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February 4, 2014

Mr. H. Singh
The Public Utilities Board
400 - 330 Portage Avenue
WINNIPEG, Manitoba R3C 0C4

Dear Sir:

RE: MANITOBA HYDRO NFAT
CAC/MMF SOCIO-ECONOMIC PROPOSAL

Manitoba Hydro is in receipt of the correspondence of the Public Interest Law Centre, counsel for the CAC MB, dated February 3, 2014. CAC together with the MMF seek to present a community rate-payer panel focusing on the direct impacts of rate increases on vulnerable Manitoba rate-payers as evidence in the NFAT hearing.

Manitoba Hydro recognizes that the PUB maintains a keen interest in the impacts of rate increases on all Manitoba Hydro customers, including those whom CAC and MMF characterize as vulnerable customers. In this regard in Order 67/13 the PUB identified rate impacts on domestic ratepayers – including those on fixed and low incomes. In Order 92/13 the PUB provided funding for two CAC consultants, Dr. Simpson and Mr. Stevens for the purpose of providing “contextual information on the Manitoba population including fixed and low income population” and assessing “the impact of hydro rate increases over that time period on the consumption levels of households and on their disposable income”. This funding contemplated the provision of a report and oral testimony. Additional funding was provided in Order 127/13.

Manitoba Hydro notes that while CAC and the MMF referenced the possibility of a joint presentation of a community panel in their applications for Intervenor Status, Order 67/13 did not approve same. The PUB did not maintain a placeholder for this topic pending receipt of further information (as was done with other topic areas where information submitted was incomplete but the PUB was not prepared to reject the proposal) nor did CAC or the MMF pursue the matter until this late date.

The proposed joint panel will provide evidence regarding the impact of rate increases in the current time frame. Evidence filed to date demonstrates that all of the alternative plans will

result in rate increases in the near term and that these rate increases are not significantly different from those associated with Manitoba Hydro's Preferred Development Plan¹. Manitoba Hydro accepts that rate-payers do not welcome rate increases however, once the need for new generation is established, rate increases are clearly unavoidable. Manitoba Hydro questions how hearing from customers regarding the impact of rate increases on their personal situations will assist the PUB in discerning between development plans. The proposed information is not properly the subject matter of a presentation in the NFAT (particularly given no pre-filed evidence is contemplated) and frankly such presentation would be better suited to a General Rate Application.

In light of the resources that have already been allocated to reviewing this topic, Manitoba Hydro questions the need and efficiency of adding a duplicative panel to the already tight schedule for the evidentiary portion of the hearing. To such extent the PUB wished to review this topic, it approved same during the scoping and budgetary portions of the NFAT process which occurred in June through August of 2013. The process simply cannot accommodate the introduction of new witnesses and topic areas, particularly at this late date.

Yours truly,

MANITOBA HYDRO LAW DIVISION

Per:



PATRICIA J. RAMAGE
Barrister & Solicitor

encl.

¹ See for example the Report of IEC Morrison Park Advisors which states: "This means that regardless of the Resource Plan chosen, the model results in total risk-adjusted present value costs to ratepayers over a 48 year period that are all well within a maximum of 5% of each other.

...

In other words, since the existing electricity system, dominated by hydroelectricity, continues to be the majority of the system for a very long time to come despite the choice of Resource Plan made, it should not actually be surprising that the incremental Resource Plan choice does not have an overwhelming impact on total costs to ratepayers." MPA Report, page 40