

1 CAC-001-a-MKO-1

2 **REFERENCE:** Chymko Consulting Ltd. Manitoba PUB NFAT Review of Manitoba Hydro's Preferred
3 **Development Plan for the Keeyask and Conawapa Generating Stations, Their Associated Domestic AC**
4 **Transmission Facilities and a New Canada-USA Transmission Interconnection: Opinion Letter, February**
5 **4, 2014, Pgs. 3-4**

6 **PREAMBLE:** *Whether some groups of consumers will be worse off, and if so by how much, greatly*
7 *depends on establishing some resolution on the socio-economic impact on local communities. Beyond*
8 *local communities, the socio-economic impact on low-use, low-income consumers will depend on how*
9 *MH intends to design rates to recover capital expenses and operating expenses net of future export*
10 *revenue ...*

11 *Furthermore, the socio-economic rate issue is not just limited to how MH will ultimately propose a cost*
12 *allocation and rate design. Even if MH were to adequately and fairly address the flow through of capital*
13 *costs and export revenues, low-use, low-income consumers may still be bearing a disproportionate*
14 *burden from the final development plan (Chymko Consulting Ltd., Manitoba PUB NFAT Review for*
15 *Manitoba Hydro's Proposed Preferred Development Plan for the Keeyask and Conawapa Generating*
16 *Stations, Their Associated Domestic AC Transmission Facilities and a New Canada-USA Transmission*
17 *Interconnection: Opinion Letter, February 4, 2014, Pgs 3-4).*

18 *Question: What potential Mitigation measures do you suggest to address affordability concerns?*

19 *Answer: A threshold question is whether the Preferred Plan or a variation of the Preferred Plan such as*
20 *Plan 4 or Plan 6 should proceed. That determination will be discussed later.*

21 *The matter of phasing of the development of the Preferred Plan could be an important strategic plan*
22 *decision with several major implications, including the potential impact on rate increases in the short*
23 *term depending on what costs are deferred. This positive effect may be offset by higher long term costs*
24 *and reduced net benefits.*

25 *Second, aggressive DSM to reduce electricity bills; particularly targeted at Vulnerable Consumers.*
26 *Expansion of the Affordable Energy Fund could be one tool to facilitate this.*

27 *Third, we suggest that if the main elements of the Preferred Plan were endorsed, the Review Panel could*
28 *recommend that the Manitoba Government authorize a Manitoba Green Energy Benefit related to the*
29 *incremental move away from fossil fuel generation by the Province to increased renewable electricity*
30 *generation via the Preferred Plan. (This assumes a version of Plan 14, Plan 4 based on hydraulic*
31 *generation is endorsed for further development. (Roger Higgin, Policy Observations Related to the*
32 *Cost/Benefit of Preferred Plan – NFAT Review, February 4, 2014, Pgs. 30-31).*

33 *... we would suggest the following recommendations:*

34 *d) Plans 4 and 6, which were largely indistinguishable from each other, resulted in costs to ratepayers*
35 *that appear to be lower than other Resource Plans in many scenarios, if only marginally; this suggests*
36 *that proceeding with Keeyask may be a prudent step to take at this time, but a more thorough review of*
37 *the proposal to build Conawapa as part of the Preferred Development Plan should be undertaken closer*
38 *to its final commitment date ...*

39 *f) Given the inevitability of a drought at some point in the future, and the expected financial impact that*
40 *such a drought would have on Manitoba Hydro, particularly in the near term, consideration should be*

1 *given to the development of an explicit policy on the future course of customer rates in such a situation;*
2 *this policy could then be shared with credit rating agencies and others to address the potential concern*
3 *that they may have that in the event of a drought some fraction of Manitoba Hydro debt may be*
4 *financially unsupported.* (Morrison Park Advisors, Commercial Evaluation of Manitoba Hydro Preferred
5 Development Plan Business Case, January 2014, Pgs. 76-77).

6 **QUESTION: In light of the concern that “low-use, low-income consumers may still be bearing a**
7 **disproportionate burden from the final development plan”, please provide comment on the methods**
8 **of mitigation proposed by Dr. Roger Higgin and Morrison Park Advisors.**

9 **RESPONSE:**

10 At the request of the CAC, Desiderata Energy Consulting and Chymko Consulting (Desiderata/Chymko)
11 have briefly reviewed the evidence of Dr. Higgin and Morrison Park Advisors (MPA) and conclude that
12 the two parties raise complementary but different issues. For instance, Dr. Higgin suggests rate
13 mitigation measures are required and the Desiderata/Chymko opinion letter submits that the PUB
14 should in this proceeding provide direction to clarify the roles and responsibilities for carrying forward
15 these mitigation measures. Clarifying responsibility of Government, PUB, and MH in this proceeding will
16 ensure there is accountability in future processes.

17 MPA raises the issue of intergenerational equity and intergenerational risk given that drought conditions
18 will affect future rates differently for each alternative development proposal. MPA also recommends
19 that the PUB direct MH to provide additional and/or updated analysis closer to its final commitment
20 date. The Desiderata/Chymko opinion letter recommends that specific rate class impacts can potentially
21 be examined in a future proceeding(s) at the same time as other issues are resolved – including revisions
22 to the final approved development plan. Another example referenced in the Desiderata/Chymko
23 opinion letter is that the PUB might direct MH to file additional analysis or proposals to mitigate rate
24 impacts.

25 Furthermore, Desiderata/Chymko make note that neither the evidence of Dr. Higgin nor MPA depend
26 on specific rate class impacts to advance their positions. For instance, Dr. Higgin references potential
27 and indicative rate impacts for residential consumers based on information provided by MH in CAC/MH
28 I-140. MH explicitly qualified its projected residential rate impact as being based on very broad
29 assumptions that Desiderata/Chymko cannot reasonably expect MH to carry forward into a future
30 General Rate Application. MPA advised in their evidence that they do not attempt to differentiate
31 between rate classes when speaking of overall potential rate increases.

32 To reiterate, the central theme of the Desiderata/Chymko opinion letter is that, notwithstanding it is
33 important to consider socio-economic impacts on low-use, low-income consumers, it is neither feasible
34 nor required for detailed rate impacts to be thoroughly resolved in this proceeding.

35 It is not feasible to study specific rate class impacts because this requires MH to formulate a detailed
36 rate proposal similar to what is provided in a normal General Rate Application. MH will have to make
37 specific assumptions requesting the quantities of the cost and benefit of the final development plan and
38 how the cost and benefit will be allocated to rate classes, the target revenue-to-cost ratio of each rate
39 class, and the specific weighting of revenue to be recovered on fixed and usage charges. Furthermore,
40 there is no discussion in the PUB’s written decision regarding MH’s last rate application that would
41 indicate the PUB directly relied on any detailed cost allocation and rate design analysis. The PUB
42 directed MH to apply an across-the-board equal rate increase for all rate classes, which is also what MH
43 appears to have done in response to CAC/MH I-140.

1 CAC-002-a-MKO

2 **REFERENCE:** Chymko Consulting Ltd. Manitoba PUB MFAT Review for Manitoba Hydro's Proposed
3 Preferred Development Plan for the Keeyask and Conawapa Generating Stations, Their Associated
4 Domestic AC Transmission Facilities and a New Canada-USA Transmission Interconnection: Opinion
5 Letter, February 4, 2014, Pg. 2

6 **PREAMBLE:** *It is our understanding that a majority of Manitoba Hydro's customers in northern First*
7 *Nation communities are on fixed or limited incomes and are accordingly sensitive to increases in rates.*

8 *The evidence is not certain as to whether the forecast employment and income benefits of the PDP will*
9 *offset this or mitigate this sensitivity through an overall increase in household disposable incomes for all*
10 *First Nations customers or increases in funding available to the First Nation governments, which are all*
11 *General Service customers. (Chymko Consulting Ltd. Manitoba PUB NFAT Review for Manitoba Hydro's*
12 *Proposed Preferred Development Plan for the Keeyask and Conawapa Generating Stations, Their*
13 *Associated Domestic AC Transmission Facilities and a New Canada-USA Transmission Connection:*
14 *Opinion Letter, February 4, 2014, Pg. 2).*

15 **QUESTION:** Aside from fixed or limited incomes, are there other issues at play which result in
16 increased sensitivity at play which result in increased sensitivity to rates amongst Manitoba Hydro
17 customers in northern First Nations Communities? If yes, please explain.

18 **RESPONSE:**

19 Yes, the First Nation residential, General Service and First Nation Education (the latter only in the Diesel
20 Service area) are sensitive to rate increases as a result of federal government funding mechanisms which
21 do not automatically fully match increases in Manitoba Hydro rates. The result is that First Nation
22 customers may need to make up shortfalls from other sources of funds earmarked or dedicated for
23 other purposes in order to pay for electricity cost increases.

24 For example, the Department of Indian Affairs and Northern Development (DIAND) advised the Board
25 during the 2010 Diesel Rate Application, at page 19 of the attached CAC-007-MKO Attachment:

26 INAC is not in a position to provide assurance of increases to O&M funding, nor assurance that
27 other funding would not be decreased. In order to adjust the O&M funding to diesel First
28 Nations, and do so without affecting other program budgets of the First Nations or the INAC
29 Manitoba Region, INAC would need to prioritize the expenditures within the Region, and
30 possibly nationally, to allow for reallocation from other program areas, and such reallocations
31 cannot be assured.

32 The current approach in the INAC Manitoba Region is to prioritize funding for education and
33 social development programs before the Capital Facilities and Maintenance program.

34 It is MKO's understanding that these comments regarding DIAND's limited funding envelope and funding
35 priorities regarding rate increases for Diesel customers also would apply were any assurance sought that
36 the Department of Indian Affairs and Northern Development (DIAND) would increase funding to match
37 rate increases experienced by First Nations customers served from Manitoba Hydro's integrated system.
38 It is noted that all Manitoba Hydro residential customers pay the same rates and receive the same
39 service.

1 In addition, in accordance with the DIAND Capital Facilities and Maintenance Operation and
2 Maintenance mechanism, electrical costs are funded based on a percentage of the estimated electricity
3 costs based on a Cost Reference Manual and not by comparison to actual bills. The percentage of the
4 estimated costs which are funded based on the use and classification of a capital asset. The resulting
5 funding contribution is described as the Net Funding Requirement (NFR).

6 Under the O&M funding mechanism, Category 1 assets include assets which benefit the community as a
7 whole and not a particular building. For example, Category 1 includes fire halls and trucks, street lights,
8 landfills and roads and bridges within the community. DIAND funds Category 1 assets at approximately
9 90% of the estimated cost calculated by the funding formula and have an NFR of 0.9.

10 Category 2 assets include assets which provide a service directly to a specific house or building.
11 Category 2 assets include water and sewer service and garbage pickup. DIAND funds Operation &
12 Maintenance (O&M) costs for these assets at approximately 80% of the funding formula and have an
13 NFR of 0.8.

14 Category 3 assets include First Nation community buildings such as arenas, First Nation government
15 offices, maintenance garages, administration offices, warehouses, daycares, arenas and community
16 halls. DIAND funds O&M costs for these assets at 20% of the funding formula, with an NFR of 0.2

17 Manitoba Hydro classifies all First Nation Category 1, Category 2 and Category 3 assets as General
18 Service accounts.

19 Category 4 assets include educational facilities, such as schools, teacherages and student residences.
20 Category 4 assets are funded at 100% of the estimated operational cost under the funding formula, with
21 an NFR of 1.0.

22 Manitoba Hydro classifies all Category 4 assets as General Service accounts, with the exception of the
23 Diesel Service area, in which Category 4 assets are classified as First Nation Education Accounts and
24 billed at the surcharge-bearing First Nation Education rate of \$2.3495 per kWh.

25 In all cases where an asset is funded at less than 100% of the estimated cost under the funding formula,
26 the First Nation is expected to make up the balance of O&M costs. Funding needs to come from user
27 fees and other sources of funding which are available to the First Nation. This means that a First Nation
28 must generate between 10% and 80% of estimated operating costs to pay the electricity bills for a
29 Category 1 and a Category 3 asset, respectively. In the event that a First Nation is not able to generate
30 these levels of own-source revenues from user fees or other revenues, a funding shortfall would be
31 expected to result, including in respect of the revenues necessary to pay electricity bills.

32 As noted at page 8 of the attached CAC-007-MKO Attachment:

33 INAC also has a Social Development program that provides funding to First Nations to support
34 them in providing income assistance to individual members living on reserve. First Nations'
35 income assistance programs, and the funding provided by INAC, are comparable to the income
36 assistance programs provided by provinces. First Nations may provide housing and pay electric
37 costs directly or provide assistance to individuals for their own houses and electric bills,
38 consistent with INAC's authorities and policies. The funding provided by INAC includes support
39 for electric bills for eligible income assistance recipients.

- 1 However, as noted by DIAND at page 19 of the attached CAC-007-MKO Attachment, DIAND makes no
- 2 assurance that other program funding will not be reduced in order to address the priority given
- 3 education and social development programs.
- 4 Please see attached CAC-007-MKO Attachment that outlines INAC evidence filed the 2010 MH Diesel
- 5 proceeding that explains how INAC provides funding to the First Nations.

1 CAC-003-a-MKO

2 **REFERENCE:** Chymko Consulting Ltd. Manitoba PUB MFAT Review for Manitoba Hydro's Proposed
3 Preferred Development Plan for the Keeyask and Conawapa Generating Stations, Their Associated
4 Domestic AC Transmission Facilities and a New Canada-USA Transmission Interconnection: Opinion
5 Letter, February 4, 2014, Pg. 2

6 **PREAMBLE:** *The evidence before the Board is also that Manitoba Hydro considers the matter of*
7 *addressing the First Nations Residential and General Service customers in arrears to be of significant*
8 *concern. It is our understanding that First Nation customers are sensitive to service disconnections, an*
9 *many First Nation homes are occupied by more than one family and may also have significant supplies of*
10 *game and fish in the home in frozen storage. MKO notes that while Manitoba Hydro's service*
11 *disconnection policy in the non-gas areas in the north, including along the Developed Waterway, is not*
12 *subject to regulation by the Board, that Manitoba Hydro generally limits disconnections to the warmer*
13 *period between April 1 and October 31. However, there remains a linkage between the pressure on*
14 *limited incomes resulting from a steady upward trend in rates resulting from the PDP and the*
15 *establishment of a service disconnection policy which takes into account the specific circumstances of*
16 *northern First Nation customers and households which are arguable significantly different from most*
17 *non-First Nation customers and households. (Chymko Consulting Ltd. Manitoba PUB NFAT Review for*
18 *Manitoba Hydro's Proposed Preferred Development Plan for the Keeyask and Conawapa Generating*
19 *Stations, Their Associated Domestic AC Transmission Facilities and a New Canada-USA Transmission*
20 *Connection: Opinion Letter, February 4' 2014, Pg. 2).*

21 **QUESTION:** Aside from high occupancy rates in homes and large amounts of game and fish in frozen
22 storage, are there other issues at play which result in increased sensitivity to service disconnections
23 amongst Manitoba Hydro customers in northern First Nation Communities? If yes, please explain.

24 **RESPONSE:**

25 Yes. Due to the remoteness of several First Nations communities, service disconnections tend to be
26 enforced en mass when Manitoba Hydro personal can obtain access to the communities.

27 For the 14 MKO First nations which are principally accessed by winter road or by air, Manitoba Hydro
28 must either fly in to these communities or travel on the winter road to provide service to their
29 customers. Several other MKO First Nations have limited accessibility and are accessed in open-water
30 by marine ferry or year-round by train.

31 Manitoba Hydro's response to CAC/MSOS/MH I-93 of the 2010-2012 Manitoba Hydro Electric General
32 Rate Application comments on issues affecting customer service and the frequency of community visits
33 in Brochet and Tadoule Lake, Manitoba:

34 When customer service staff visit these remote communities to respond to service requests and
35 perform maintenance on the distribution system, attempts are made to discuss accounts with
36 residents as time allows. Factors, such as adverse weather, dated or changing customer
37 information, and political intervention, can influence staff's ability to effectively perform
38 customer service activities in these communities. Manitoba Hydro continues to work with the
39 customers and with the Bands to resolve outstanding accounts.

- 1 For these communities, service reconnections following the resolution of outstanding arrears through
- 2 payment or the confirmation of payment arrangements can also be delayed and dependent on a
- 3 number of variables, including weather conditions.

- 4 MKO also reports that the arrival of the end of the heating season on May 15 can be a time of anxiety
- 5 for residents and First Nation officials in communities where residential and general service customers
- 6 that are in arrears are subject to Manitoba Hydro disconnections.

1 CAC-004-a-MKO

2 **REFERENCE:** Chymko Consulting Ltd. Manitoba PUB MFAT Review for Manitoba Hydro's Proposed
3 **Preferred Development Plan for the Keeyask and Conawapa Generating Stations, Their Associated**
4 **Domestic AC Transmission Facilities and a New Canada-USA Transmission Interconnection: Opinion**
5 **Letter, February 4, 2014, Pg. 2**

6 **PREAMBLE:** *In this regard, the evidence before this Board is that, while efforts have been relatively*
7 *recently underway to create a First Nation Power Smart program and to identify other measures which*
8 *are intended to be available to First Nations, much more can and should be done to ensure widespread*
9 *delivery of these measures to all First Nation customers and to ensure actual implementation of these*
10 *measures by First Nation customers. (Chymko Consulting Ltd. Manitoba PUB MFAT Review for Manitoba*
11 *Hydro's Proposed Preferred Development Plan for the Keeyask and Conawapa Generating Stations,*
12 *Their Associated Domestic AC Transmission Facilities and a New Canada-USA Transmission*
13 *Interconnection: Opinion Letter, February 4, 2014, Pg. 2).*

14 **QUESTION:** Please provide the evidence referenced which suggests that "much more can and should
15 be done to ensure widespread delivery of these measures to all First Nation customers and to ensure
16 actual implementation of these measures by First Nation customers."

17 **RESPONSE:**

18 Part 1 of the written portion of the final argument of MKO in the 2010 Manitoba Hydro Diesel Rate
19 Application, dated November 26, 2010, states at Part 5, Implementation of Board Orders addressing
20 Efficiency and DSM:

21 As a general principle, MKO takes the position that the use of electricity in the Diesel First
22 Nations should be dedicated to those uses where electricity is the best energy source - such as
23 for lighting and motor loads - and that there should be a very high priority on reducing
24 inefficient electricity consumption and on controlling load growth. This should be achieved by
25 Manitoba Hydro taking "ownership" of an aggressive integrated energy-services approach by
26 linking both the electricity and the overall energy needs of the Diesel First Nations.

27 In respect of DSM in the Diesel First Nations, Board Order 62/94, at page 36 [MKO 1], states:

28 The Board is also convinced that greater efficiencies could be brought to the diesel
29 generating system and encourages Hydro and GOC to initiate such measures to promote
30 energy efficiency. In particular, because of the extremely high costs of generating such
31 electricity, Hydro could conduct special DSM projects for all customers within the diesel
32 communities. As some communities are currently being switched over to enhanced
33 service, the Board believes that the timing is crucial for the immediate introduction of
34 specialized DSM programs for the diesel communities, In conjunction with the GOC,
35 Hydro's DSM programs should be tailored for the diesel communities and should take
36 into account the nature of the resources and consumption of all customers.

37 Some ten years later, in Order 159/04, at page 18, the Board stated:

38 Further to Order 17/04, the Board remains of the view that the implementation of
39 demand side management initiatives for these four communities are of extreme
40 importance. The Board would encourage MH to continue to work with interested
41 parties to ensure that these programs are developed and included in its Power Smart
42 Plan.

1 During the examination of Manitoba Hydro's panel, MKO reviewed the status of
2 Manitoba Hydro's response to Order 62/94, as well as similar directives contained in
3 subsequent Orders affecting Manitoba Hydro's diesel service. MKO also reviewed with
4 the Manitoba Hydro panel the evidence regarding DSM programs in the Diesel First
5 Nations.

6 MKO has previously expressed concerns, for example during the 2008 General Rate Application,
7 that Manitoba Hydro was not offering or delivering certain DSM programs in the Diesel First
8 Nations because of a conclusion by Manitoba Hydro that the benefits of the DSM programs
9 would flow to INAC and not to the customer. [T1533/7-21 2008 GRA].

10 MKO had hoped the First Nation Power Smart Program had bridged this gap and represented a
11 fundamental change in Manitoba Hydro's approach that would ensure that all Power Smart
12 programs would be available in the Diesel First Nations and that certain programs would be
13 expressly designed for application to the Diesel First Nations, regardless of INAC's funding
14 contributions in support of the electricity costs or capital costs in relation to a particular account
15 or customer.

16 Despite the Board's repeated reiteration of its interest in DSM programs in the Diesel First
17 Nations, MKO is disappointed that there continues to be no specific DSM programs for the
18 Diesel First Nations [T569/12-16].

19 It is an understatement to say that MKO is disappointed in the apparently slow progress in the
20 application of DSM initiatives in the Diesel First Nations, although pilot audits of 10 homes per
21 community and walk through audits of First Nation facilities have been relatively recently
22 carried out.

23 It appears that the sum of the major DSM measures that have actually been implemented in the
24 Diesel First Nations during the 16 years since the Board's April 8, 1994 Order 62/94 is the
25 upgrading of insulation in 10 homes in Lac Brochet [T571/9-10].

26 In addition, MKO is very concerned that Manitoba Hydro appears to have adopted the
27 "interactive effect" of heat losses from inefficient lamps and appliances and the comparative
28 cost of alternative heating sources as a rationale for not pursuing potential efficiencies in the
29 use of energy efficient lamps and appliances in the Diesel First Nations [MH-26].

30 As set out on MH-26, Manitoba Hydro's evidence is that the opportunity for an appliance
31 replacement measure in the Diesel First Nations is determined by an assessment of the savings
32 on a customer's electricity bill in comparison to the cost of the customer replacing the waste
33 heat emanating from an inefficient appliance by using an alternate heat source.

34 There are several fundamental shortcomings in applying this approach to determining the cost-
35 benefit or effectiveness of Residential (or General Service) DSM measures in the Diesel First
36 Nations and to justify DSM initiatives:

37 a) as highlighted by the table appearing at PUB/MH-14, the Residential customer is not
38 paying the full cost of the electricity appearing on the bill, which should result in the
39 following additional considerations in assessing the benefit-cost of a DSM measure:

40 i) the Residential class revenue deficiency is paid through the surcharge added
41 to Government and First Nation Education accounts and by the Manitoba Hydro
42 RCC subsidy, therefore, the potential benefit and "savings" to Government and
43 First Nation Education accounts (in relation to the government surcharge) and

1 to Manitoba Hydro's grid customers (in relation to the RCC subsidy) must be
2 taken into account; and

3 ii) capital costs related to Residential electricity service, including those related
4 to load growth, are not funded by the Residential customer, therefore, the
5 impact of Residential DSM programs on the reduction of capital contributions by
6 other entities on behalf of the Residential customer must be taken into account;

7 b) Manitoba Hydro prohibits the intentional use of electricity as a source of home heat
8 in the Diesel First Nations; and

9 c) while it is suggested at MH-26 that Manitoba Hydro compares anticipated savings
10 through electricity efficiencies against increased heating costs in determining the cost-
11 benefit and effectiveness of a DSM measure, Manitoba Hydro does not correspondingly
12 apply a comprehensive energy-services approach (making the best match of the energy
13 source to the service) that includes measures aimed at reducing electricity consumption
14 in the diesel communities (including reduction of heat losses from inefficient lamps and
15 appliances) by enhancing the efficiency of oil-fired furnaces [T575/6-10] or providing
16 fuel oil subsidies.

17 While these submissions by MKO were in respect of the relationships between Manitoba Hydro and the
18 Diesel First Nations and the delivery of measures to First Nation customers, it is MKO's view that the
19 principles applied to the Diesel First Nations have relevance and can be applied to the relationship and
20 delivery of measures between Manitoba Hydro and the grid-served First Nations, particularly remote
21 First Nations served from the Manitoba Hydro integrated system.

1 CAC-005-a-MKO

2 **REFERENCE:** Chymko Consulting Ltd. Manitoba PUB MFAT Review for Manitoba Hydro's Proposed
3 Preferred Development Plan for the Keeyask and Conawapa Generating Stations, Their Associated
4 Domestic AC Transmission Facilities and a New Canada-USA Transmission Interconnection: Opinion
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6 **PREAMBLE:** *It is our understanding that a majority of Manitoba Hydro's customers in northern First*
7 *Nation communities are on fixed or limited incomes and are accordingly sensitive to any increases in*
8 *rates. The evidence is not certain as to whether the forecast employment and income benefits of the*
9 *PDP will offset or mitigate this sensitivity through an overall increase in household disposable incomes*
10 *for all First Nation customers or increases in funding available to the First Nation governments, which are*
11 *all General Service customers. (Chymko Consulting Ltd. Manitoba PUB MFAT Review for Manitoba*
12 *Hydro's Proposed Preferred Development Plan for the Keeyask and Conawapa Generating Stations,*
13 *Their Associated Domestic AC Transmission Facilities and a New Canada-USA Transmission*
14 *Interconnection: Opinion Letter, February 4, 2014, Pg. 2).*

15 **QUESTION:** Please provide all sources or documentation supporting the comment that "a majority of
16 Manitoba Hydro's customers in northern First Nation communities are on fixed or limited incomes".

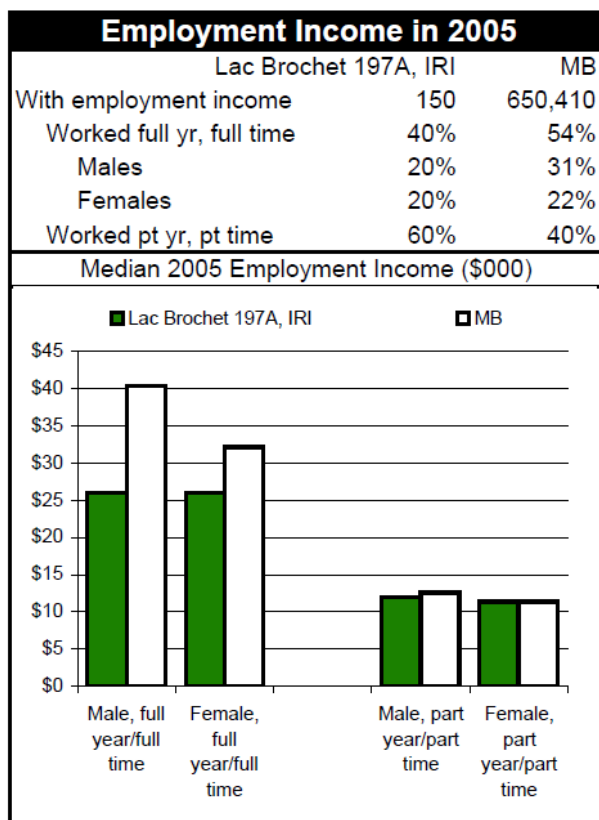
17 **RESPONSE:**

18 Information produced by The Manitoba Bureau of Statistics for Manitoba communities from the 2006
19 Census show that for several of the remote communities the average Median Total Income is 42% to
20 46% of the Manitoba provincial average based on four sample communities as provided on the following
21 two pages. The following information is extracted from Manitoba Bureau of Statistics reports that are
22 provided as CAC-005-MKO Attachment.

23 MKO notes that these statistics may be skewed as it is MKO's understanding that the statistics are
24 presented for all individuals resident in each community. The presence of higher paid, non-First
25 Nation's individuals, for example RCMP officers, teachers, etc., would be expected to raise the average
26 income levels. We therefore submit that the median income levels are indicative of income levels of the
27 First Nations people in the community.

28 As an application by Manitoba Hydro of the attached example of the 2006 Canadian Census data,
29 Manitoba Hydro's response to CAC/MSOS/MH I-100 (b) in the 2010-2012 Manitoba Hydro GRA states
30 that "the data indicates that over 50% of the residents in Brochet and Lac Brochet would be considered
31 low income."

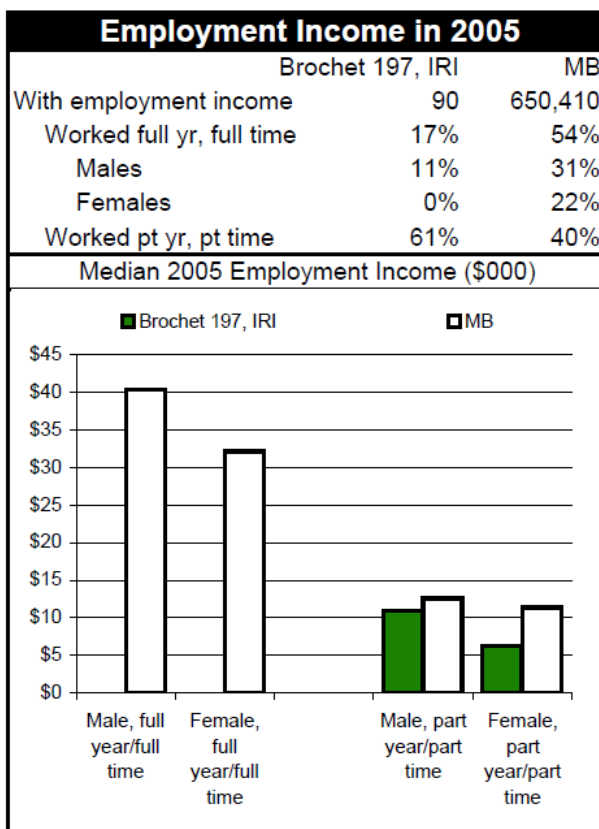
32 By comparison, Manitoba Hydro's response to CAC/MSOS/MH I-100 (a) in the 2010-2012 Manitoba
33 Hydro GRA states that between 17% and 24% of Manitoba Hydro residential basic customers are low
34 income, depending on which LICO definition is applied.



Total Income in 2005

	Lac Brochet 197A, IRI	MB
Population 15+	400	908,450
Males	50%	49%
Females	49%	51%
Median Total Income	\$11,168	\$24,194
Males 15+, income	\$8,208	\$29,919
Females 15+, income	\$12,640	\$20,169
Males 15+, no income	20	19,840
Males 15+, income	180	421,490
Under \$10,000	47%	18%
\$10,000 - \$29,999	39%	32%
\$30,000 - \$39,999	0%	15%
\$40,000 - \$59,999	0%	19%
\$60,000 and over	0%	16%
Average total income	\$12,798	\$37,317
Females 15+, no inc.	25	23,210
Females 15+, inc.	175	443,910
Under \$10,000	43%	23%
\$10,000 - \$29,999	51%	45%
\$30,000 - \$39,999	6%	13%
\$40,000 - \$59,999	0%	12%
\$60,000 and over	0%	7%
Average total income	\$17,037	\$25,627

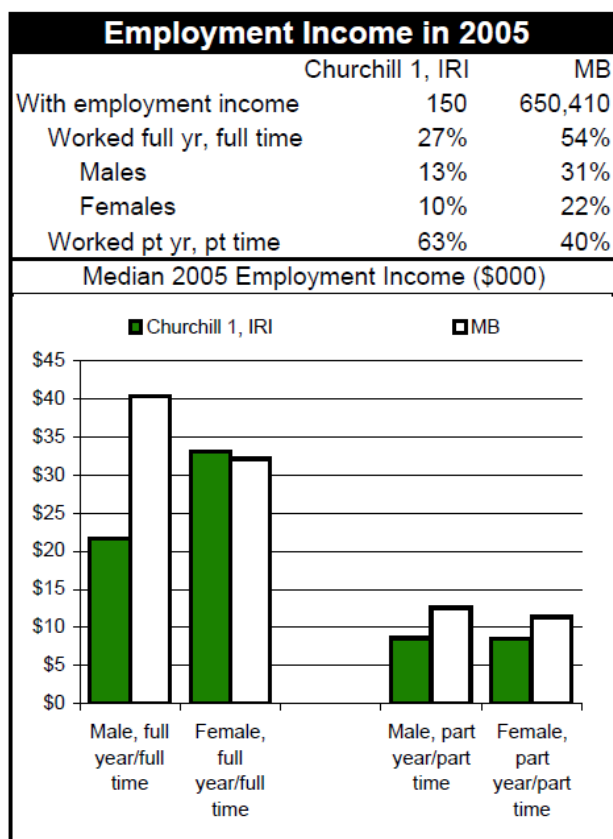
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Total Income in 2005

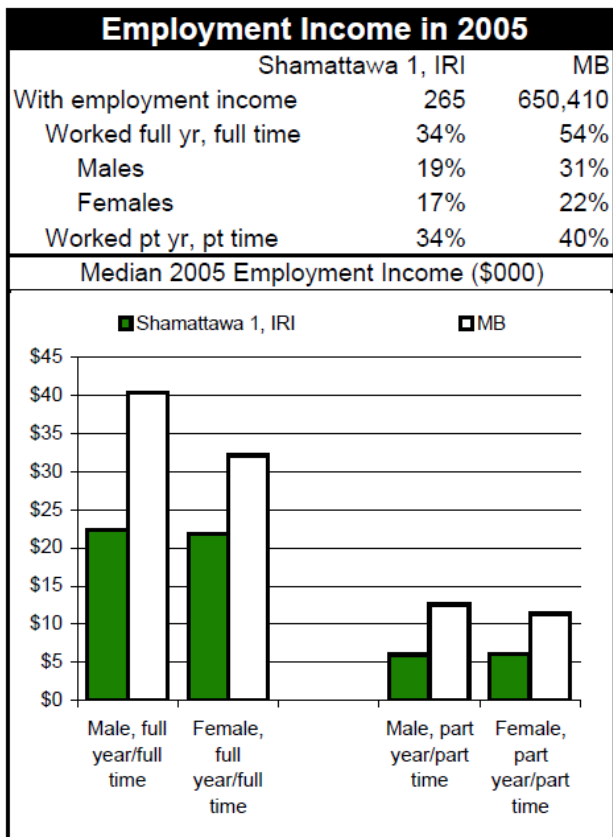
	Brochet 197, IRI	MB
Population 15+	180	908,450
Males	53%	49%
Females	47%	51%
Median Total Income	\$10,581	\$24,194
Males 15+, income	\$10,016	\$29,919
Females 15+, income	\$10,613	\$20,169
Males 15+, no income	10	19,840
Males 15+, income	90	421,490
Under \$10,000	67%	18%
\$10,000 - \$29,999	22%	32%
\$30,000 - \$39,999	11%	15%
\$40,000 - \$59,999	0%	19%
\$60,000 and over	0%	16%
Average total income	\$13,332	\$37,317
Females 15+, no inc.	0	23,210
Females 15+, inc.	80	443,910
Under \$10,000	44%	23%
\$10,000 - \$29,999	50%	45%
\$30,000 - \$39,999	0%	13%
\$40,000 - \$59,999	0%	12%
\$60,000 and over	0%	7%
Average total income	\$12,737	\$25,627

2



Total Income in 2005

	Churchill 1, IRI	MB
Population 15+	250	908,450
Males	56%	49%
Females	42%	51%
Median Total Income	\$11,184	\$24,194
Males 15+, income	\$8,160	\$29,919
Females 15+, income	\$12,875	\$20,169
Males 15+, no income	10	19,840
Males 15+, income	130	421,490
Under \$10,000	58%	18%
\$10,000 - \$29,999	42%	32%
\$30,000 - \$39,999	0%	15%
\$40,000 - \$59,999	8%	19%
\$60,000 and over	0%	16%
Average total income	\$12,379	\$37,317
Females 15+, no inc.	10	23,210
Females 15+, inc.	105	443,910
Under \$10,000	48%	23%
\$10,000 - \$29,999	52%	45%
\$30,000 - \$39,999	0%	13%
\$40,000 - \$59,999	10%	12%
\$60,000 and over	0%	7%
Average total income	\$17,526	\$25,627



Total Income in 2005

	Shamattawa 1, IRI	MB
Population 15+	505	908,450
Males	50%	49%
Females	50%	51%
Median Total Income	\$10,368	\$24,194
Males 15+, income	\$6,768	\$29,919
Females 15+, income	\$13,552	\$20,169
Males 15+, no income	15	19,840
Males 15+, income	245	421,490
Under \$10,000	57%	18%
\$10,000 - \$29,999	31%	32%
\$30,000 - \$39,999	8%	15%
\$40,000 - \$59,999	0%	19%
\$60,000 and over	0%	16%
Average total income	\$11,843	\$37,317
Females 15+, no inc.	35	23,210
Females 15+, inc.	215	443,910
Under \$10,000	42%	23%
\$10,000 - \$29,999	47%	45%
\$30,000 - \$39,999	7%	13%
\$40,000 - \$59,999	0%	12%
\$60,000 and over	0%	7%
Average total income	\$15,839	\$25,627

1 CAC-006-a-MKO

2 **REFERENCE:** Chymko Consulting Ltd. Manitoba PUB MFAT Review for Manitoba Hydro's Proposed
3 Preferred Development Plan for the Keeyask and Conawapa Generating Stations, Their Associated
4 Domestic AC Transmission Facilities and a New Canada-USA Transmission Interconnection: Opinion
5 Letter, February 4, 2014, Pg. 2

6 **PREAMBLE:** *The evidence before the Board is also that Manitoba Hydro considers the matter of*
7 *addressing the First Nation Residential and General Service customers in arrears to be of significant*
8 *concern. It is our understanding that First Nation customers are sensitive to service disconnections, as*
9 *many First Nation homes are occupied by more than one family and may also have significant supplies of*
10 *game and fish in the home in frozen storage. MKO notes that while Manitoba Hydro's service*
11 *disconnection policy in the non-gas areas in the north, including along Developed Waterway, is not*
12 *subject to regulation by the Board, that Manitoba Hydro generally limits disconnections to the warmer*
13 *period between April 1 and October 31. However, there remains a linkage between the pressure on*
14 *limited incomes resulting from an steady upward trend in rates resulting from the PDP and the*
15 *establishment of a service disconnection policy which takes into account the specific circumstances of*
16 *northern First Nation customers and households which are arguable significantly different from most*
17 *non-First Nation customers and households. (Chymko Consulting Ltd. Manitoba PUB MFAT Review for*
18 *Manitoba Hydro's Proposed Preferred Development Plan for the Keeyask and Conawapa Generating*
19 *Stations, Their Associated Domestic AC Transmission Facilities and a New Canada-USA Transmission*
20 *Interconnection: Opinion Letter, February 4, 2014, Pg. 2).*

21 **QUESTION:** Please provide all sources or documentation related to the issue of arrears amongst
22 northern First Nation customers and households.

23 **RESPONSE:**

24 The sources information on the issue of arrears amongst northern First Nation customers and
25 households are:

26 **2010-2012 Manitoba Hydro Electric General Rate Application**

27 CAC/MSOS/MH I-89 (c); Manitoba Hydro Undertakings #1 – 5, filed following the Diesel
28 Update Hearing in November, 2009

29 CAC/MSOS/MH I-93 (a) through (e); Subject: Diesel

30 CAC/MSOS/MH I-100 (a) through (i); Subject: Disconnection and Arrears

31 CAC/MSOS/MH I-101; Subject: Disconnection and Arrears

32 CAC/MSOS/MH I-195 (a) through (e); Subject: Manitoba Hydro Affordable Energy Program

33 RCM/TREE/MH I-102 (a)

34 RCM/TREE/MH I-110

35 Appendix 44, Attachment 1, Manitoba Hydro Affordable Energy Program

36 **2012/13 & 2013/14 Electric General Rate Application**

37 GAC/MH I-13 (a) (i) through (vii); Subject: Residential Late Payments

38 GAC/MH I-14 (a); Subject: Residential Arrears

39 GAC/MH I-20 (a);

40 Board Order No. 14/08, February 29, 2008, CENTRA GAS MANITOBA INC. – AN ORDER APPROVING GAS
41 AND COMBINED GAS/ELECTRIC SERVICES DISCONNECTION AND RECONNECTION POLICY AND
42 PROCEDURES.

1 CAC-007-MKO

2 **REFERENCE:** Chymko Consulting Ltd. Manitoba PUB MFAT Review for Manitoba Hydro's Proposed
3 Preferred Development Plan for the Keeyask and Conawapa Generating Stations, Their Associated
4 Domestic AC Transmission Facilities and a New Canada-USA Transmission Interconnection: Opinion
5 Letter, February 4, 2014, Pg. 4

6 **PREAMBLE:** *Arguably, any institutional limitations or barriers which result in the differential availability*
7 *and implementation of energy efficiency and affordable energy initiatives between customers in the First*
8 *Nation communities and customers in non-First Nation communities would exacerbate the rate impacts*
9 *of the PDP and so would arguably be a socio-economic rate impact of the PDP. (Chymko Consulting Ltd.*
10 *Manitoba PUB MFAT Review for Manitoba Hydro's Proposed Preferred Development Plan for the*
11 *Keeyask and Conawapa Generating Stations, Their Associated Domestic AC Transmission Facilities and a*
12 *New Canada-USA Transmission Interconnection: Opinion Letter, February 4, 2014, Pg. 2).*

13 **QUESTION:**

14 (a) Please provide the following documents from the 1994 Diesel Rate Proceedings: Exhibit 10.

15 (b) Please provide the following documents from the 1994 Diesel Rate Proceedings: The evidence
16 of Mr. Mills.

17 **RESPONSE:**

18 (a) It is the understanding of MKO that in CAC-007-MKO(a), CAC is referring to Exhibit MKO-10,
19 which was filed as part of the evidence of Mr. Fred Mills of the Department of Indian Affairs and
20 Northern Development Canada, who appeared before the Manitoba Public Utilities Board as the
21 MKO Witness by Subpoena on September 25, 2002. MKO is working to retrieve the requested
22 document from archive storage and will provide this document shortly. Pending provision of
23 Exhibit MKO-10 by MKO, please see CAC-007-MKO Attachment, which is the complete written
24 evidence filed in the 2010 Diesel Rate Application by Frederick William Mills on behalf of the
25 Department of Indian and Northern Affairs Canada and dated August 16, 2010. In particular,
26 please see Tab C, which describes the Capital Facilities and Maintenance Operation and
27 Maintenance mechanism which was a central topic of the testimony of Mr. Mills and which
28 document, MKO advises, forms a part of Exhibit MKO-10.

29 (b) It is the understanding of MKO that in CAC-007-MKO(b), in addition to Exhibit MKO-10, CAC is
30 referring to the transcript of the testimony of Mr. Fred Mills before the Manitoba Public Utilities
31 Board on September 25, 2002 as the MKO Witness by Subpoena. Please see Tab A of the
32 attached CAC-007- MKO Attachment, which is the complete transcript of the testimony of Mr.
33 Mills.