

MANITOBA)
)
THE PUBLIC UTILITIES BOARD ACT) Order No. 153/03
)
THE CROWN CORPORATIONS PUBLIC) October 31, 2003
REVIEW AND ACCOUNTABILITY ACT)
)
THE MANITOBA HYDRO ACT)

BEFORE: G.D. Forrest, Chair
R.A. Mayer, Q.C., Vice-Chair
Dr. K. Avery Kinew, Member

**AN INTERIM EX PARTE ORDER DEALING WITH
VARIOUS MANITOBA HYDRO SALES RATES MATTERS**

1.0 FLAT RATE WATER HEATING RATES

By letter dated April 16, 2003, Manitoba Hydro (“Hydro”) requested interim ex parte approval of several flat rate water heating rates formerly billed by Winnipeg Hydro. The schedule of rates is included as Appendix A to this Order. Hydro has no similar sales rates approved by the Public Utilities Board (“Board”). Hydro is requesting the former Winnipeg Hydro customers be billed at the same rate that was billed by Winnipeg Hydro, thereby establishing a new Hydro sales rate. Approval of these new rates will ensure customers are treated in a fair and equitable manner.

Some of these flat rates are for controlled services for water heaters. Hydro intends to continue billing these accounts as controlled services even though the service is no longer controlled by Hydro. Hydro intends to review these rates and services prior to the next General Rate Application.

Board Findings

The interim approval of these sales rates merely formalizes the rates previously charged to certain ratepayers by Winnipeg Hydro and the rates continuing to be charged to those ratepayers by Hydro. The Board will approve these sales rates set out in Appendix A on an interim ex parte basis. The Board urges Hydro to consider removing the distinction between controlled and uncontrolled services since Hydro does

not have the capability of controlling these services. The Board also expects Hydro to confirm these rates at the next GRA.

2.0 STREET LIGHT RATES

Following the acquisition of Winnipeg Hydro and the merging of certain rate and billing data, Hydro discovered several street light types were unique to the Winnipeg Hydro service territory. Accordingly, there are no Board approved sales rates. By letter dated April 16, 2003, Hydro requested interim ex parte approval for sales rates applied to these street light types. The requested schedule of sales rates is included as Appendix B to this Order. The proposed rates are based on new cost of service calculations performed by Hydro, and differ from the former rates charged by Winnipeg Hydro to the one customer, the City of Winnipeg. Hydro intends to undertake a review of all street light rates once a street light cost of service has been completed.

Board Findings

The Board agrees that the rates for street lights should be consistent. In addition, the number of street lights (except Christmas lighting) is relatively small, and Hydro will produce a cost of service study for street lighting in the near future. The Board will therefore approve the rates attached as Appendix B on an interim ex parte

basis. The Board will require Hydro to file a street light cost of service study by no later than the next GRA, along with a confirmation of rates.

3.0 MULTIPLE POINTS OF DELIVERY SURCHARGE

Since 1977, Hydro has supplied 28 customers with multiple points of delivery that are metered by a single meter on the high voltage (primary) side of the service. This configuration is not preferred by Hydro. The preferred method of metering is to install a separate meter at each point of delivery on the low voltage (secondary) load side of the service. For those customers metered on the high voltage side of the service, a surcharge is added to the monthly billing demand for each additional transformer bank required. The purpose of the surcharge is to recover the incremental costs of supplying a customer at multiple service points. The surcharge varies in amount from 0% to 30% depending upon the additional transformer bank required. For all customers there is also a 1% reduction of demand and energy charges for transformer losses which are not metered. This surcharge and reduction exists only in the Hydro service territory, exclusive of the former Winnipeg Hydro service territory. Since 1977 Hydro has not offered this type of installation to new customers.

Hydro has advised the Board that this existing surcharge and reduction is not included in the Schedule of Rates reviewed in Order 7/03 and has never been approved by the Board. Rather than include the surcharge in the schedule of rates, Hydro

included this as part of Hydro's customer policy applications. This customer policy application has never been approved by the Board as part of the rates charged by Hydro. A schedule of the surcharge and reduction is included as Appendix C.

Winnipeg Hydro had no such surcharge and reduction for its 197 customers in the same service category. Winnipeg Hydro did not apply the surcharge and reduction to its customers' accounts in a manner consistent with Hydro's service extension policy. However, as noted above, Hydro had neglected to include this surcharge and reduction in its schedule of rates approved by the Board.

Following the acquisition of Winnipeg Hydro in September, 2002, Hydro decided to apply consistent billing policies to all customers. Therefore, former Winnipeg Hydro customers were advised by letter or in person by a Hydro customer service representative that the billing adjustment would begin effective April 1, 2003. According to Hydro, these billing adjustments have now been implemented.

The impact of the adjustment for distribution losses to those former Winnipeg Hydro customers served by multiple points of delivery is as follows:

**Adjustment for Distribution Losses
Primary Metered Corporate Transformation**

| % of Revenue Increase | Number of Customers |
|----------------------------------|----------------------------|
| 13% | 1 |
| 4% to 7% | 5 |
| 2% to 3% | 10 |
| 0% to 1% | 87 |
| -2% to -1% | 94 |
| Total Number of Customers | 197 |

| Revenue Increase | Number of Customers |
|----------------------------------|----------------------------|
| > \$20,000 | 1 |
| \$5,001 to \$20,000 | 3 |
| \$1,001 to \$5,000 | 15 |
| \$501 to \$1,000 | 4 |
| \$301 to \$500 | 5 |
| \$101 to \$300 | 13 |
| \$0 to \$100 | 38 |
| (\$100) to 0 | 14 |
| (\$300) to (\$101) | 41 |
| (\$500) to (\$301) | 19 |
| (\$1,000) to (\$501) | 21 |
| (\$5,000) to (\$1,001) | 21 |
| > (\$5,000) | 2 |
| Total Number of Customers | 197 |

| Surcharge for Additional Transformers | Number of Customers |
|--|----------------------------|
| 0% | 92 |
| 2% | 71 |
| 4% to 6% | 22 |
| 8% | 7 |
| 12% to 16% | 4 |
| 30% | 1 |
| Total Number of Customers | 197 |

Note: 1% reduction to kW.h and kV.A was applied to all 200 customers.

| Customers by Rate Class | Number of Customers |
|----------------------------------|----------------------------|
| General Service Small | 49 |
| General Service Medium | 141 |
| General Service Large | 0 |
| LUBD General Service Small | 6 |
| LUBD General Service Medium | 1 |
| Total Number of Customers | 197 |

The overall revenue impact to Hydro is \$64,000.

Board Findings

The surcharges and reductions charged by Hydro to its customers, including those in the newly acquired Winnipeg Hydro service territory, are subject to the jurisdiction of the Board, no differently than any of the other sales rates that a customer must pay Hydro. At this time, the Board will approve the rates and surcharges charged by Hydro as set out in Appendix C on an interim basis. This interim approval has the effect of approving a sales rate currently being charged which has not yet been approved by the Board.

In approving the surcharge and reduction, the Board notes it is important to consolidate the rates charged by Hydro. Furthermore, former Winnipeg Hydro customers will experience a bill increase, although they have received a benefit by being charged a lower rate for approximately two decades. The Board is also aware that customers can change their equipment configuration to avoid having multiple points of delivery metered by a single meter on the high voltage side of the service and also avoid this surcharge and reduction. The Board urges customers to explore the costs of changing their equipment configuration and compare those costs to their new bill, to determine the most viable economic option.

4.0 SURPLUS ENERGY PROGRAM

Board Order 90/00 approved the Surplus Energy Program (SEP) until March 31, 2004 unless otherwise directed by the Board. By correspondence to the Board dated March 24, 2003, Hydro noted its intention to continue the SEP and requested that the current program be extended one further year to March 31, 2005 with the Board continuing to approve rates on a weekly basis, as needed. A report on the SEP was filed as part of the hearing leading to Order 7/03.

Board Findings

The Board will approve the request of Hydro to extend the SEP until March 31, 2005 on the same terms and conditions approved in Order 90/00.

5.0 IT IS THEREFORE ORDERED THAT:

1. The flat rate water heating rates, attached as Appendix A, BE AND ARE HEREBY APPROVED on an interim ex parte basis.
2. The street light rates, attached as Appendix B, BE AND ARE HEREBY APPROVED on an interim ex parte basis.
3. The multiple points of delivery rates, attached as Appendix C, BE AND ARE HEREBY APPROVED on an interim ex parte basis.

4. The request to extend the Surplus Energy Program until March 31, 2005, BE AND IS HEREBY APPROVED on an interim ex parte basis.
5. This interim ex parte Order shall remain in force until confirmed as final or otherwise by a further Order of the Board.

THE PUBLIC UTILITIES BOARD

"G.D. FORREST"

Chairman

"G.O. BARRON"

Secretary

Certified a true copy of Order No. 153/03 issued by
The Public Utilities Board

Secretary

Appendix A

RESIDENTIAL FLAT RATE WATER HEATERS:

Controlled:

| <u>Wattage</u> | <u>Rate per Month</u> |
|----------------|-----------------------|
| 500 W | \$8.00 |
| 600 W | \$9.46 |
| 900 W | \$13.77 |
| 1200 W | \$17.29 |
| 1250 W | \$17.79 |
| 3500 W | \$33.95 |
| 4000 W | \$37.95 |
| 4500 W | \$42.04 |

Controlled Quick Recovery:

| <u>Wattage</u> | <u>Rate per Month</u> |
|----------------|-----------------------|
| 15010 W | \$15.86 |
| 20010 W | \$16.23 |
| 20015 W | \$22.07 |
| 30010 W | \$16.59 |
| 30015 W | \$22.56 |
| 30020 W | \$27.11 |
| 45015 W | \$23.32 |

Uncontrolled:

| <u>Wattage</u> | <u>Rate per Month</u> |
|----------------|-----------------------|
| 600 W | \$12.53 |
| 900 W | \$18.41 |
| 1200 W | \$22.86 |
| 2500 W | \$35.83 |
| 6000 W | \$70.12 |

Uncontrolled Quick Recovery:

| <u>Wattage</u> | <u>Rate per Month</u> |
|----------------|-----------------------|
| 20010 W | \$21.71 |
| 20015 W | \$29.45 |
| 30015 W | \$30.07 |

GENERAL SERVICE FLAT RATE WATER HEATERS:

Uncontrolled:

| <u>Wattage</u> | <u>Rate per Month</u> |
|----------------|-----------------------|
| 600 W | \$13.57 |
| 1200 W | \$27.17 |

Uncontrolled Quick Recovery:

| <u>Wattage</u> | <u>Rate per Month</u> |
|----------------|-----------------------|
| 20015 W | \$35.09 |
| 30015 W | \$35.50 |

STREET LIGHTS:

| <u>Type</u> | <u>Rates Per Month</u> |
|--------------------------|------------------------|
| 20 W Compact Fluorescent | \$1.78 |
| 200 W Fluorescent | \$8.30 |
| 400 W Metal Halide | \$19.90 |
| 750 W HPS Shared | \$18.34 |
| 750 W HPS Exclusive | \$29.10 |
| Christmas Lighting | \$0.0582 per kW.h |

Appendix B

STREET LIGHTS:

20 W Compact Fluorescent:

The proposed monthly rate was calculated by adding the average monthly customer cost to the average monthly energy use of a 20 W compact fluorescent bulb.

There are approximately 800 lights, five (5) lights per lamp standard.

| | |
|---------------------------------|-------------------------|
| Estimated Customer Cost: | \$1.44 per month |
| Energy Cost: (88 kW.h per year) | <u>\$0.34 per month</u> |
| Total Cost: | \$1.78 per month |

200 W Fluorescent:

The proposed monthly rate was calculated by adding the average monthly customer cost to the average monthly energy use of a 200 W fluorescent bulb.

There are fourteen (14) 200 W fluorescent lights exclusive.

| | |
|----------------------------------|-------------------------|
| Estimated Customer Cost: | \$4.74 per month |
| Energy Cost: (924 kW.h per year) | <u>\$3.56 per month</u> |
| Total Cost: | \$8.30 per month |

400 W Metal Halide:

These lights have approximately the same lamp life and wattage as a 400 W HPS Exclusive therefore the same rate as a 400 W HPS Exclusive is being proposed. The lamp life of a 400 W Metal Halide is approximately 20,000 hours and they use 470 W which is similar to a 400 W HPS which has a lamp life of roughly 24,000 hours and use 475 W.

There are four (4) 400 W metal halide lights exclusive.

| | |
|-----------------------|-------------------|
| 400 W HPS Exclusive = | \$19.90 per month |
| 400 W MH Exclusive = | \$19.90 per month |

750 W HPS:

The approved rates for a 400 W HPS Exclusive and 1000 W HPS Exclusive were used to prorate the proposed rate for a 750 W HPS Exclusive.

There are twenty-nine (29) 750 W HPS lights exclusive.

- 400 W HPS = \$22.60 per month
- 1000 W HPS = \$33.75 per month
- 750 W HPS = \$29.10 per month based on:

$$[(\$33.75 - \$22.60) / (1000 \text{ W} - 400 \text{ W}) \times (750 \text{ W} - 400 \text{ W})] + \$22.60 = \$29.10$$

Since there is no approved rate for anything larger than a 400 W HPS Shared, the difference between the 400 W HPS Shared and the 400 W HPS Exclusive was calculated and applied to the proposed rate for the 750 W Exclusive.

There is only one (1) 750 W HPS light shared.

- 400 W HPS exclusive = \$22.60 per month
- 400 W HPS shared = \$11.84 per month
- difference = \$10.76
- 750 W HPS exclusive = \$29.10 per month
- 750 W HPS shared = (\$29.10 - \$10.76) = \$18.34 per month

Christmas Lighting:

The average rate per kW.h was determined based on the total installed wattage and the estimated number of burning hours.

Total number of lamps:

- 1,394 - 41 special curlicues
- 2,200 - 44 Christmas trees
- 19,650 - 393 snowflake decorations
- 188,818 - rope lighting
- 19,375 - tree twinkle lights
- 600 - festoon lighting
- 232,037 - Total Lamps

| | |
|---------------------------|--------------|
| Total connect load | 303.693 kW |
| Estimated Hours of Use | 735 hours |
| Energy Consumption | 223,352 kW.h |
| Estimated Cost | \$12,999 |
| Calculated price per kW.h | \$0.0582 |

Appendix C

Adjustment for Distribution Losses

Adjustment in consumption, demand, or both, due to integral transformer losses is made as follows:

- a) if metering equipment is installed on the secondary side of the customer-owned transformation, we will correct the consumption (kW.h) and demand (kV.A) back to the point of delivery to compensate for transformer and conductor losses, as follows:
 - i) by using computer calculations and the installation of pulse meters; or
 - ii) by assessing a surcharge of one percent on the monthly billing demand and consumption with installation of an indicating demand/energy meter.
- b) if metering equipment is installed on the primary side of Corporation-owned transformation, we will correct consumption (kW.h) and demand (kV.A) to the point of delivery, as follows:
 - i) by using computer calculations and the installation of pulse meters; or
 - ii) by deducting one percent on the monthly billing demand and consumption with installation of an indicating demand/energy meter.
- c) Effective 1977 09 01, if a single meter and associated metering equipment is installed on the primary distribution connecting several Corporation-owned transformer banks, we will adjust for losses due to demand diversity by assessing a surcharge of 2% on the monthly billing demand (kV.A) for each transformer bank additional to the first.