

## **Opinion**

### **Good reasons to worry about Hydro**

**By: Bryan Schwartz**

A consultant hired by Manitoba Hydro to review the \$12 billion utility's risk management practices says that she found them gravely wanting, and that Manitoba taxpayers and ratepayers face huge potential costs related to Hydro's poor risk management practices. She claims that rather than acting on her review, Bob Brennan, the CEO of Manitoba Hydro, instead fired her. Her role then changed from a consultant to a whistleblower.

Brennan has since publicly denounced the reliability and value of the consultant's study. The consultant responded that Brennan's denunciation of her work contains many statements that are untrue.

Brennan says that Manitoba Hydro has commissioned and obtained a second study that he says shows that Hydro's risk management is "adequate." It is not clear how the assessment was made, since, apparently, the authors of the second study did not have access to the whistleblower's report. Further, Brennan has not released either the terms of reference or the full report of the second study, or, for that matter, the fired consultant's report. Brennan can release the information, but has not. He should.

The whistleblower was not the first or only party to raise concerns about Manitoba Hydro's risk management practices. So has its regulator, the Public Utilities Board (PUB). Last year, the PUB ordered much higher rate hikes for Manitoba ratepayers than Manitoba Hydro had asked for. The PUB stated that it was concerned about the credibility of Manitoba Hydro's risk and revenue projections. The PUB has repeatedly ordered Hydro to provide it with detailed risk management analyses. Hydro has repeatedly failed to do so. Instead of complying with his regulator's orders, Brennan asked for "more time" to put the analyses in "context".

Manitobans bear the ultimate risk for Manitoba Hydro. They're entitled to openness, transparency and accountability from Hydro, its management, and from the government.

Instead, Manitobans have good reason to worry.

Manitobans should worry whether Hydro management has been avoiding disclosure of uncomfortable facts and analyses, spending public money on damage control, and whether Hydro has taken on massive risks without adequate analysis, planning and public disclosure and discussion.

Manitobans should worry about the investigation of Hydro by Auditor General Carol Bellringer. She was a member of Hydro's board and chaired its audit committee in 2004 and 2005. Possible failures of oversight, supervision, personnel decisions and direction by the board during those years might be an issue in a thorough investigation. It is not enough that "outside expertise" will be brought in to work under Bellringer, or that the Ombudsman will provide oversight. In the interests of an independent, rigorous, and objective review of Manitoba Hydro, she should have no involvement in the review to avoid any appearance of being unconsciously influenced by her past close connection with the utility. Manitobans should worry whether the Public Utility Board has adequate authority to investigate fully mismanagement at Hydro and report on it, or even to force Hydro to comply with its orders.

So what to do?

Hydro must begin by releasing the whistleblower's original reports.

Manitoba's access to information laws provide that technical and scientific reports should ordinarily be made public on request. If Hydro's risk management practices are wanting, then Manitoba taxpayers have a compelling interest in knowing this, and in seeing that they are fixed.

Hydro suggests that releasing the studies would somehow jeopardize Hydro's economic interests. How this is so has not been explained. The current cloud of secrecy and unresolved doubt over Hydro's methods might in itself hurt Hydro's credibility with potential buyers and suppliers. If there are errors in the whistleblower's studies, Hydro would be free to identify them, and reestablish confidence in its reliability.

It is possible that there are several specific passages in the whistleblower studies that genuinely do warrant protection under our access to information laws. These could simply be blanked out if and when Hydro finally releases them. There is no apparent reason for the wholesale suppression of the report, including its overall findings and conclusions.

Protecting the confidentiality of third parties, such as the whistleblower, can be a ground for a public body to withhold information. But after having her work publicly slammed by Brennan, one expects the whistleblower would be eager to see it released so the people of Manitoba can make their own judgment.

The public has interests of the first order here. Hydro must be open, transparent and accountable; it must have sound governance and risk management practices; and it must contribute to the growth of a dynamic and diverse Manitoba economy.

There is a public need to know, and to know now.

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