

**Response of Manitoba Métis Federation (“MMF”) regarding
Manitoba Hydro’s refusal to answer DSM related Information Requests**

A. Scope of DSM in this GRA

Manitoba Hydro has provided a boilerplate response as its rationale for refusing to answer a number of the Information Requests submitted by MMF relating to the topic of DSM. The impugned Information Requests submitted by MMF that Manitoba Hydro has provided the aforementioned boilerplate response to include the following:

- MMF/MH-I-16a-d;
- MMF/MH-I-17a-i;
- MMF/MH-I-18a-b;
- MMF/MH-I-19a-h;
- MMF/MH-I-20a-n;
- MMF/MH-I-21
- MMF/MH-I-22a-b;
- MMF/MH-I-23a-b;
- MMF/MH-I-27;
- MMF/MH-I-32;
- MMF/MH-I-35a-d;
- MMF/MH-I-39a-c; and
- MMF/MH-I-40a-j. (Although Manitoba Hydro has provided its boilerplate DSM response to these questions, these questions are not related to DSM matters but rather are questions relating to rate impact).

As a consequence of Manitoba Hydro providing the same exact rationale for refusing to answer the aforementioned Information Requests, MMF feels it is not only appropriate but more efficient and effective to respond with a single comprehensive response to Manitoba Hydro’s refusal to answer the aforementioned DSM related Information Requests.

The reason Manitoba Hydro has refused to answer the aforesaid Information Requests relating to the topic of DSM is essentially because it contends that information relating to DSM targets and measures are beyond the scope identified by the Board with respect to the topic of DSM by way of its Order 18/15.

Upon a review of the Board’s Order 18/15, it is clear that the topic of DSM is within the scope of this GRA wherein the Board states, in connection with GAC’s intervention, that it “intends to focus its review on the reasonableness of, and justification for, Manitoba Hydro’s projected DSM expenditures during the test years” (pg. 20 of 32).

The fact that the topic of DSM is within the scope of this GRA is further evident as a result of the Board’s decision approving MIPUG’s intervention in the GRA (at pg. 21 of

Order 18/15) which includes a “review of demand-side management on the impact on large ratepayers” (at pg. 8 of Order 18/15) and the Board’s decision approving MKO to intervene on “Bill Reduction issues for MKO members through DSM initiatives” (at pg. 21 of Order 18/15). Finally, Manitoba Hydro itself has confirmed that its Current DSM Plan (2014-2029) and DSM Cost Estimate (2014-2029) are relevant in-scope issues for this GRA (See Manitoba Hydro’s Preliminary Issues List, dated January 30, 2012, Draft #2).

With respect to the allegation by Manitoba Hydro that DSM targets and measures are out of scope, as noted by MIPUG in its comprehensive DSM response dated February 5, 2015, Manitoba Hydro appears to be relying on comments made by the Board relating to the intervention sought by GAC at page 20 of Order 18/15 where the Board states: “...As such, the proposed evidence by Mr. Chernick on DSM targets and specific measures to achieve the targets, including fuel switching initiatives, is not approved for this GRA.” Contrary to Manitoba Hydro’s position, MMF respectfully submits that the aforesaid decision by the Board does not preclude Information Requests related to “targets and measures” of DSM but rather simply restrains the proposed evidence of Mr. Chernick in this GRA.

This is a logical conclusion given the fact that targets and measures are undoubtedly relevant and material to the reasonableness of DSM expenditures. Expenditures may be reasonable or not depending on the target of the expenditure and the measures on which expenditures are made. For example, from a low-income ratepayer’s perspective, expenditures on financing and appliance standards may be seen as unreasonable and not justified because appliance standards add to consumer first costs for appliances while financing is not generally available to low-income consumers to help afford this cost. Similarly, targets and measures that do not address electric heating may be seen as supporting expenditures that are unreasonable and not justified from the standpoint of rural and all-electric customers.

Manitoba Hydro also challenges certain Information Requests submitted by MMF related to the topic of DSM on the basis that they request or relate to information outside of the test years and are therefore out of scope. Manitoba Hydro, however, fails to recognize that the reasonableness of Manitoba Hydro’s proposals for the test years depends in part on comparison with historical performance and assumptions. Information with respect to years other than the test years is thus relevant to testing the reasonableness of test year proposals, in part by showing past trends. Further and in addition to the aforementioned, MMF is of the position that its Information Requests are within the scope of these proceedings in that they comply with Manitoba Hydro’s proposed scope of DSM for this hearing which includes a review of its Current DSM Plan (2014-2029) and DSM Cost Estimate (2014-2029) (see Manitoba Hydro – Preliminary Issues List Draft #2 at pg.2). Specifically, MMF’s DSM related Information Requests relate to the in-scope category labeled by Manitoba Hydro as “review of contextual information to support rate determination in fiscal years under consideration” (see Manitoba Hydro – Preliminary Issues List Draft #2 at pg.2).

B. Scope of MMF in this GRA

The Board has qualified MMF as an intervener in this GRA and found that "...the MMF, as an association advancing the interests of the Métis people, can offer a unique perspective with respect to rate impacts on rural ratepayers, many of whom use electricity for space heat (including lower income consumers) as well as small-to-medium businesses that are not expressly represented by the Consumer Coalition" (Order 18/15 at pg. 23). The Board determined that MMF's intervention in this GRA is to review the proposed rate impacts on the following customer groups (Order 18/15 at pg. 24):

- Rural customers;
- Low-income customers;
- All-electric customers; and
- Small-to-medium businesses (which may include customers in the General Service Small and General Service Medium rate classes).

In terms of rate impact being the required focus of MMF in this GRA, the Board has in the past noted the importance of using DSM as a tool to mitigate the impact of higher rates for ratepayers:

"For consumers, DSM is attractive as it can lower their total consumption of energy, which mitigates the impact of higher rates. Consumers who fully avail themselves of DSM measures have the potential to lower their total energy bill even as rates increase." (NFAT Final Report at pg. 21).

That being said, the Board has also noted that:

"DSM program spending and benefits have different impacts on customers as some customers participate to varying degrees in the DSM programs while other customers do not participate at all." (NFAT Final Report at pg.83).

In that vein, the Board has set the scope of the instant proceeding to include "the reasonableness of and justification for, Manitoba Hydro's projected DSM expenditures during the test years" (Order 18/15 at pg. 20). The Board validated the obvious association between rate impact and DSM when it approved MKO's intervention in this proceeding as including Bill Reduction issues for MKO members through DSM initiatives providing said intervention focuses on the reasonableness of, and justification for, Manitoba Hydro's projected DSM expenditures during the test years". Accordingly, it is MMF's position that its intervention in this proceeding includes the ability to review DSM as it relates to rate impact on the customer groups it is representing (namely rural customers, low-income customers, all-electric customers, and small-to-medium businesses).

C. Significance of MMF's DSM related Information Requests to this GRA

It is clear that one of the driving forces behind the rate increase requested by Manitoba Hydro is the dramatic increase in DSM investment planned by Manitoba Hydro over the next 15 years in the amount of \$978 million dollars (Appendix 8.1 at pg. 31). Manitoba Hydro expressly states in its application that revenues from the proposed rate increase will be utilized, in part, to fund Power Smart programs (Tab 2 at pg. 49).

In light of the above, MMF's Information Requests relating to DSM are aimed at determining to what extent the increased investment in DSM will have on rates, particularly relating to the customers represented by MMF.

D. Effort

MMF made a concerted effort to formulate its Information Requests in such a manner so as to not cause Manitoba Hydro to be unduly burdened and/or require Manitoba Hydro to expend a significant amount of effort in terms of providing the required responses. Further, Manitoba Hydro has not expressly taken the position that it requires more than a reasonable amount of effort to provide responses to said Information Requests.