

MANITOBA) Order No. 1/06
)
THE PUBLIC UTILITIES BOARD ACT)
)
MANITOBA HYDRO ACT)
)
THE CROWN CORPORATIONS PUBLIC)
REVIEW AND ACCOUNTABILITY ACT) January 4, 2006

BEFORE: Graham F. J. Lane, C.A., Chairman
Monica Girouard, C.G.A., Member

APPLICATION BY MANITOBA HYDRO FOR AN INTERIM
EX PARTE ORDER APPROVING SURPLUS ENERGY
PROGRAM RATES, SCHEDULE SEP-1

Introduction and Application

On January 4, 2006, Manitoba Hydro (MH) filed an application for Interim Ex Parte approval of Surplus Energy Program (SEP) rates, as attached.

By Order No. 90/00 dated June 30, 2000, The Public Utilities Board (Board) approved MH's application for its SEP, and a procedure was established for the approval of Schedule SEP-1 rates to be amended from time to time.

Pursuant to past and current practice, the Board has considered MH's application and will approve the application on an Interim Ex Parte basis.

Background

SEP is the mechanism by which MH prices its sales of electricity generated in excess of its immediate requirements. Average spot market prices are determined weekly using a methodology approved by the Board.

The objective of the SEP is to provide Manitoba's larger commercial firms access to electricity at prices similar to those offered by MH to "opportunity" export sales customers. SEP customers choose to accept or decline electricity delivery at the price available under the program. SEP is expected to break even on an annual basis; SEP revenues are determined through

sales at the prices established, program costs are as allocated by MH.

The attached appendix depicts the variability of average SEP prices over three years. The simple average weekly price depicted on the chart was determined by adding the weekly prices for peak, shoulder and off-peak time sales and dividing by three.

During 2005, average and actual peak and shoulder prices rose sharply following Hurricane Katrina, which, besides its human and property damage toll, drove up continental natural gas prices. Natural gas is a major input and cost for American electricity generators, and higher natural gas prices led to increased wholesale electricity prices.

Since its inception, SEP has provided approximately 20,000 GW hours per year of electricity to MH's medium and large customers, at "wholesale" market prices. Over the most recent reported four-year period, MH has indicated a net income of \$168,000 (\$42,000/year).

IT IS THEREFORE ORDERED THAT:

1. Manitoba Hydro's application for approval of Schedule SEP-1 to be charged from January 9, 2006 to January 15, 2006 BE AND IS HEREBY APPROVED on an Interim Ex Parte basis.

2. This Interim Ex Parte Order shall be in full force and effect until confirmed or otherwise by a further Order of the Board following a public hearing.

THE PUBLIC UTILITIES BOARD

"GRAHAM F. J. LANE, C.A."
Chairman

"J. WILLIAMSON"
Acting Secretary

Certified a true copy of Order No.
1/06 issued by The Public
Utilities Board

Acting Secretary

The estimated average spot market rate is \$58.35 per MWh, Manitoba Hydro warrants that the Spot Market Rate has been calculated using approved Public Utilities Board methodology. The expected source(s) of spot market energy is (are): export



SCHEDULE SEP-1
SURPLUS ENERGY PROGRAM RATES

January 9, 2006 to January 15, 2006

Tariff No. 50-19 General Service Medium (Utility Owned Trans.)

	Peak Hours	Shoulder Hours	Off Peak Hours	
Distribution Charge	0.620	0.620	0.620	cents/kWh
Energy Charge	11.220	5.556	3.293	cents/kWh

Tariff No. 50-20 General Service Large 750V not exceeding 30 kV

	Peak Hours	Shoulder Hours	Off Peak Hours	
Distribution Charge	0.330	0.330	0.330	cents/kWh
Energy Charge	11.071	5.482	3.249	cents/kWh

Tariff No. 50-21 General Service Large 30 kV not exceeding 100 kV

	Peak Hours	Shoulder Hours	Off Peak Hours	
Distribution Charge	0.140	0.140	0.140	cents/kWh
Energy Charge	10.805	5.350	3.171	cents/kWh

Tariff No. 50-22 General Service Large exceeding 100 kV

	Peak Hours	Shoulder Hours	Off Peak Hours	
Distribution Charge	0.060	0.060	0.060	cents/kWh
Energy Charge	10.645	5.271	3.124	cents/kWh

	May 1 to October 31	November 1 to April 30
Peak Hours	Monday - Friday * 12:01 - 20:00 Hours	Monday - Friday * 7:01-11:00 and 16:01-20:00 Hours
Shoulder Hours	Monday - Sunday ** 7:01 - 23:00 Hours	Monday - Sunday ** 7:01 - 23:00
Off Peak Hours	Monday - Sunday 23:01 - 7:00 Hours	Monday - Sunday 23:01 - 7:00 Hours
* excluding statutory holidays		
** excluding peak hours		

The Basic Monthly Charge is \$50.00 per month for SEP customers with total loads less than or equal to 1000 kVA.
The Basic Monthly Charge is \$100.00 per month for SEP customers with total loads greater than 1000 kVA.

APPENDIX "A"
Estimated Average Spot Market Rate



