

ELECTRIC GENERAL RATE APPLICATION 2015**Manitoba Hydro Undertaking #59**

Manitoba Hydro to provide a list of cost of service topic areas with alternatives and pros and cons.

Response:

The attachment to this response contains the correspondence and presentation made at the initial stakeholder meeting that describes the stakeholder engagement process. The final matrix of cost of service topics and alternatives has not received final internal review but is expected to be provided in the course of the upcoming review of the cost of service study.

Stakeholder Engagement Cost of Service Study

Inaugural Meeting
August 27, 2014



Agenda

- Introductions
- Opening Comments
- History and Background
- Manitoba Hydro's Cost of Service Study
- Time-of-Use Rates for Large Customers
- Stakeholder Engagement Overview
- Closing comments and next steps

Introductions

- Greg Barnlund, Division Manager, Rates & Regulatory Affairs
- Kelly Derksen, Department Manager, Cost of Service
- Shannon Gregorashuk, Department Manager, Regulatory Services
- Ashley Jansen, Supervisor, Regulatory Services

Opening Comments...

The purpose of this meeting

- Manitoba Hydro is undertaking an examination of its Cost of Service Study and certain Rate Design matters and is looking to have a dialogue with stakeholders and intervenor representatives.
- The purpose of this dialogue is to develop a common understanding of the issues and to identify possible alternatives.
- The goal is to obtain feedback to be considered in the development of Manitoba Hydro's next Cost of Service Study.



What would this process look like?

- Manitoba Hydro would host a series of technical workshops to be attended by intervenor experts and Manitoba Hydro staff.
- Workshops would identify issues and alternatives in Cost of Service matters.
- Cost of Service alternatives would be identified to be modeled by Manitoba Hydro staff and provided to participants in advance of the next workshop.
- Participants could then examine the outcomes of the various alternative scenarios.



Identification and prioritization of issues..

- During this process, we want to identify the issues associated with Cost of Service.
- In order to address issues properly within the limited time frame, some discussion will need to occur in order to prioritize the issues.
- Attempt to obtain consensus as to the prioritization of these issues.

What timeframe is contemplated?

- MH expects that this process would begin with the first workshop in September, 2014 and hold one workshop each month for October and November. The process would conclude with a final workshop in December, 2014.
- Upon completion of the process in December, Manitoba Hydro would consider the alternatives developed thru the workshop process and develop a final proposal to be taken to the MHEB early in 2015.
- Upon receiving MHEB approval, the Corporation would apply to the PUB for regulatory approval, and a public hearing process would be established.

A brief history..

- In 2010, Manitoba Hydro engaged an expert consultant, Christensen Associates, to review its Cost of Service methodologies.
- In the 2012 GRA, Manitoba Hydro filed the report prepared by Christensen Associates and provided MH's response to CA's recommendations.
- In the same GRA, Manitoba Hydro also filed a proposal to implement Time-of-Use Rates for General Service Large customers served at >30kV.a.

In the 2012 GRA..

- The PUB determined that it would examine the COSS and Time-of-Use rates proposals in a separate proceeding. These topics were removed from the 2012 GRA process, however, no dates for the separate proceeding were identified.
- The PUB encouraged parties to meet with each other to review and explain their COS and rate design proposals to allow for a more efficient hearing process.

In 2014..

- Manitoba Hydro recognizes that with the passage of time since the 2012 GRA that circumstances warrant reflection on Cost of Service matters.
- There is now an opportunity to take a progressive approach to consider the implications of new developments and changing energy market circumstances.
- For example, issues such as DSM may require a different treatment post-NFAT.

In 2014..

- Manitoba Hydro proposes to engage stakeholders in this review prior to finalizing its Cost of Service proposals.
- This engagement is NOT intended to be a regulatory process, it is a step to identify issues and alternatives.
- There are significant benefits to engaging with stakeholders in a collaborative and non-adversarial process to do this.
- We have a desire to produce the best outcome for our Cost of Service methodology.

PUB correspondence of Sept. 22

- PUB has suggested that a public hearing process be undertaken in 2014 to review Cost of Service and Time-of-Use Rate matters.
- Assumes that the materials filed by MH in the 2012 GRA are to be re-filed as MH's Application.
- MH expects to reply to the PUB in the next few days to express our desire to pursue the collaborative engagement at this time instead of a regulatory review process.
- We expect that the PUB will also want to obtain comments from intervenors on this matter.

Our Proposed Stakeholder Engagement Process



Stakeholder engagement..

- Create better understanding of how Manitoba Hydro allocates costs to its various customer classes and how rates are designed to recover its costs;
- Ensure stakeholder concerns and views are identified, understood and considered; and,
- Act as a forum for the exchange of information and views.

COST OF SERVICE TOPICS

The following list of issues were addressed in the Christensen Associates Cost of Service Review:

- Exports—both the allocation of cost to exports and the allocation of Net Export Revenue
- Generation—Classification
- DSM
- Dorsey—Functionalization
- Sub Transmission—Allocation on CP vs. NCP
- Distribution Poles and Wires: Classification
- Other Distribution—Classification and Allocation
- Embedded and/or Marginal Cost of Service

Workshops

- There will be one workshop per month for September through December, 2014 inclusive.
- Work to be accomplished prior to the start of the first workshop will be undertaken with intervenors via email.
- Materials will be distributed in advance of each workshop.
- May be useful to customize small workshops (ex. Area & Roadway Lighting).

Roles & Responsibilities

Manitoba Hydro:

- Provide adequate background information to enable participation;
- Provide overview/presentations of key issues; and,
- Facilitate discussion and solicit input and feedback.

Roles & Responsibilities

Stakeholder Representatives/COS Experts:

- Review material presented;
- Identify key issues and alternatives;
- Provide input, advice and feedback on issues;
- Participate in stakeholder sessions.

Next steps prior to next workshop..

Stakeholders:

- Retain a technical COS expert;
- Identify the issues that you are interested in exploring through this process;
- Determine whether parties have common interests; and,
- Identify your resource requirements and availability.

Next steps prior to first workshop..

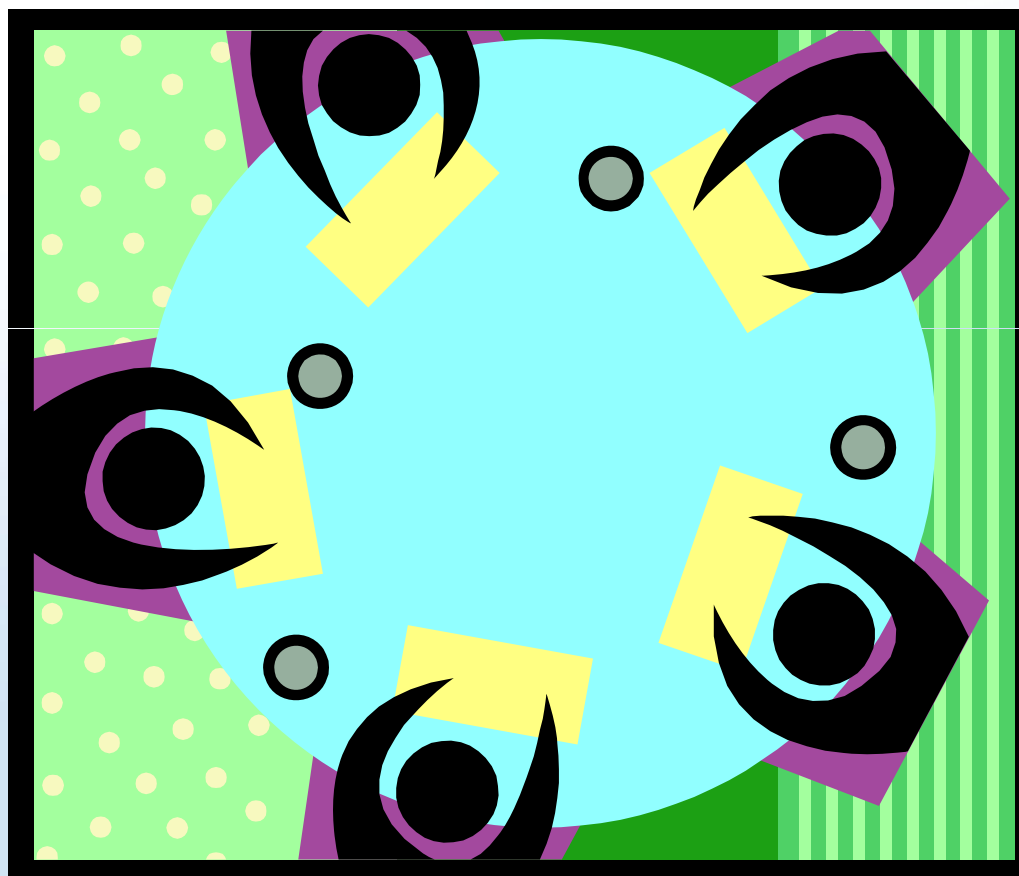
Manitoba Hydro:

- Scope and prioritize issues to be examined in the stakeholder engagement process;
- Provide background materials in advance of workshops; and,
- Make determination which respect to resourcing.

Summarize Take-aways

- What resources do you need to participate in this process?
- Do you parties have common interests?
- What matters are important to you?
- What is your availability?

ROUNDTABLE DISCUSSION



From: Gregorashuk, Shannon
Sent: Tuesday, August 19, 2014 12:34 PM
To: [REDACTED]
Subject: Manitoba Hydro - Cost of Service Stakeholder Engagement Process

Manitoba Hydro is planning to meet with stakeholders over the next several months through a series of workshops designed to review certain matters related to its electric cost of service methodology. At the outset of this process, Manitoba Hydro is proposing to host a meeting on August 27th, from 1-3 pm at its offices located at 360 Portage Avenue in Winnipeg.

The purpose of this initial meeting is to provide a high-level overview of Manitoba Hydro's electric cost of service methodology and how it is used to allocate the corporation's revenue requirement across the customer classes. At this meeting, Manitoba Hydro will outline the cost of service stakeholder engagement process it intends to undertake starting in the fall of 2014, and discuss how parties can participate and contribute throughout the process. Given that this meeting is largely about procedural matters related to the cost of service stakeholder engagement process being proposed, technical experts would not be required to attend. Rather, the expectation is that this initial discussion would inform the parties such that they would then have enough information about the process and issues to be reviewed that would allow them to retain the necessary technical experts who could participate in the workshops, to be scheduled this fall, on their behalf.

If you could please advise if a representative on behalf of the [REDACTED] is available to attend this initial procedural meeting with respect to Manitoba Hydro's cost of service stakeholder engagement process, tentatively scheduled for Wednesday, August 27th from 1-3 pm, that would be sincerely appreciated.

In the meantime, if you have any questions or require further information, please email or call at your convenience.

Thank you.

Shannon Gregorashuk, MBA, CGA
Regulatory Services Manager
Manitoba Hydro

 **Phone:** (204) 360-4270

 **E-Mail:** sgregorashuk@hydro.mb.ca

From: Gregorashuk, Shannon
Sent: Friday, August 22, 2014 12:12 PM
To: [REDACTED]
Subject: RE: Manitoba Hydro - Stakeholder Engagement process

Thank you for your interest in participating in Manitoba Hydro's Electric Cost of Service and Rate Design Stakeholder Engagement Process. Details of the initial meeting are confirmed as follows:

Date: Wednesday, August 27, 2014

Time: 1:00 pm – 3:00 pm

Location: Manitoba Hydro Place
360 Portage Avenue
Room 03-308

Purpose: To provide a high-level overview of Manitoba Hydro's electric cost of service methodology and how it is used to allocate the corporation's revenue requirement across its customer classes. At this meeting, Manitoba Hydro will outline the cost of service stakeholder engagement process it intends to undertake starting in the fall of 2014, and discuss how parties can participate and contribute throughout the process.


RSVP: Please advise Shannon Gregorashuk at sgregorashuk@hydro.mb.ca who from your organization will be in attendance by Monday, August 25, 2014 at 4:30 pm.

Please sign-in at the Security Desk in the lobby on the main floor when you arrive. A Manitoba Hydro staff member will meet you in the lobby and escort you to the conference room.

We look forward to meeting with you.

Sincerely,

Shannon Gregorashuk, MBA, CGA
Regulatory Services Manager
Manitoba Hydro

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