be swept into the vortex of that kind of a political decision and to become involved as one who is having to pay damages for something that its own law officers advise that they are not legally liable to pay?

**HON. W. PARASIUK:** I think that's something that Hydro obviously will have to look at. If that circumstance should arise and one looks at these circumstances in the

context of overall negotiations with respect to indigenous groups in Northern Manitoba, but it certainly wouldn't be a disposition on the part of Hydro to get involved in anything other than the legal requirements.

**HON. S. LYON:** Mr. Chairman, I'm happy to have that reassurance from the Minister because I don't imagine that it would be good policy for any Crown corporation to be seen to be waiving the Statute of Limitations for one group of citizens of Manitoba, but then saying to all the others that the law of Manitoba applies to the rest of you but it doesn't apply to this one little group. I'm sure Hydro wouldn't want to get into that invidious position, even if politicians from time to time are tempted to get into it. Can we have that assurance?

**MR. J. ARNASON:** Yes. We will attempt to avoid any future financial involvement in this project.

**HON. S. LYON:** Earlier in the committee hearings there was some discussion about the Capital Program of Hydro, the likelihood that there would not be any major construction undertaken on Limestone until 1987, I believe, or thereabouts?

**MR. J. ARNASON:** We would probably want six years lead time, so 1986 would be a period of assembling forces and getting ready and the major expenditures would begin in the time frame that you mentioned, '87 and onwards.

**HON. S. LYON:** In connection with that forecast by Hydro, there was a question arising about the size of the professional staff at Manitoba Hydro, particularly that professional staff which is devoted to engineering construction and so on. And as I recall, there was some indication that Hydro had struck a top-level committee to look into the question of staff sizing and see whether or not steps could be taken, prudent steps could be taken, to ensure that Hydro was not carrying an overload of highly professional, competent staff for which it would have no use for a period of three years.

Mr. Chairman, could Mr. Arnason give us that update on what that committee has been doing, what findings, if any, it has arrived at?

**MR. J. ARNASON:** In the last few months we've been reviewing this situation very closely. We have had a reorganization in our engineering construction group. At the moment that particular group would have a total staff of about 343 bi-weekly people and 180 hourly people, for a total of 523 people. That can be compared to the peak in construction when there was over 900 people in engineering construction, so there has been a paring down of that particular part of the organization and we expect that there will be some additional paring down through attrition. Relative to the total staff in Hydro as of last month, we would have 3,728 people on staff and if you look at the Annual Report, the peak, 1982, was 3,850. So there is a continuing process of review of our staff needs.

**HON. S. LYON:** Particularly in this group of planning and construction people though, what has been the attrition rate in that group? Because I judge that these

men and women are highly competent people, there's no question about that, but they are really surplus to the needs of Hydro and have been ever since Sundance was re-mothballed as a result of the Grid not proceeding and Alcan falling apart and so on. What is being done with that particular group?

**MR. J. ARNASON:** I disagree with the statement that they're surplus to the needs of Hydro. These people are providing a very valuable function to Hydro for continuing surveillance, engineering surveillance of our plants, and providing reports to the operating people. There is still an ongoing engineering function in Manitoba Hydro. We have a Transmission and Stations Department that is very very active; we have work going on at Heday and across the province on stations; and in the area of generation engineering there is an involvement in system studies and assistance to the operating groups. For example, we are rehabilitating plants on the Winnipeg River, which takes quite an engineering involvement, both at Great Falls and Seven Sisters. So in my opinion, the size of that group of engineering construction of 343 bi-weekly paid people, plus 180 hourly people - which fluctuates from time to time, the group in the bi-weekly category - we'd probably pare that down slightly, but it certainly isn't a group that is disposable at this point in time.

**HON. S. LYON:** Well, just so that we can be clear, because there seems to be a general understanding in the professional community, and I would have thought at Hydro as well that there are a number of professional, particularly engineering people on staff, who are really surplus to Hydro's needs at the present time. It's common knowledge, and you can tell me it's common knowledge on the street that there are high-priced - and they should be high-priced because they're competent people - who are literally spinning their wheels at Hydro because there's nothing for them legitimately to do.

I just took that for granted, because there's nothing being built. We're not talking about the regular maintenance and ongoing planning of Hydro, there is just nothing being built at the present time, for reasons that are apparent to all of us. But that being the case, what legitimate, prudent steps is Hydro contemplating or doing through this committee to size this staff down because are not, because as the late Bill Fallis used to say, Manitoba Hydro is not a philanthropic organization. We don't continue people on staff just for the sake of continuing them on staff. We have just gone to the people of Manitoba and asked them, the government has, to forgo one year of a rate freeze and have imposed an 8.5 percent increase on their hydro rates. Surely it's incumbent upon Hydro to make sure it's running an efficient ship.

Against that background, my question is, what is Hydro doing to size its staff in a more meaningful way, in order to justify these rate increases at a time when no construction is going on and the likelihood of it taking place is three years hence?

**MR. J. ARNASON:** I may have indicated to this committee at a previous meeting that shortly after I became president I put a freeze on all new hirings. So

there is very close control on any additions to the corporation. In addition we have had, during the three-month window for early retirement, some 79 people who have retired in that period. There will be only a partial replacement of those 79. I would expect that there would be a decrease of some 57 people that positions won't be refilled.

But relative to this committee you referred to, there is a Steering Committee, or a committee that consists of senior management and members of the profession and they are reviewing the long-term needs for professionals, engineers in the organization, and that report will be available, as I recall, in September, but it's an ongoing study and we are watching very closely the staffing situation in Manitoba Hydro. And as I indicated from the numbers share, there has been a substantial reduction from last year, so progress is being made.

**HON. S. LYON:** Have you been in receipt of any complaints from the general public about Hydro staff people who are, to use the term under-employed at work, doing moonlighting work to keep up their professional competence and so on because they're really wheel-spinning at Hydro during the day? Have you heard of complaints of that nature?!

**MR. J. ARNASON:** There have been no specific documented complaints come across my desk in that respect.

**HON. S. LYON:** Is Hydro still following the four-day work week during the summer?

**MR. J. ARNASON:** Yes, we are in a four-day work week situation.

**HON. S. LYON:** And that operates from when till when?

**MR. J. ARNASON:** It operates from approximately the middle of May until shortly after Thanksgiving.

**HON. S. LYON:** How have you found that four-day operation in terms of suiting the needs of Hydro?

**MR. J. ARNASON:** In terms of the total work period, as you know the staff work half-an-hour extra all year round and three-quarters-of-an hour extra during that summer period. The accumulation of that extra time is to make up for the Mondays off during the May to October period. Initially there probably was some disruption. We find that the summer period is extremely hectic, certainly for senior management people it's extremely hectic, but generally it's been very well received by staff. It's a tremendous fringe benefit and I'm not aware of any reduction in productivity as a result of it. I have no figures to indicate that there has been some loss in that respect.

**HON. S. LYON:** Mr. Chairman, I suppose Mr. Arnason and the staff at Hydro occasionally find it necessary to engage contractors or other people, because of this four-day schedule, because people just aren't there to do the work, is that the case?

**MR. J. ARNASON:** We have a number of summer students; we supplement the work force in the

summertime with summer students. Particularly when you get into the customer accounts area, the billing area, there's a large number of summer students added to that particular group.

**HON. S. LYON:** And for any other functions in Hydro that you would have to engage contractors or others because of the days-off schedule?

**MR. J. ARNASON:** I'm not aware of Manitoba Hydro engaging contractors because of any problems as a result of the four-day week.

**HON. S. LYON:** Have you had any necessity to issue any bulletins to staff about restrictions on what jobs they would take after they've completed their four days of work at Hydro? Is there any evidence that you have come across that Hydro employees occasionally might find themselves doing work indirectly perhaps, for Hydro, because they might be retained by outside contractors or outside persons who are contracting to do work for Hydro and who would find that these people have expertise and knowledge which would be helpful to them and might end up doing work for them, for the outside contractor? Have you had any complaints of that sort?

**MR. J. ARNASON:** Yes, we have had. Back in about '76-'77, was the first time that Mr. Fraser and I jointly signed instructions to staff relative to conflict of interest and I believe more recently, possibly within the past year or two years, that has been re-issued. I have held discussions in the western part of the province with the divisional manager and some of the staff who were involved in some of these after-hour activities.

**HON. S. LYON:** Were these after-hour activities that were directly or indirectly involved with Hydro work?

**MR. J. ARNASON:** Some of them had purchased equipment and were involved in light construction. They would be setting poles for farmers, that kind of thing. It gets to be a very grey area as to what you can do in that respect.

**HON. S. LYON:** I take it then that Hydro's policy, Mr. Chairman, is, as much as possible, even though setting poles may not be a bad thing in itself, as much as possible Hydro discourages its staff people from engaging in after hours Hydro-related activities? Is that the case or not?

**MR. J. ARNASON:** Yes, I think our instructions to staff cover that point very well.

**HON. S. LYON:** Have you had any recent complaints from the public about breaches of that policy by any of your staff people?

**MR. J. ARNASON:** No, I have not had any recent complaints.

**HON. W. PARASIUK:** I would like to ask Mr. Lyon if he has any specific complaints himself? If he would forward them on to me or - because I haven't received any specifically . . .

**HON. S. LYON:** If I have any, I'd be happy - that is, with names attached - to pass them along to Mr. Arnason. I'm just asking it as a matter of general policy.

On an earlier occasion when the size of Hydro staff was being discussed, and I come back to the point that it was my impression - and many many weeks have elapsed since then - that a special committee had been struck to do staff sizing. Indeed I believe the Chairman announced at some stage after the rate increase was being sought that the size of Hydro staff was going to be looked at. I think there has probably been some gentle nudging by the opposition saying that that was a logical thing to do, but nonetheless it was announced. Is that a different committee from the one about which Mr. Arnason was speaking, Mr. Chairman, or is it one and the same committee that is reporting, as he said, in September?

**MR. CHAIRMAN:** Mr. Arnason. Mr. Cherniack.

**MR. S. CHERNIACK:** Mr. Chairman, the staff review that was - and I don't remember the statement, particularly that is attributed to me, but certainly there was to be a staff review and it is under the aegis of Mr. Arnason.

**HON. S. LYON:** Mr. Chairman, that had to do with - tied into the freeze on staff hirings and into the sizing of staff that Mr. Arnason has spoken about and so on.

**MR. S. CHERNIACK:** That's right.

**HON. S. LYON:** And that committee will be reporting to Hydro in September. Have you any indications, at this stage, as to whether it is going to be suggesting a fairly large reduction in Hydro professional staff because of the lack of work?

**MR. CHAIRMAN:** Mr. Arnason.

**MR. J. ARNASON:** No, I have no information at this point in time from the group as to what the results of their study would be.

I might add to that, Mr. Chairman, that I don't anticipate that there will be any major reduction in staff.

**HON. S. LYON:** This reduction that the president spoke of, Mr. Chairman, from 3,850, I believe it was, down to 3,728, did that include the 79 people who took early retirement?

**MR. J. ARNASON:** Yes, that should include those numbers, yes.

**HON. S. LYON:** So, in effect, what we are seeing is that there has been virtually little internal sizing of staff by Hydro other than by induced retirements; that is, retirements induced by the overall government plan, normal retirements, but there has been no other sizing of staff at all. There have been no releases of staff people of any large number to accommodate the staff sizing that we were under the impression was going to take place, because there isn't much doing in the construction side.

**MR. J. ARNASON:** I think we got to remember that construction is only one small phase of our operation.

Manitoba Hydro is in business to serve customers across this province, and we have a large number of people involved in the operation of our system. That operation will continue, and with the passage of time it becomes more complex and more staff are required. So, to put it in some perspective, the construction engineering arm is a relatively small component of the total staff that are involved in the operations end, and that group will fluctuate from time to time, depending on the activities.

As I said before, the reduction has been substantial and was started back in 1976-77 period when we realized that we'd be gradually completing the major projects that were under way at that time. We started cutting back on staff and we are down to 50 percent of the staff that we had at that time.

So I don't see any major cutbacks or layoffs beyond this point, but we will be watching the total complement very closely. People who retire will not be replaced unless there is clear evidence that that position has to be fulfilled, and instructions have been given to staff to watch that very closely. I think progress is being made.

**HON. S. LYON:** Mr. Chairman, while we take all of that for granted, as Mr. Arnason can assume that I did, it is still common knowledge within the trade that there is a surplus of staff, professional engineering staff, at Manitoba Hydro, and that there is a growing degree of under-utilization of highly competent people. My basic question, that I keep coming back to, is what does Hydro intend to do about that?

**MR. J. ARNASON:** Mr. Chairman, the rough numbers for engineers within the corporation would be in the neighbourhood of 225. Of that number, operations would have approximately 80 engineers, and the rest would be basically in the engineering construction area. I would expect that of the total in the construction engineering area, it is likely that we would have about 10 percent that we would be looking at very closely in terms of their workload and consolidation of some of those jobs.

**HON. S. LYON:** Well, I suppose we can wait for the next committee. I was going to ask if it would be possible to have some indication from Hydro intersessionally as to what the results of that committee report and Hydro's consideration of that report is. If it's possible to have some interim report from Mr. Arnason, that would be fine; otherwise, we will have to wait until the committee meets again, but this now being past mid-August, that may not be too long in any event. So if it's possible to have an interim report, that would be appreciated; if not, Mr. Chairman, if Mr. Arnason could be aware that we will be taking up this point again at the next resumed sitting of the committee with some indication of the figures that have resulted from whatever action he takes, that would be helpful.

I notice in the report that we're dealing with, it encompasses the fiscal year ended March 31, 1982, which is now a year and several months stale. I notice also that the letter from the Chairman to the Minister, the Letter of Transmission, was dated the 25th of June, 1982. I presume that Hydro are sitting on a whole next

of reports at the present time. When can we expect to receive the 1983 report?

**MR. CHAIRMAN:** Mr. Parasiuk.

**HON. S. LYON:** Not that we're going to start on it today

**HON. W. PARASIUK:** No, no. I would expect that would be soon.

**HON. S. LYON:** How long until it's printed and ready for distribution, may I ask the Minister?

**HON. W. PARASIUK:** I know it's printed. I haven't had the opportunity to take a good look at it myself. After I've taken a look at it, the Minister generally then tables the report.

**HON. S. LYON:** So we can expect that soon. Can I ask the chairman, Mr. Chairman, did he transmit the report to his Minister at about the same time as he did last year, namely, the 25th of June of 1983?

**MR. CHAIRMAN:** Mr. Cherniack.

**MR. S. CHERNIACK:** I don't remember the date, but it has been sent. The Minister has it.

**MR. CHAIRMAN:** Mr. Lyon.

**HON. S. LYON:** I don't think I have anything else for the moment, Mr. Chairman.

**MR. CHAIRMAN:** Any further discussion of the report? Mr. Gourlay.

**MR. D. GOURLAY:** Thank you, Mr. Chairman. I wonder if there are any discussions at the present time or negotiations between Hydro and the Federal Government with respect to a transmission line into Churchill.

**MR. CHAIRMAN:** Mr. Parasiuk.

**HON. W. PARASIUK:** Yes, there are. I have been in touch with the Federal Government. They are doing an assessment of it, in that the Federal Government is the biggest user of hydro-electricity in Churchill. They are looking at it internally. We would hope that some time in September we could resume those discussions. They were doing an analysis of what their actual costs are, what their costs are projected to be. They are also taking a look at Churchill in a larger sense, taking a look at it in terms of what's required to, in a sense, make the port work, whether that would have any implications on their hydro demand.

So there are two types of activity going on in parallel, but they both complement each other. Looking at what the Federal Government requires in the way of Hydro, based on their current type of operation, and the other analysis is looking at what type of Hydro would be required in terms of actually making the port a more operational, functional port.

So this is something that will be pursued in a very intensive manner in the autumn.

**MR. GOURLAY:** Thank you, Mr. Chairman, I have no further questions.

**MR. CHAIRMAN:** Any further questions? What is the will of the committee? Page-by-page? (Agreed) Page 1—pass; Page 2 - Mr. Lyon.

**HON. S. LYON:** Page 2, Mr. Chairman. In Mr. Blachford's report, he indicated in the fourth paragraph that the actual load growth for the fiscal year for which he was reporting was in the order of 0.3 percent. Could we have some indication as to what that load growth has been for the year ending March, 1983? Is that readily available? It must be in the report that somebody's sitting on.

**MR. J. ARNASON:** The figures for the end of fiscal year 1983 are minus 2 percent.

**HON. S. LYON:** Minus 2 percent.

**MR. J. ARNASON:** And these are not weather corrected.

**HON. S. LYON:** Mr. Chairman, there's no immediate urgency and I'm not trying to embarrass the president or the chairman or any of the staff. If that figure could be obtained - I presume it's in the Annual Report - I wanted it merely for purposes of comparison, because it sometimes does indicate how we're doing.

**MR. CHAIRMAN:** Pages 2 to 13 inclusive were each read and passed. Page 14 - Mr. Lyon.

**HON. S. LYON:** Just on Page 14, seeing the visage of a number of the former chairmen reminds me to ask, has Hydro arrived at a settlement with Mr. Kristjanson concerning proposed pension arrangements that I believe he was negotiating with the utility?

**HON. W. PARASIUK:** Yes, my understanding is that has been arrived at. There has been a settlement on the pension arrangements.

**HON. S. LYON:** Thank you.

**MR. CHAIRMAN:** Pages 14 to 16 inclusive were each read and passed. Pages F1 to F6 were each read and passed. F7 - Mr. Lyon.

**HON. S. LYON:** Mr. Chairman, on Pages F7 and F8, Foreign Exchange on Long-Term Debt, I notice that explanatory paragraph is put in. Do we have a comparable figure for this year, presumably the same auditor's note will appear on this year's Annual Report. How has our foreign exchange loss fared over the last year? The Canadian dollar has remained relatively stable; how much are we in hock now in these foreign borrowings?

**HON. W. PARASIUK:** When I get an opportunity, I hope if the Session ends soon, I would get an opportunity to catch up on some mail and I would certainly be able to provide that information very shortly.

**HON. S. LYON:** In a word, is it better or worse than that shown in F7?

**HON. W. PARASIUK:** I haven't had a chance to see it. I don't know. I think we have to see it.

**MR. J. ARNASON:** It's .5 million . . .

**HON. S. LYON:** More than last year . . .

**MR. J. ARNASON:** More than . . .

**HON. S. LYON:** Foreign exchange? I'm talking about the total. To make it clear, I'm talking about the total of the obligation of Manitoba Hydro, which is in the area, because of foreign exchange losses, of some \$326 million in 1981.

**MR. J. ARNASON:** I'm advised that the figure 335 on Page F7 is down to 321.

**HON. S. LYON:** Good.

**MR. CHAIRMAN:** Pages F7 through F12 inclusive were each read and passed; Report—pass.  
Committee rise.