

MANITOBA HYDRO

2012/13 & 2013/14 ELECTRIC GENERAL RATE APPLICATION

UNDERTAKING PROVIDED BY: L. MORRISON

Manitoba Hydro Undertaking #10

Provide an explanation as to what was driving the annual increase of 8.9% in energy consumption from 1998-2003 in the residential market. Also indicate why it would be flat in the last 5 years.

Response:

The observed difference in average annual growth rates for the periods of 1998/99 to 2002/03 and 2007/08 to 2011/12 are primarily due to variation in weather.

“Total Residential” GW.h sales presented in the Board Counsel’s Book of Documents, Volume 1, Tab 6, Page 43, Figure 8.4 for the period of 1998/99 to 2010/11 are actual annual energy sales for the Residential Basic customer group, not adjusted for weather effect. The Residential Basic customer group excludes Residential Seasonal and Residential Diesel customers.

The following table shows both the actual and weather adjusted annual GW.h sales as reported in Attachment 1 – 2012 Electric Load Forecast, page 17, Table 13 in the Submission for Interim Rates Effective September 1, 2012.

RESIDENTIAL BASIC CUSTOMER SALES (GW.h)									
Fiscal Year	Actual GW.h Sales				Weather Adjusted GW.h Sales				
	Actual Sales	Annual Growth	Annual % Growth	Average Annual Growth	Weather Adjustment	Weather Adjusted Sales	Annual Growth	Annual % Growth	Average Annual Growth
1998/99	5384				202	5586			
1999/00	5364	-20	-0.4%		306	5670	84	1.5%	
2000/01	5737	373	7.0%		-39	5699	29	0.5%	
2001/02	5674	-63	-1.1%		129	5802	103	1.8%	
2002/03	6266	592	10.4%	4.1%	-266	6000	198	3.4%	1.9%
2003/04	6170	-96	-1.5%		-2	6169	169	2.8%	
2004/05	6275	105	1.7%		10	6285	116	1.9%	
2005/06	6171	-104	-1.7%		251	6421	136	2.2%	
2006/07	6443	272	4.4%		-21	6421	0	0.0%	
2007/08	6736	293	4.5%	1.5%	-83	6653	232	3.6%	2.2%
2008/09	6847	111	1.6%		-159	6688	35	0.5%	
2009/10	6786	-61	-0.9%		130	6917	229	3.4%	
2010/11	6952	166	2.4%		78	7030	113	1.6%	
2011/12	6818	-134	-1.9%	0.3%	297	7114	84	1.2%	1.7%

When adjusted for weather effect the average annual growth for the periods identified are relatively similar at 1.9% per year for the period of 1998/99 to 2002/03 and 1.7% for the period of 2007/08 to 2011/12.

1998/99 was a warm year and 2003/04 was a cold year. After weather adjustment, the weather adjusted sales rose from 5,586 GW.h in 1998/99 to 6,000 GW.h in 2002/03, representing an average annual growth of 104 GW.h per year.

Similarly, 2011/12 was a warm year. After weather adjustment, the “flat” period weather adjusted sales were 6,653 GW.h in 2007/08 and 7,114 GW.h in 2011/12 representing an average annual growth of 115 GW.h per year.