

**MANITOBA HYDRO**  
**2015/16 & 2016/17 GENERAL RATE APPLICATION**

**LETTER OF APPLICATION**

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**IN THE MATTER OF:** *The Crown Corporations Public Review & Accountability Act (Manitoba)*

**IN THE MATTER OF:** An Application by Manitoba Hydro for an Order of the Public Utilities Board Approving Increases to Electricity Rates

**TO:** The Executive Director of the  
Public Utilities Board of Manitoba  
Winnipeg, Manitoba

1. Manitoba Hydro hereby applies to the Public Utilities Board of Manitoba (“PUB”) for an Order pursuant to *The Crown Corporations Public Review & Accountability Act* for the following:
  - a) Approval, on an interim basis, of rate schedules incorporating an across-the-board 3.95% rate increase to all components of the rates for all customer classes effective April 1, 2015, sufficient to generate additional revenues of \$57 million in 2015/16;
  - b) Approval of a further 3.95% across-the-board rate increase to all components of the rates for all customer classes effective April 1, 2016, sufficient to generate additional revenues of \$60 million in 2016/17;
  - c) Final approval of Orders 49/14 and 51/14 which approved, on an interim basis, a 2.75% rate increase effective May 1, 2014 applied on an across-the-board basis, and final approval of any other interim rate Orders issued subsequent to the filing of the Application and prior to conclusion of this proceeding;
  - d) Final approval of the Light Emitting Diode (“LED”) rates for the Area and Roadway Lighting class approved on an interim basis in Order 79/14;

- 1 e) Approval to implement Time-of-Use Rates for the General Service Large customer class  
2 served at greater than 30 kilovolts (“kV”), effective April 1, 2016, including the change in the  
3 definition of billing demand to be the highest measured on-peak demand in the month, 50%  
4 of contract demand or 50% of the highest on-peak demand in the previous 12 months;  
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- 6 f) Confirmation that the PUB accepts the rate approval process given proposed modifications to  
7 the Terms and Conditions of Option 1 of the Surplus Energy Program (“SEP”) as outlined in  
8 Tab 6 of this Application, that were approved on an interim basis in Order 43/13;  
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- 10 g) Confirmation that the PUB accepts the rate approval process given proposed modifications to  
11 the Curtailable Rate Program (“CRP”), as outlined in Tab 6 of this Application, that were  
12 approved on an interim basis in Order 43/13;  
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- 14 h) Final approval of all SEP interim *ex parte* rate Orders as set forth in Tab 10 of this  
15 Application, as well as any additional SEP *ex parte* Orders issued subsequent to the filing of  
16 this Application and prior to the PUB’s Order in this matter;  
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- 18 i) Final approval of CRP *ex parte* Order 46/14 as well as any additional *ex parte* Orders in  
19 respect of the CRP issued subsequent to the filing of this Application and prior to the PUB’s  
20 Order in this matter;  
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- 22 j) Final approval of Orders 116/12 and 117/12 that approved, on an interim basis, a 6.5% rate  
23 increase to the full cost portion of the General Service and Government rates in the four  
24 remote communities served by diesel generation effective September 1, 2012, and final  
25 approval of diesel zone interim Orders 17/04, 46/04, 159/04, 176/06, 1/10, 134/10, 1/11 and  
26 148/11, subject to confirmation that MKO has provided the parties to the agreement with the  
27 required affidavits from representatives of signatories to the agreement; and,  
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- 29 k) Approval to rescind the Demand Side Management deferral account established pursuant to  
30 Order 43/13 for the 2012/13 and 2013/14 fiscal years and on a go-forward basis.  
31

- 32 2. Manitoba Hydro last filed a General Rate Application with the PUB on June 15, 2012 for the  
33 2012/13 & 2013/14 fiscal years, which resulted in Order 43/13. This Order approved a 3.5%  
34 across-the-board general rate increase effective May 1, 2013, and directed that the revenues from  
35 a 1.5% portion of the increase accrue to an account to be utilized to mitigate the anticipated rate  
36 impacts when Bipole III is placed into service. Order 43/13 also provided final approval for  
37 Manitoba Hydro to maintain in its rates and revenues the 1% rate change that was previously  
38 approved by the PUB on an interim basis and subsequently rolled back in Order 5/12, final  
39 approval of the 2.0% interim rate increase granted in Orders 32/12 and 34/12 for April 1, 2012,

1 and final approval of the 2.4% interim rate increase granted in Orders 116/12 and 117/12 for  
2 September 1, 2012.

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4 3. Subsequent to Order 43/13, Manitoba Hydro applied to the PUB for approval of an interim rate  
5 increase of 3.95% effective April 1, 2014, applied on an across-the-board basis to all customer  
6 classes. On May 5, 2014, the PUB issued Order 49/14 approving, on an interim basis, a 2.75%  
7 across-the-board general rate increase effective May 1, 2014, and directed that the revenues from  
8 a 0.75% portion of the increase accrue to the Bipole III deferral account established in Order  
9 43/13. Subsequent to the issuance of Order 49/14, Manitoba Hydro filed a letter requesting the  
10 PUB to consider implementation of new LED rates for the Area and Roadway Lighting class on  
11 an interim basis effective August 1, 2014. This request was approved in Order 79/14.

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13 4. By this Application, Manitoba Hydro is seeking approval, on an interim basis, of a 3.95% across-  
14 the-board general rate increase effective April 1, 2015 sufficient to generate additional revenue of  
15 \$57 million in 2015/16, and a further across-the-board general rate increase of 3.95% effective  
16 April 1, 2016, sufficient to generate additional revenue of \$60 million in 2016/17. The April 1,  
17 2015 rate increase, if approved, would result in a \$3.20 increase in the monthly bill of a  
18 residential customer without electric space heat using 1,000 kilowatt-hours (“kWh”) per month,  
19 and a \$6.11 increase in the monthly bill for a residential customer with electric space heat using  
20 2,000 kWh per month. The April 1, 2016 rate increases, if approved, would result in a \$3.33  
21 increase in the monthly bill of a residential customer without electric space heat and a \$6.36  
22 increase in the monthly bill for a residential customer using electricity for space heat. For rates  
23 effective April 1, 2016, Manitoba Hydro is also requesting approval to implement TOU rates for  
24 the General Service Large customer class served at greater than 30 kV.

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26 5. This Application provides prima facie support to provide the rate relief requested in this  
27 Application effective April 1, 2015. The subsequent regulatory process and public hearing will  
28 allow the PUB to confirm the interim rate increase and review the request for a further rate  
29 increase effective April 1, 2016. Approval of the rate increases proposed in this Application is  
30 required to maintain net income and financial ratios for 2015/16 and 2016/17 at acceptable levels.  
31 Absent the requested rate increases, Manitoba Hydro is projecting that over the 2015/16 and  
32 2016/17 fiscal years, there would be no cumulative contribution to financial reserves and that  
33 financial ratios would deteriorate below acceptable levels. In making this Application, Manitoba  
34 Hydro has considered customer sensitivity to rate increases as well as the financial position of the  
35 Corporation, and believes the proposed rate increases are the minimum necessary in order to  
36 promote rate stability for customers and ensure the financial integrity of the Corporation.  
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2 6. The circumstances giving rise to the rate increases will be discussed in Tab 2 of the Application.  
3 Further information in support of the Application will be provided in Tab 3 to Tab 9 of the  
4 Application. In addition, Manitoba Hydro will address the responses to a number of PUB  
5 directives in Tab 10 of the Application.

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7 Communication related to this Application should be addressed to Manitoba Hydro in the  
8 following fashion:

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10 Manitoba Hydro  
11 Attention: Odette Fernandes  
12 22<sup>nd</sup> Floor, 360 Portage Avenue  
13 Winnipeg, Manitoba  
14 R3C 0G8

15  
16 Telephone No. (204) 360-3633  
17 Fax No. (204) 360-6147  
18 E-Mail: [ofernandes@hydro.mb.ca](mailto:ofernandes@hydro.mb.ca)

19  
20 DATED at Winnipeg, Manitoba this 16<sup>th</sup> day of January, 2015.

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**MANITOBA HYDRO**

“ORIGINAL SIGNED  
BY ODETTE FERNANDES”

Per:   
Odette Fernandes