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U.S. consultant backs whistleblower in Hydro audit

By CBC News

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A complaint filed with the Manitoba Ombudsman's Office under provincial whistleblower legislation in December 2008 accuses the utility of taking too many risks with the province's power supply and alleges that mismanagement has cost Hydro more than \$1 billion.

The whistleblower is a former Hydro consultant who works for a New York-based risk-management firm. She came forward to allege that the Crown corporation is miscalculating how much power it can generate and sell and that the province could face significant blackouts in the future.

The whistleblower has said what she uncovered were "systemic and massive" computer system flaws with obsolete computers maintaining the calculations that keep Manitoba's lights on.

'A thorough public review of Manitoba Hydro's methodology and data is overdue.' *Robert McCullough*

Hydro CEO Bob Brennan appeared before a provincial government sub-committee on Nov. 17 and defended the utility against the whistleblower's claims. He said a report from research consultants ICF International shows her allegations are incorrect.

But on Wednesday, CBC News obtained a consultant's document from Portland, Ore.-based McCullough Research that said the ICF report contains outdated data and was "hastily prepared."

The report Brennan cited spends little time "analyzing the underlying risk of future droughts or Manitoba Hydro's planning methodology," Robert McCullough writes in his 16-page evaluation of the whistleblower's allegations and Hydro's public response to them.

"Overall, the [whistleblower's] concerns appear consistent with current academic research on long-term drought risks and impacts and deserve further public scrutiny," McCullough writes.

McCullough calls Hydro a Crown corporation that is "shrouded in secrecy" and provides "very limited materials" to Manitoba's oversight Public Utility Board.

"A thorough public review of Manitoba Hydro's methodology and data is overdue," said McCullough.

Hydro stands behind report

Hydro spokesman Glenn Schneider said the corporation had just received McCullough's report on Wednesday and wanted time to review it prior to commenting.

However, Schneider said Hydro has crossed paths with McCullough's firm in the past.

"Manitoba Hydro is aware of the McCullough Research Group, who have been long-time critics of our organization," Schneider said in an email.

"The McCullough Group, for example, has assisted Cross Lake First Nation with campaigns that were critical of Manitoba Hydro ? both within the province and in Minnesota."

Hydro continues to stand behind ICF International's research, Schneider said.

"We believe our corporation's risk-management policies and procedures as they relate to drought risk, and our engineering and economic planning related to future transmission and generating projects, are sound," he said.

The province has called a special audit of Hydro to investigate the whistleblower's claims.

That review is being arranged by the ombudsman's office.

CBC News has made McCullough's report available to readers of the website. It can be viewed by clicking on the link at the upper right of this story.

If you have any tips for the CBC News investigative team, call the confidential tip line at 204-788-3744

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