

MANITOBA HYDRO
2010/11 & 2011/12 GENERAL RATE APPLICATION

LETTER OF APPLICATION

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 of rate schedules incorporating an across-the-board 2.9% average increase in General Consumers’ rates effective April 1, 2010, which rate schedules are provided as Appendix 10.3 to this Application;
- b) Approval of rate schedules incorporating a further across-the-board 2.9% average increase in General Consumers’ rates effective April 1, 2011, which rate schedules are provided as Appendix 10.4 to this Application;
- c) Final approval of all Surplus Energy Program (“SEP”) *ex parte* rate orders as set forth in Appendix 10.7 as well as any additional SEP *ex parte* rate orders issued subsequent to the filing of this Application and prior to the PUB’s order in this matter;

1 d) Final approval of Curtailable Rate Program *ex parte* Order 46/09 as well as any
2 additional *ex parte* orders issued in respect of the Curtailable Rate Program
3 discounts subsequent to the filing of this Application and prior to the PUB's order
4 in this matter;

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6 e) Final approval of Order 126/09, which order resulted from Manitoba Hydro's
7 Application for Temporary Billing Demand Concessions for General Service
8 Medium and Large customers related to impacts of the economic downturn. In
9 Order 126/09, the PUB approved this Application, in the form of "a partial bill
10 payment deferral program". Manitoba Hydro is requesting that the PUB's final
11 approval of Order 126/09 include making permanent, billing concessions granted
12 under such program.

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14 Included in the rate schedules for which Manitoba Hydro is seeking approval is the
15 reduction of the Basic Monthly Charge ("BMC") for Residential customers. Starting
16 April 1, 2010 the proposal is to reduce the BMC from \$6.85 to \$5.85 with a further
17 reduction to \$4.85 beginning April 1, 2011. These decreases are being initiated to assist
18 low income customers with low metered monthly consumption. The BMC for seasonal
19 customers remains unchanged. The revenue decrease in both years of the application is
20 being recovered in the energy rate proposed. See Tab 10 for further information about the
21 reduction of the BMC.

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23 2. The proposed General Consumers' rate increases of 2.9% effective April 1, 2010 and
24 April 1, 2011 are projected to yield the Corporation additional revenue of \$33.4 million
25 in 2010/11 and further additional revenue of \$35.1 million in 2011/12. The proposed rate
26 increases reflect the appropriate balance between customer sensitivity and fiscal
27 responsibility. In consideration of the economic downturn and its effects on ratepayers,
28 2.9% increases in each of the next two years are considered to be reasonable. For
29 information, rate increases in other jurisdictions are: BC Hydro 9.7% (effective April 1,
30 2009; Nova Scotia Power 9.3% (effective January 1, 2009); SaskPower 8.5% (effective
31 June 1, 2009); and Hydro-Québec 1.2% (effective April 1, 2009). The circumstances
32 giving rise to the request for this increase are summarized in Tab 2 of the Application.
33 Further information in support of the Application is included in Tabs 3 to 12 of this
34 Application.

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36 3. In addition to the documents filed with the Board, Manitoba Hydro will address the
37 responses to a number of PUB directives in Tab 13.

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2 Communication related to this Application should be addressed to Manitoba Hydro in the
3 following fashion:

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5 Manitoba Hydro
6 Attention: Patti Ramage
7 22nd Floor, 360 Portage Avenue
8 Winnipeg, Manitoba
9 R3C 0G8

10
11 Telephone No. (204) 360-3946
12 Fax No. (204) 360-6147
13 E-Mail: pjramage@hydro.mb.ca

14
15 DATED at Winnipeg, Manitoba this 30th day of November, 2009.

16
17
18 **MANITOBA HYDRO**

19
20 "ORIGINAL SIGNED
21 BY PATRICIA J. RAMAGE"

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23 Per: _____
24 Patricia J. Ramage