

Manitoba Keewatinowi Okimakanak, Inc.

Manitoba Hydro Needs for and Alternatives To (NFAT) Review

Manitoba Public Utilities Board

MKO NFAT Panel Book of Documents

May 14, 2014 – Thompson, Manitoba

Tab

1. MKO/MH I-1(a) – Number of Residential Customer Accounts by MKO First Nation (Manitoba Hydro Application for Interim Electric Rates Effective April 1, 2014)
2. MKO/MH I-1(c) – Number of General Service Customer Accounts by MKO First Nation (Manitoba Hydro Application for Interim Electric Rates Effective April 1, 2014)
3. MKO/MH I-3(a), (c) and (h) – Number of Residential and General Service Customer Accounts in Arrears as of April, 2014 and the Total Value in Dollars of Amounts in Arrears by MKO First Nation (Manitoba Hydro Application for Interim Electric Rates Effective April 1, 2014)
4. MKO/MH I-4(d) – Manitoba Hydro Procedures for Accounts in Arrears (All Electric Service Area) (Manitoba Hydro Application for Interim Electric Rates Effective April 1, 2014)
5. CAC/MKO 2(a) – Potential Effect of DIAND Operations and Maintenance (O&M) Funding Policy on Payment of Electricity Billings (Manitoba Hydro NFAT)
6. CAC/MKO 7 – Attachment: Table 1, “Eligible Assets for O&M Funding and NFR Factors” (excerpt from evidence of Frederick William Mills for Indian and Northern Affairs Canada, August 16, 2010; Tab C, Indian Programs Manual, Volume 1, Capital Facilities and Maintenance, Part 8.0 Eligible Assets and Funding Factors (Manitoba Hydro NFAT)
7. CAC/MKO 3(a) – Discussion of Arrears (MKO IR Response to CAC) (Manitoba Hydro NFAT)
8. MH-181 – Manitoba Hydro Employee Flat Heating Rate (“Second Meter”) (Manitoba Hydro NFAT)

TAB 1

MKO/MH I-1

Subject: MKO First Nation Accounts - General

Preamble: The First Nations affiliated with MKO are the Nisichawayasihk Cree Nation, Tataskweyak Cree Nation, God's Lake First Nation, St. Theresa Point First Nation, Pimicikamak Cree Nation, Mosakahiken Cree Nation, Wasagamack First Nation, War Lake First Nation, Oxford House First Nation, Fox Lake First Nation, York Factory First Nation, Sayisi Dene First Nation, Red Sucker Lake First Nation, Wuskwi Sipiik Cree Nation, Misipawistik Cree Nation, Manto Sipi Cree Nation, Opaskwayak Cree Nation, Norway House First Nation, Mathias Colomb Cree Nation, Shamattawa First Nation, Garden Hill First Nation, Barren Lands First Nation, Sapotaweyak Cree Nation, Northlands Denesuline First Nation, Chemawawin First Nation, Marcel Colomb First Nation, O-Pipon-Na-Piwin Cree Nation, Pickerel Narrows Cree Nation, Sherridon First Nation and the Wapaskokimaw Reserve, Saskatchewan.

For each of the MKO First Nation communities which receive electricity service from Manitoba Hydro, please indicate, as applicable:

a) the number of Residential Customer Accounts;

ANSWER:

The following table presents the number of residential customer accounts by First Nation community as of March 2014.

Residential Customer Accounts

First Nation Community	Active Services
Barren Lands First Nation	133
Chemanwawin Cree Nation	324
Fox Lake First Nation	52
Garden Hill First Nation	497
Gods Lake First Nation	290
Manto Sipi Cree Nation	120
Marcel Colomb First Nation	15
Mathias Colomb First Nation	402
Misipawistik Cree Nation	219
Mosakahiken Cree Nation	251
Nischawayaksihk Cree Nation	511
Northlands Dene First Nation	149
Norway House Cree Nation	1,197
O-PIPON-NA-PIWIN	216
Opaskwayak Cree Nation	723
Oxford House First Nation	423
Pimicikamak Cree Nation	918
Red Sucker Lake First Nation	206
Sapotaweyak Cree Nation	252
Sayisi Dene First Nation	116
Shamattawa First Nation	185
St Theresa Point First Nation	553
Tataskweyak Cree Nation	383
War Lake First Nation	33
Wasagamack First Nation	262
Wuskwi Sipiik First Nation	40
York Factory First Nation	129

Please note, that account information is not available for Pickerel Narrows Community Association and Sherridon Community Association as Manitoba Hydro's billing system does not identify accounts based on associations. Information is not available for Wapaskokimaw as it is located in Saskatchewan, outside of Manitoba Hydro's service territory.

TAB 2

MKO/MH I-1

Subject: MKO First Nation Accounts - General

Preamble: The First Nations affiliated with MKO are the Nisichawayasihk Cree Nation, Tataskweyak Cree Nation, God's Lake First Nation, St. Theresa Point First Nation, Pimicikamak Cree Nation, Mosakahiken Cree Nation, Wasagamack First Nation, War Lake First Nation, Oxford House First Nation, Fox Lake First Nation, York Factory First Nation, Sayisi Dene First Nation, Red Sucker Lake First Nation, Wuskwi Sipiik Cree Nation, Misipawistik Cree Nation, Manto Sipi Cree Nation, Opaskwayak Cree Nation, Norway House First Nation, Mathias Colomb Cree Nation, Shamattawa First Nation, Garden Hill First Nation, Barren Lands First Nation, Sapotaweyak Cree Nation, Northlands Denesuline First Nation, Chemawawin First Nation, Marcel Colomb First Nation, O-Pipon-Na-Piwin Cree Nation, Pickerel Narrows Cree Nation, Sherridon First Nation and the Wapaskokimaw Reserve, Saskatchewan.

For each of the MKO First Nation communities which receive electricity service from Manitoba Hydro, please indicate, as applicable:

c) the number of General Service Customer Accounts;

ANSWER:

The following table presents the number of General Service customer accounts by First Nation community as of March 2014.

General Service Customer Accounts

First Nation Community	Active Services
Barren Lands First Nation	44
Chemanwawin Cree Nation	34
Fox Lake First Nation	27
Garden Hill First Nation	47
Gods Lake First Nation	55
Manto Sipi Cree Nation	36
Marcel Colomb First Nation	5
Mathias Colomb First Nation	46
Misipawistik Cree Nation	31
Mosakahiken Cree Nation	23
Nischawayaksihk Cree Nation	85
Northlands Dene First Nation	53
Norway House Cree Nation	110
O-PIPON-NA-PIWIN	40
Opaskwayak Cree Nation	90
Oxford House First Nation	50
Pimicikamak Cree Nation	88
Red Sucker Lake First Nation	34
Sapotaweyak Cree Nation	29
Sayisi Dene First Nation	40
Shamattawa First Nation	43
St Theresa Point First Nation	92
Tataskweyak Cree Nation	62
War Lake First Nation	9
Wasagamack First Nation	46
Wuskwi Sipi First Nation	11
York Factory First Nation	26

Please note that account information is not available for Pickerel Narrows Community Association and Sherridon Community Association as Manitoba Hydro's billing system does not identify accounts based on associations. Information is not available for Wapaskokimaw as it is located in Saskatchewan, outside of Manitoba Hydro's service territory.

TAB 3

MKO/MH I-3

Subject: MKO First Nation Accounts - Arrears

Preamble: The First Nations affiliated with MKO are the Nisichawayasihk Cree Nation, Tataskweyak Cree Nation, God's Lake First Nation, St. Theresa Point First Nation, Pimicikamak Cree Nation, Mosakahiken Cree Nation, Wasagamack First Nation, War Lake First Nation, Oxford House First Nation, Fox Lake First Nation, York Factory First Nation, Sayisi Dene First Nation, Red Sucker Lake First Nation, Wuskwi Sipiik Cree Nation, Misipawistik Cree Nation, Manto Sipi Cree Nation, Opaskwayak Cree Nation, Norway House First Nation, Mathias Colomb Cree Nation, Shamattawa First Nation, Garden Hill First Nation, Barren Lands First Nation, Sapotaweyak Cree Nation, Northlands Denesuline First Nation, Chemawawin First Nation, Marcel Colomb First Nation, O-Pipon-Na-Piwin Cree Nation, Pickerel Narrows Cree Nation, Sherridon First Nation and the Wapaskokimaw Reserve, Saskatchewan.

For each of the MKO First Nation communities which receive electricity service from Manitoba Hydro, please indicate, as is applicable:

- a) the number of Residential Customer Accounts in arrears;**
- b) the number First Nation Residential Customer Accounts in arrears;**
- c) the number of General Service Customer Accounts in arrears;**
- d) the number of First Nation General Service Accounts in arrears;**
- e) the number of First Nation Education Customer Accounts (applicable in the Diesel First Nations) in arrears;**
- f) for each of a) through e), above, the percentage of accounts in arrears;**

- g) for each of a) through e), above, the billed electricity consumption associated with accounts in arrears;
- h) for each of a) through e), above, the value in dollars of the accounts in arrears.

ANSWER:

Manitoba Hydro does not separately identify arrears by residential and general service customer accounts and therefore cannot provide the specific breakdown requested. In addition, the number of accounts in arrears includes both active and inactive accounts; presenting the number of accounts in arrears as a percentage of the overall number of accounts in community is not an appropriate comparison.

Community	Number of Residential & General Service Accounts in Arrears	Arrears as of April 2014
Barren Lands First Nation	152 accounts	\$73,082
Chemanwawin Cree Nation	309 accounts	\$220,797
Fox Lake First Nation	68 accounts	\$25,046
Garden Hill First Nation	489 accounts	\$410,892
Gods Lake First Nation	277 accounts	\$102,234
Manto Sipi Cree Nation	133 accounts	\$962,609
Marcel Colomb First Nation	14 accounts	\$177
Mathias Colomb First Nation	332 accounts	\$219,857
Misipawistik Cree Nation	222 accounts	\$177,892
Mosakahiken Cree Nation	214 accounts	\$165,863
Nischawayaksihk Cree Nation	443 accounts	\$170,070
Northlands Dene First Nation	160 accounts	\$90,887
Norway House Cree Nation	1,178 accounts	\$812,869
Opaskwayak Cree Nation	736 accounts	\$451,824
O-PIPON-NA-PIWIN	234 accounts	\$396,359
Oxford House First Nation	427 accounts	\$325,259
Pimicikamak Cree Nation	942 accounts	\$4,844,041
Red Sucker Lake First Nation	224 accounts	\$109,629
Sapotaweyak Cree Nation	242 accounts	\$159,122

Sayisi Dene First Nation	135 accounts	\$6,517
Shamattawa First Nation	180 accounts	\$53,802
St Theresa Point First Nation	536 accounts	\$318,492
Tataskweyak Cree Nation	393 accounts	\$218,520
War Lake First Nation	31 accounts	\$12,971
Wasagamack First Nation	255 accounts	\$114,366
Wuskwi Sipiik First Nation	54 accounts	\$40,563
York Factory First Nation	127 accounts	\$63,746

Manitoba Hydro is unable to provide the breakdown for the First Nation Education accounts, as given the number of such customers within each community, providing this information may result in the disclosure of individual customer information.

Manitoba Hydro does not track billed electricity consumption associated with accounts in arrears. Account arrears can be associated with more than one timeframe and more than one premise as customers move to a new premise.

TAB 4

MKO/MH I-4

**Subject: MKO First Nation Accounts – Disconnection and Reconnection Policy
and Procedures**

Reference: PUB Order No. 14/11

- d) **Please provide or indicate any other disconnection and reconnection policy and procedure which may also apply to electricity customers in the MKO First Nation communities.**

ANSWER:

Please refer to the attached responses to CAC/MSOS/MH I-100 (d) and (e), which was filed in conjunction with Manitoba Hydro's 2010/11 & 2011/12 General Rate Application.

CAC/MSOS/MH I-100

Subject: Disconnection and Arrears

d) What steps does Manitoba Hydro take when residential accounts are in arrears?

ANSWER:

Manitoba Hydro works with the customer to establish a mutually agreed upon payment arrangement that is both manageable for the customer and ensures the customer does not fall further behind on their energy bill. Payment arrangement guidelines encourage flexibility in working around the customer's paydays, child tax benefits, pension income, etc., and allows for changes to the previously agreed upon payment arrangement. Staff work within the customer's ability to pay, taking into consideration family circumstances such as unexpected health concerns, economic changes or family emergencies. The customer is asked to call back if the terms of the arrangement need to be altered to accommodate their specific circumstances.

Customers experiencing financial difficulties are also advised of the various social agencies that might be able to help, including Neighbours Helping Neighbours, Employment and Income Assistance or Community Financial Counselling Services. Customers are also informed of the Low Income Energy Efficiency Home Program (LIEEHP) and, if interest is expressed, a package of information is sent to customers who may qualify for the program.

The following steps are taken on residential accounts in arrears:

Day 1:

Monthly energy bill due date. The monthly bill is due approximately 15 days after issue for energy consumed in the month leading up to the billing date.

Day 30:

Manitoba Hydro attempts to initiate contact with the customer by printing a "Friendly Reminder" message on their bill when there is a minimum of \$20 in 30 day arrears. The purpose of the reminder is to prompt the customer to pay their bill or to contact Manitoba Hydro to make payment arrangements.

A "Social Services" Insert is sent to residential combined gas/electric accounts when there is a minimum of \$50 in 30 day arrears as per PUB Order 14/08. A Social Services message

is also printed on the bill along with the inclusion of a bill insert identifying where to obtain financial assistance, if required. The Social Services insert advises that, in the absence of a payment arrangement, their services could be subject to collection activity.

Day 60:

Without an active payment arrangement at 60 days, the “Important Past Due” message is printed on the bill when there is a minimum of \$100 in 60 day arrears (\$50 for apartments). The Important Past Due message advises the customer to pay their arrears or contact Manitoba Hydro to make a payment arrangement by the due date of the bill or their account will be subject to further collection action.

For electrically heated houses, the “Important Past Due” message is not printed during the voluntary weather moratorium period. Instead, the “Legal” bill message is printed. (See Below.)

Day 76:

Residential accounts without payment arrangements are listed in the Electronic Work Queue (EWQ) for outbound telephone follow-up at Day 76 (one day past the due date of the 60 Day bill) if there is a minimum of \$100 in 60 day arrears (\$50 for apartments).

If contact can not be made with the customer by phone then the Hand Delivered Disconnection/Load Limiting Notice will be issued and delivered to the property. This notice advises the customer that unless payment or payment arrangements are made their services will be subject to collection activity.

Day 83:

A Disconnection for Non-Payment (DNP)/Load Limiting Service Order will print if: records indicate contact was made with the customer within the last 60 days; if there is a minimum of \$100 in 60 day arrears (\$50 for apartments); and, there is a minimum account balance of \$100.

The DNP/Load Limiting service order will print at Day 83 if the account cannot be resolved. During the heating season, load limiter service orders are manually generated for residential gas & combined gas/electric accounts.

Manitoba Hydro requires that customer contact be made prior to disconnection of service. The customer contact requirement is satisfied when the account is discussed with the customer over the phone, in person or when a hand delivered disconnection or load limiter notice is delivered to the residence.

Day 90:

Without an active payment arrangement at 90 days, the “Urgent Notice of Disconnection” message is printed on the bill when there is a minimum of \$100 in 90 day arrears (\$50 for apartments). The “Urgent Notice of Disconnection” advises the customer that their service is subject to collection activity. The customer must have received the 60 day arrears message to receive the 90 day message. Customers are listed in the EWQ and Manitoba Hydro staff attempt to make contact for the purpose of establishing a payment arrangement.

For electrically heated houses, the “Urgent Notice of Disconnection” message is not printed during the voluntary weather moratorium period. Instead, the “Legal” bill message is printed (see below).

Day 97:

DNP/Load Limiting Service Order will print if: records indicate contact was made with the customer within the last 60 days; if there is a minimum of \$100 in 90 day arrears (\$50 for apartments); and, there is a minimum account balance of \$100.

The DNP/Load Limiting service order will print at Day 97 if the account cannot be resolved. During the heating season, load limiter service orders are manually generated for residential gas & combined gas/electric accounts.

Manitoba Hydro requires that customer contact be made prior to disconnection of service. The customer contact requirement is satisfied when the account is discussed with the customer over the phone, in person or when a hand delivered disconnection or load limiter notice is delivered to the residence.

After Disconnection:

“Legal” bill message will print on Disconnected or Load Limited accounts. This bill message advises the customer that their account is subject to legal action.

CAC/MSOS/MH I-100

Subject: Disconnection and Arrears

e) Please provide copies of Manitoba Hydro's disconnection policies.

ANSWER:

Attached is a copy of Manitoba Hydro's Disconnection & Reconnection Policy for electric service customers and a copy of the PUB Order 14/08 related to natural gas and combined natural gas/electric services.

Residential Services - Electricity Billing (2105v)

20. Reconnection of the Same Customer

20.1 - General

A service will be reconnected preferably in the presence of the customer to avoid or minimize damage to appliances or other equipment.

A service that was disconnected for non-payment will be reconnected for the same customer when all overdue amounts owing on the electricity account are paid as follows (in order of preference):

- a) in full;
- b) by short-term payment arrangement if there are extenuating circumstances; or
- c) by other payment arrangements (see Corporate Policy G1-4, Ref. 144 regarding approval).

20.2 - Reconnection Fee

A reconnection fee will be required as follows unless approval is obtained to waive the charge (see Corporate Policy G1-4, Ref. 144 regarding approval).

A reconnection fee (and appropriate GST) will be required:

- when a customer's electrical service has been reconnected after being disconnected for non-payment, or
- when a customer's electrical service has been previously disconnected and is being reconnected with a load restrictor device installed during the non-heating season, May 15th to September 14th, or
- when a load restrictor device has been removed from the electrical service and the customer has been restored to full service.

A reconnection fee is not to be applied:

- when a customer with both natural gas and electric service at the same premise has a load restrictor device installed on their electrical service during the period of September 15th to May 14th

Effective April 1, 2000 the reconnection fee will be as follows:

- a) during normal working hours - \$50;
- b) outside normal working hours - \$65; or
- c) If special conditions exist, such as travel to a remote area or repeated reconnection of the same service for the same customer, the full cost of reconnection will be charged to the customer (see Corporate Policy G1-4, Ref. 144 regarding approval)

21. Collection Action

21.1 - General

Outstanding accounts will be subject to collection action in accordance with CPA2105, V Appendix 'A' Collection Procedures.

21.2 - Late Payment Charge

The Corporation may charge a late payment charge on an outstanding balance equal to or greater than \$21 on a customer's account.

The late payment charge is calculated and compounded monthly on the outstanding balance at a rate of 1.25% per month (nominal rate of 15% per annum). This equates to an effective rate of 16.08% per annum.

21.3 - NSF Cheque Fee

The Corporation will charge a fee of \$20 on cheques returned by the bank for non-sufficient funds.

21.4 - Disconnection of Service

If a customer's account becomes delinquent, the Corporation may at its option, disconnect the service in accordance with the Manitoba Hydro Act. Disconnection procedures will normally be applied to accounts exceeding \$100 and will usually commence the due date of the third unpaid bill for residential accounts.

Prior to starting disconnection procedures, the Corporation may review the following:

- a) alternate payment arrangements;
- b) conditions for deferring disconnection; or

c) installation of load restricting device.

21.5 - Alternate Payment Arrangements

Prior to disconnecting a delinquent account, the Corporation will consider alternate payment arrangements as follows (see Corporate Policy G1-4, Ref. 144 regarding approval):

a) if there are conditions for deferring disconnection (see CPA2105,V Collection Action; Conditions for Deferring Disconnection for details), the following alternate payment arrangements should be considered:

i) payment of current bill plus arrangements equivalent to the amount required to pay arrears over 4 equal bi-weekly installments; or

ii) in special circumstances a reasonable initial payment with arrangements for the orderly repayment of arrears plus full payment of current bills (not normally exceeding 5 months).

b) Customers who fail to keep their previously agreed upon payment arrangements should be contacted for the missed payment. In the case of repeat offenders who fail to keep their arrangements, disconnect action may be implemented even though the account is less than 90 days in arrears;

c) if there are no extenuating circumstances, advise customer to pursue other financial arrangements immediately and suspend further action for a reasonable time, (not normally exceeding 5 business days) if customer agrees to do so.

Note: Advise Credit & Collections Section of Residential customers in bankruptcy.

21.6 - Conditions for Deferring Disconnection

Conditions for deferring disconnection include, but are NOT necessarily limited to, the following situations:

a) young children, senior citizens or mentally or physically disabled persons occupying residence;

b) occupant uses life supporting apparatus, (rocking bed, iron lung resuscitator, kidney dialysis machine etc.);

c) outside temperature is near or below freezing and there is no other source of heating;

d) a reasonable billing dispute between the customer and the Corporation exists;

- e) the Rentalsman's office is involved;
- f) temporary unemployment, temporary financial distress, or other extenuating circumstances.

21.7 - Load-Restriction Device

A load-restriction device may be installed to minimize service capacity for a delinquent account customer unless primary electric space heating is required. The customer must be advised on its purpose and how it can be reset. The load-restriction device may be removed as follows:

- a) upon payment of account, to restore full service capacity; or
- b) upon failure of customer to make suitable payment arrangement, to fully disconnect the service.

21.8 - Disconnection Procedures

If the decision is made to disconnect a service for non-payment the following factors must be considered:

- a) ensure notice has been given to the customer by one of the following methods in order of preference:
 - i) by telephone;
 - ii) in person;
 - iii) in writing (disconnection notification sent to the customer); or
 - iv) by traceable mail, in order of preference;
 - express post;
 - certified mail;
 - registered mail
- b) ensure that the customer has been allowed time to prepare against loss of perishable food and damage to water pipes which would result from service disconnection in the winter;
- c) whenever possible, arrange disconnection of the service;
 - i) in the customer's presence;

ii) normally from Monday to Thursday; and

iii) before noon.

NOTE: If heating is affected, only upon approval (see Corporate Policy G1-4, Ref. 144 regarding approval) will disconnection of a service occur.

Residential Services
Appendix A - Collection Procedures (2105 V-A)

Functional Responsibilities for Collection Procedures		
Type of Account	Criteria	Responsibility
Active Accounts	Delinquent Account: a) Residential Service-Three bills past due; b) EPP accounts with arrears ratio 2.0 or greater.	District Operator or Operating Supervisor
Final Accounts	Until district collection action is complete up to 149 days after the final bill is issued unless payments are being received. Responsibility includes: a) contacting customer by telephone b) collection letters c) skip tracing activity	District Operator or Operating Supervisor
	Once district collection activity is complete or 149 days after the final bill is issued	Credit and Collections Supervisor

Special Electricity Accounts	<p>If classified as special accounts for any of the following reasons:</p> <ul style="list-style-type: none"> a) government or welfare accounts; b) in bankruptcy or proposals; c) in receivership; d) bailiff action is warranted; e) legal action is warranted; f) collection agency involvement; g) subject of confidential credit report which indicates that immediate collection is warranted; h) requires Rentalsman's office involvement; i) all loan programs; j) designated as Head Office responsibility including Bad and Doubtful and Write-Off account k) builders liens 	Credit and Collections Supervisor
Non-electricity Accounts	Miscellaneous Billings	Credit and Collections Supervisor

Last Revised: 2000 03 28

TAB 5

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.

TAB 6

8.0 Eligible Assets and Funding Factors

8.1 The Net Funding Requirement (NFR) is the amount of money, varying between 20 and 100 percent of the average cost required to operate and maintain a capital asset to generally accepted standards, that DIAND provides to First Nations for the O&M funding assistance of a capital asset. The NFR is based on the concept that First Nations are responsible for a partial cost of the O&M funding of the capital asset. These amounts are established in the context of user fee rates being paid for similar services off reserve.

8.2 Assets eligible for DIAND O&M funding assistance and their funding factors are shown in Table 1.

Table 1. Eligible Assets for O&M Funding and NFR Factors

Asset Category	NFR Factor	Asset Class	Asset Code	Asset Subclass
Buildings	0.2	Administrative	A1A	Office
		Operative	A2A	Trade Shop/Workshop (Municipal)
			A2B	Garage (Municipal)
			A2C	Warehouse (Band or School)
	1.0	Institutional	A3A	Schools
	0.2		A3B	Daycare Centres
	0.9		A3H	Fire Stations
	1.0	Residential	A4I	Student Residence
			A4L	Teacherage
	0.8	Utility	A5A	Water Supply/Treatment
			A5B	Waste Treatment/Disposal
			A5C	Electrical Power Generation
			A5D	Solid Waste Disposal
			A5E	Central Heating Plant
	0.2	Recreational	A6A	Community Recreational Centres/Halls/Cultural Centres
			A6B	Arena
A6C			Gymnasiums	
A6D			Indoor Swimming Pools	
A6E			Club Houses, Youth Centres, Senior Citizen Drop-in Centres	
Utilities	0.8	Water Supply, Treatment and Distribution	B1A	Heated Water Mains
			B1B	Water Mains
			B1C	Water Treatment System
			B1D	Water Treatment Unit
			B1E	Water Storage
			B1F	Community Well
			B1G	Water Standpipes
			B1H	High Level Lift Station
			B1I	Low Level Lift Station

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Continued.....

Asset Category	NFR Factor	Asset Class	Asset Code	Asset Subclass
Utilities	0.8	Wastewater Collection, Treatment and Disposal System	B2A	Sanitary Mains
			B2B	Storm Mains
			B2C	RBC/Trickling Filters
			B2D	Extended Aeration Plant
			B2E	Lagoon
			B2F	Community Septic Tank
			B2G	Jet-Pump Disposal
			B2H	Lift Station
			B2I	Aerated Lagoon
			B2Q	Low Pressure Sewer
	0.9	Electrical Power Supply and Distribution	B3B	Diesel Generators
			B3C	Street Lights
			B3D	Transmission Lines
			B3E	Distribution Lines
	0.8	Solid Waste Disposal System	B4A	Refuse Site
B4B			Landfill Site	
B4C			Incinerator	
Transportation	0.9	Reserve Roads	D1A	Earth Roads
			D1B	Gravel Roads
			D1C	Surface Treated Roads
			D1D	Paved Roads
		Reserve Bridges	D2A	Vehicular Bridges
			D2B	Pedestrian Bridges
			D2C	Large Culverts
Vehicles	0.9	Fire Fighting	E1A	Mini Pumper
			E1B	Triple Combination Pumper
	0.8	Solid Waste	E2A	Compactor
			E2B	Compactor (Unmodified Chassis)
		Liquid Waste	E3A	Commercial Pumper
			E3B	Pumper (Unmodified Chassis)
		Water Delivery	E4A	Tanker
			E4B	Tanker (Unmodified Chassis)

TAB 7

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.

TAB 8

MH-181

Manitoba Hydro NFAT Review

Question 56:

A number of participants referenced “two meters” on Hydro buildings in the North and how MH employees get “free heat” – please explain the two meters and explain if MH employees in the North get “free heat”.

Response:

Manitoba Hydro employees living in Corporate housing do not get “free heat”.

Corporate housing provided to Manitoba Hydro employees living north of the 53rd parallel are normally fitted with two meters.

One meter is for heating. As the accommodations vary with respect to energy efficiency and building standards, heating costs will also vary widely. As such, to maintain equity amongst employees, they are charged a flat rate for heat, which is deducted through payroll deduction. That flat rate is derived from the lowest average heating costs in Winnipeg, adjusted annually.

The second meter is for all other energy consumption and employees pay for this directly. The rates charged are identical to all other Manitoba Hydro residential customers on the grid.