

MANITOBA) Order No. 148/11
)
THE PUBLIC UTILITIES BOARD ACT) October 20, 2011

BEFORE: Graham Lane C.A., Chairman
Robert Mayer Q.C., Vice-Chair
Dr. Kathi Avery Kinew, Member

**INTERIM ORDER IN RESPECT OF THE RESIDENTIAL CLASS TAIL BLOCK RATE
FOR DIESEL-GENERATED ELECTRICITY IN THE COMMUNITIES OF BARREN
LANDS FIRST NATION (BROCHET), NORTHLANDS DENESULINE FIRST NATION
(LAC BROCHET), SAYISI DENE FIRST NATION (TADOULE LAKE) AND
SHAMATTAWA FIRST NATION (SHAMATTAWA)**

EXECUTIVE SUMMARY

Manitoba Hydro (MH) applied to the Public Utilities Board (Board) for an interim *ex parte* order to eliminate the Residential Class “tail block rate” charged to the communities currently served by diesel-generated electricity (the Diesel Zone).

The request from MH only partially addresses the Directives issued by the Board in Order 134/10, which require, amongst other matters, MH to provide the Board with a fully-costed five-year plan to eliminate the tail block rate for Residential Class and General Service Class accounts in the event that there is no positive support and business plan for the preferred development scenario calling for (a) removing service restrictions in the Diesel Zone, including the Residential Class 60 Amp restriction, and, (b) eliminating the use of diesel fuel to supply the communities.

All Board Members recognize that MH has not fully responded to the Board’s Directives in Order 134/10 (posted on the Board’s website: www.pub.gov.mb.ca), and all Board Members conclude that the elimination of the Residential Class tail block rate would be a positive step towards meeting one of the objectives of that Order. However, only a majority of the Board will approve, on an interim basis, MH’s Application, prior to MH filing a more fulsome Diesel Zone Application, an application expected to address all matters and Directives from Order 134/10.

In addition to the majority decision of the Board, there is a minority or dissenting opinion by a Board Member who was not convinced that a further interim rate adjustment should be made in advance of, and without the benefit of, the more fulsome Diesel Zone Application that MH intends to file on or before December 22, 2011.

While there is not unanimity among the Board Members as to the decision on the MH’s Application, all Members fully respect the ability of a Board Member to disagree with the majority decision and provide a dissenting minority opinion. All Board Members agree that the public interest is best protected by having all Board Members contribute their independent deliberations, even if a unanimous position is not achieved.

APPLICATION

On July 5, 2011, MH applied to the Board for an interim *ex parte* order to eliminate the tail block rate, (i.e., the price for electricity consumed in excess of 2,000 kWh per month) for Residential Class customers in the four communities currently served by diesel generation (Diesel Zone), thereby providing access to grid-equivalent rates for all electricity used by these customers.

BACKGROUND

MH's current Application was as a result of direction provided by the Board in Order 134/10 (issued on December 22, 2010), which set, on an interim basis, the current Diesel Zone rates.

Directive 6 in Board Order 134/10 states:

In the event that there is no positive support for removing the service restrictions, including the 60 Amp restriction, and eliminating the use of diesel fuel to supply power to the off-grid communities, Manitoba Hydro is to develop and file with the Board, within one year of the issuance of this Order, a five year fully costed plan to migrate Residential and non-government General Service Diesel Zone customers to grid rates for all consumption.

MH's current Application is intended to immediately address only the Residential Class portion of Directive 6, except that the existing 60 Amp restriction would remain in place. In the current Application, MH also confirms its intention that on or before December 22, 2011 it will file a subsequent Application, to address:

- Full cost rate recovery based on updated cost estimates and a new fiscal year;
- Inclusion in the revenue requirement of any unrecovered capital and accrued interest;
- Strategies related to General Service customers;

- Contribution payments from other Government customers; and
- Confirmation of interim orders in respect of the Diesel Zone.

On July 13, 2011, the Board advised MH and stakeholders of the Board's intention not to consider MH's Application on an 'ex-parte' basis, but rather to review the Application through a "paper-based" process involving one round of information requests followed by intervener and MH submissions.

The Board also advised parties of the Board's intention to confirm as final all Diesel Zone rates approved on an interim basis since 2004.

On July 29, 2011, the Consumers' Association of Canada Manitoba Branch (CAC) applied to the Board for intervener status. CAC requested that the Board adjust its timetable for hearing the Application to allow CAC time to file a demographic study of the Diesel Zone communities (the study to be prepared by Dr. Tom Carter of Carter Research Associates). CAC argued that such evidence would assist the Board to better understand the implications of the proposed changes to rates and rate structures. CAC also suggested that parties be provided with time to file information requests on Dr. Carter's material.

On August 2, 2011, Manitoba Keewatinowi Okimakanak, Inc. (MKO) applied to the Board seeking intervener status. In MKO's request it indicated an intention to retain expert advisory services, specifically to focus on MH's approach to comprehensive/integrated energy services, demand side management (DSM) and low-income and affordable energy programs for the MKO Diesel First Nations.

The Board also received a request for intervener status from Aboriginal Affairs and Northern Development Canada (AANDC - formerly Indian and Northern Affairs Canada, INAC). AANDC's intention was to determine and address the implications of MH's Application.

On August 4, 2011, MH filed with the Board correspondence indicating MH's concern with the attempted expansion of the scope of the review of the current Application by CAC and MKO. MH argued that MKO's intervention was "*overly broad and substantially expand[ed] the scope to matters outside of MH's current Application*".

MH also submitted that CAC's request to file a demographic study would "*not be of value in the current process*". MH further submitted that "*information on demographics has already been provided and reviewed by this Board*". MH highlighted that during the 2010 Diesel hearing the Board received a substantial amount of information regarding the demographics of the diesel First Nation Communities.

On August 10, 2011, CAC filed with the Board correspondence disputing MH's request to limit the scope of the current Application. CAC suggested that MH's Diesel Application may not be in compliance with the spirit and intent of Board Order 134/10, particularly Directive 6.

CAC contended that the current filing fails to address the issue of a grid connection, fails to provide the five year fully costed plan to move to grid rates, fails to address the residential funding issue, and leaves further compliance with Board Directives to a future uncertain date. CAC also argued that finalizing all interim orders, as desired by the Board, would materially broaden the scope of the proceeding beyond the elimination of the tail-block rate.

On August 11, 2011, MH filed correspondence in reply to CAC's August 10, 2011 submission. MH reiterated its view that broadening the scope of the review would be inappropriate and go beyond the issue MH is attempting to deal with in the current Application. MH requested that the Board limit the scope of the review to that of considering the elimination of the tail block rate for the Residential Class.

As an alternative, MH requested that the Board consider delaying the current proceeding until MH was in a better position to respond to the broader issues identified. MH also suggested that it would support a proposal that the Board grant immediate interim

approval of MH's Application to eliminate the tail block rate charged to Residential Class customers, with the broader issues to be dealt with in a subsequent application, that to be filed on or before December 22, 2011.

On August 23, 2011, MH provided answers to only those Information Requests of the Board and CAC that MH identified as "*Information Requests related to Manitoba Hydro's 2011 Diesel Application to Eliminate Residential Tail Block Rate*" and as specified in MH's August 11, 2011 correspondence. All of the remaining Information Requests were left unanswered. In its August 11, 2011 correspondence, MH indicated that it would defer them "to its upcoming more comprehensive application".

On August 30, 2011, CAC filed with the Board a letter to MH in which it took the position that three of CAC's Information Requests that MH had not answered were in fact relevant to the current Application and sought to have them answered. CAC's letter also sought clarification with respect to two additional Information Requests, taking the position that one of the answers provided by MH was non-responsive.

On August 31, 2011, the Board issued a letter to MH advising it that the Board was prepared to review MH's application as submitted, i.e., dealing only with the Residential Class tail-block rate and requiring MH to answer those Information Requests that deal with the reduction of the Residential Class tail-block rate, including the additional answers sought by CAC in its August 30, 2011 letter.

In its August 31, 2011 letter, the Board further indicated that it considered CAC's proposal to file a report dealing with the demographics of the four diesel communities and MKO's request to examine "*Manitoba Hydro's approach to comprehensive/integrated services, and DSM and low-income and affordable energy programs*" to be beyond the scope of the current Application. The Board also re-confirmed its timetable for consideration of the Application as per its July 13, 2011 letter.

On September 1, 2011, MH filed with the Board answers to the additional Information Requests sought by CAC in its August 30, 2011 correspondence. And, on September 8,

2011, CAC filed written submissions with the Board. On September 15, 2011, MH filed written reply submissions. No submissions were received from either MKO or AANDC.

BOARD FINDINGS BY THE MAJORITY OF BOARD MEMBERS

Scope of Application and Intervention

MH applied to have its Application heard as an interim *ex parte* Application. The Board obtained intervener status requests from CAC, MKO and AANDC and, on July 13, 2011, the Board ruled that MH's Application would not be heard on an *ex parte* basis and that CAC, MKO and AANDC would be granted intervener status.

Of the interveners, only CAC filed Information Requests; Information Requests were also issued by the Board.

After the Board and CAC filed Information Requests, MH indicated, in its August 11, 2011 correspondence, that it would only answer some of them and would leave the remaining ones "to its upcoming more comprehensive application". On August 30, 2011, CAC filed a letter with the Board seeking to have MH answer several additional Information Requests.

Pursuant to Rule 27(2)(c) of the Board's Rules of Practice and Procedure, the Board can limit the extent of intervention by any interveners. With respect to the scope of the current Application and the extent of intervention by CAC, MKO and AANDC, the Board ruled in its August 31, 2011 letter that:

- the scope of the Board's review will focus on the Application as submitted by MH on July 5, 2011, which deals only with the elimination of the Residential Class tail block rate;
- MH must answer the Information Requests it indicated to be relevant to the current Application in its August 11, 2011 letter, as well as the additional Information Requests sought by CAC in its August 30, 2011 letter; and

- CAC's proposal to file a report dealing with the demographics of the four diesel communities and MKO's intervention request to examine "*Manitoba Hydro's approach to comprehensive/integrated services, and DSM and low-income and affordable energy programs*" are beyond the scope of the current Application.

As set out below, a majority of the Board is prepared to grant MH's Application for an interim Order approving the elimination of the Residential Class tail block rate, effective for all electricity consumed on and after November 1, 2011, as the first component in the broader rate design for the Diesel Zone. The Board and all Parties will be able to consider whether this Order should be finalized or varied when the Board considers MH's Diesel Zone Application to be filed later this calendar year.

Position of the Interveners

Of the interveners, only CAC filed written submissions with the Board.

CAC noted its concerns about the very limited nature of the current Application and that the Application meets only a small part of Directive 6 of Order 134/10. CAC also questioned the accuracy of MH's projected revenue reduction as a result of the Application, arguing that it was based on an old cost of service study and the actual cost could be higher than MH projected.

Overall, while CAC supported an interim reduction of the Residential Class tail block rate it recommended that the resulting revenue shortfall should be recovered from Government Class customers in the Diesel Zone rather than MH's general grid-connected customers in the balance of the Province.

CAC further recommended that the Board deal with the current Application only on an interim basis until MH files a more comprehensive application on or before December 22, 2011.

Elimination of Tail Block Rate and Allocation of Shortfall

In Order 134/10, the Board expressed its concern about Residential Class Diesel Zone customers being required to pay a tail block rate for monthly consumption in excess of 2,000 kWh. The Board noted that the tail block rate (before Order 134/10 the Tail Block Rate was \$0.45/kWh) is many times higher than that paid by all of MH's residential grid customers (at \$0.0662/kWh as of April 1, 2011) and, with respect to commercial and retail operations in the communities, raises the cost of groceries and other services in the Diesel Zone.

The Board categorically stated, and continues to state, that the four Diesel Zone communities represent the "*third world*" in Canada, and specifically in Manitoba. In Order 134/10, the Board provides a description of the residential stock and other conditions of the communities, as reported by presenters at the hearing that led to the Order. The Order also notes that the four communities represent the only communities in Manitoba that have been left off the electricity grid, despite the disadvantages that result. That Order also provided guidance as to the factors that should be included in a proper business case examining the extension of land lines to the four communities that were passed over when the North Central Project (and Churchill extension) was extended to all the other remote diesel communities in Manitoba.

In MH's Application that gave rise to Order 134/10, MH applied, *inter alia*, to charge Residential Class Diesel Zone customers a "tail block rate" of 45 ¢/kWh for monthly consumption in excess of 2,000 kWh, which was lower than the 59 ¢/kWh 2010 full cost rate of providing electricity to the Diesel Zone. The Board denied MH's request and reduced the Residential Class tail block rate, to be charged by MH, to 35 ¢/kWh.

The Board is not convinced on the evidence that MH's projected revenue shortfall of \$61,270.00 as a result of this Application is accurate. While MH noted in response to PUB/MH (Diesel) I-8 that it does not expect demand to increase as a result of the

abolition of the Residential Class tail block rate, it noted in response to CAC/MH (Diesel) I-2(d) that, based on the most recent 2011/2012 forecast use, the shortfall would be \$88,743.00.

However, the majority of the Board is satisfied that MH is of the view that the shortfall would be expected to be under \$100,000.00. (CAC has also indicated concern as to consumption increases resulting from the elimination of the Tail Block Rate.)

While MH has indicated that it expects grid customers to absorb the revenue shortfall, CAC has requested that the shortfall be absorbed by Government Class customers in the Diesel Zone. While the Board takes note that MH's annual domestic revenue currently is over \$1 Billion per year and concludes that the amount of the revenue shortfall would have a negligible impact on grid rates, that misses the point. The Board is not satisfied at this time that grid customers should permanently be asked to fully subsidize the abolition of the Residential Class tail block rate. The Board expects MH to address this issue as part of its fully costed five-year plan, discussed below and to be provided.

Despite the fact that MH is currently required to file, by December 22, 2011, a fully costed five-year plan to migrate both Residential Class and General Service Class customers to grid rates, the Board recognizes that Residential Class customers in the Diesel Zone could benefit from immediate rate relief, with winter "at the doorstep", as opposed to continuing to face a tail block rate not faced by any of MH's grid customers.

Accordingly, a majority of the Board is therefore prepared to grant MH's application on an interim basis, noting MH's expectation and projection that the financial impact on grid customers of this interim solution is negligible. However, the Board expects MH to continue to comply with the need to provide a five-year fully costed plan to migrate both Residential Class and General Service Class customers towards grid rates.

The Board's willingness to authorize grid customers to absorb the currently projected revenue shortfall on an interim basis should not be construed as an indication that the

Board is willing to do so on a longer-term basis, or even when this issue is revisited and rates finalized through MH's Diesel Zone Application filed later this year.

The Need to Finalize All Diesel Rates

Since 2004, Diesel Zone rates have been '*interim*'. In Board Order 134/10, the Board stated that it expected MH to file an Application to finalize all interim Diesel Zone rates since 2004, including those approved by Orders 17/04, 46/04, 159/04 and 176/06. This has not happened yet, and MH's current application introduces yet another interim rate that cannot be finalized until MH has filed a more fulsome Application.

The Board is concerned about the fact that rates continue to remain interim, and expects MH to file the necessary Application that addresses all of the Directives set out in Board Order 134/10 as part of, or concurrent with, MH's next Diesel Zone rate application.

Alternatives to Diesel Generation

As part of Order 176/06, the Board directed MH to report to the Board regarding alternate supply options to diesel generation. The Government of Manitoba subsequently directed MH to prepare a report regarding recommendations for reducing or eliminating the use of petroleum-based diesel fuel to supply power to the Diesel Zone by virtue of section 17(1) of *The Climate Change and Emissions Reduction Act*, C.C.S.M. c. C135.

MH prepared the requested report, titled *Recommendations for Reducing or Eliminating the Use of Diesel Fuel to Supply Power in Off-Grid Communities*, and also filed this report on the record of the 2010/11 and 2011/12 MH General Rate Application (as Appendix 13.9).

At the time, MH's report concluded that the only option that would completely eliminate the need for the continued operation of diesel generators was a 66 kV transmission line. However, the report also stated that several other options, such as Power Smart

programs, biodiesel, wind, or a small hydro generating station could be used to partially offset diesel generation.

On July 22, 2011, MH issued a press release stating that it was working to erect community-sized wind turbines in Lac Brochet, Tadoule Lake and Shamattawa, and was investigating the installation of a biomass gasification plant in Brochet. Yet, in response to Information Request PUB/MH (Diesel) I-22, MH indicated that these initiatives were not considered in the present Application.

For the reasons detailed in Order 134/10, the Board continues to be of the view that diesel generation remains a less than ideal choice of providing energy to the Diesel Zone. The Board, on more than one occasion, has expressed its desire for parties to the Settlement Agreement (which, importantly, include the Federal Government, MKO and the four communities) to work with each other and with the Province of Manitoba to achieve a long-term solution that does not rely on diesel fuel.

Given MH's earlier report, the Board understands that despite MH's press release of July 22, 2011 wind power will not be able to replace diesel generation, and notes that information requests relating to wind power in the present application were not answered by MH.

The Board expects to see evidence of a comprehensive plan that is both environmentally friendly and economically feasible, and one that addresses the long-term energy needs of the Diesel Zone communities, including the removal of service restrictions not faced by grid customers.

Open Questions and Ongoing Concerns

By way of guidance to MH in its preparation of the forthcoming more fulsome Application, the Board is summarizing some of the concerns it has with respect to the implication of an elimination of the Residential Class tail block rate in the Diesel Zone.

1. The Residential Class tail block rate serves as a punishing deterrent to electricity consumption by residential customers in the Diesel Zone. While MH, in its response to PUB/MH (Diesel) I-8, indicates that it *“does not expect the proposed removal of the tail rate to have a significant impact on consumption,”* there remains the potential of Diesel Zone residents attempting to circumvent the 60 Amp service restrictions through the use of space or baseboard heaters or other contraptions. The Board is very concerned about the safety implications of such activities, particularly the risk of accidental fire, injury, and death.
2. In Order 134/10, the Board required MH to provide a fully costed plan to move Residential Class and General Service Class (the latter class includes retail and commercial operations that incorporate higher cost electricity in pricing their products and services) accounts to grid rates. There currently is no such plan, although in response to Information Request PUB/MH (Diesel) I-3, MH indicated that an updated Diesel Cost of Service Study, yet to be filed, would address any subsidies.
3. To date, despite late last year's MKO assertion that all necessary documents had been fully executed the Board has still not been presented with a formal, finalized, and originally signed (or 'True Copy' of the) Settlement Agreement resulting from the 2004 Minutes of Settlement. In its response to PUB/MH (Diesel) I-5, MH indicated that several original Band Council Resolutions were missing, and that AANDC/INAC had suggested that sworn declarations as to those Band Council Resolutions be used to authenticate copies of the documents. It appears that AANDC/INAC and MH require original copies of the Band Council Resolutions that authorized the signing of the Settlement Documents, so as to be certain as to the validity of the Settlement Documents. The Board notes that to be able to finalize Diesel Zone rates it requires this issue to be resolved with suitable original documentation filed with the Board, a deficiency which the Board finds primarily rests with MKO, as the representative of the four Diesel First Nations.

4. The Board anticipates that consumers with delinquent accounts could attempt to seek a reduced bill and reduced delinquency amounts following any Order of the Board to eliminate (or reduce) tail block rates. No retroactive rates have been requested and Board Orders speak prospectively, unless otherwise indicated. The Board recommends that MH make it clear in its next Diesel Zone Application how it intends to treat such accounts.

5. While recognizing and concurring with most of the concerns set out in the dissenting opinion, the majority cannot deny the much needed relief to the members of the Residential class who, as residents of the Province of Manitoba and putative shareholders of MH, are entitled to affordable electricity.

DISSENTING/MINORITY OPINION AND FINDINGS

Having read the majority decision and findings by my fellow Board Members, and with respect to their decision, I cannot support another interim rate adjustment for the Diesel Zone without having before me MH's entire Application, and, most importantly, evidence that the Board expects and MH intends to file by December 22, 2011 to address the issues extant from prior interim Orders of the Board.

Recognizing the governments' responsibilities to the residents and businesses in the Diesel Zone, I hold that grid rates should extend not only to residential customers but also to non-government General Service accounts.

Until this rate equality occurs, the residents of the communities will continue to have reflected in the price of their goods and services the high cost of electricity provided by diesel generation.

The present restriction to 60 Amp service is discriminatory, and grid service with connections to the rest of Manitoba should be provided. The exclusion from grid extension that resulted from the communities being left out of the two last major

electricity grid extensions – the North Central and Churchill Extension project was, certainly with the benefit of hindsight, unfair.

Meaningful consultations among the Diesel Zone Communities, their representatives and their governments are required to develop a realistic plan to move forward.

In Board Order 134/10, the Board stated that it expected MH to file an Application to finalize all interim Diesel Zone rates since 2004, including those approved by Orders 17/04, 46/04, 159/04 and 176/06. This has not happened yet, and MH's current application introduces yet another interim rate that cannot be finalized until MH has filed a more fulsome Application.

While MH is correct in claiming that its Application is a step towards meeting the requirements of Order 134/10, it is my view that MH has prematurely filed an Application that addresses only one aspect of the issues raised in Order 134/10.

The Diesel Zone would best be served by a detailed comprehensive Application by MH that addresses all of the issues raised in the multiple interim Orders issued by the Board since 2004, including Order 134/10. Such an Application should include full responses to the remaining outstanding Information requests issued by this Board and CAC, and as will fully address the Directives issued in prior interim Orders.

Particularly, the Board, in Directive 6 of Order 134/10, required MH to develop and file with the Board, within one year of the issuance of Order 134/10 (it was issued on December 22, 2010), a five-year fully costed plan to migrate both Residential Class and non-government General Service Class Diesel Zone customers to grid rates for all consumption.

MH's current Application does not fully address Directive 6 of Order 134/10. It does not deal with the ongoing 60 Amp service restriction faced by Residential Class customers. It does not deal with General Service rates. It also does not deal with the allocation of MH's projected revenue shortfall in the context of a five-year fully costed plan.

MH is currently required to file, by December 22, 2011, a fully costed five-year plan to migrate both Residential Class and General Service Class customers to grid rates. At this point, the Board is in no position to determine how this plan will be financed and what classes of customers would be expected to bear the brunt of the plan's cost implications.

Accordingly, I am reluctant to authorize a short-term and only partial solution by which grid customers will pay for a further Residential Class shortfall, a shortfall that CAC argues is the responsibility of the Governments (a position that needs to be adjudicated in the next MH Diesel Zone Application).

An Application needs to be filed that meets the expectations with respect to dealing with updated rates for all classes, a discussion of the business plan and future prospects for grid connection, the status of capital funding by First Nations and AANDC, and a longer-term rate strategy (including who is to cover or subsidize the attendant costs).

To reduce or eliminate the Diesel Zone Residential Tail Block Rate at this time has safety and environmental implications that have not been addressed by MH. From previous MH testimony, the Board is of the understanding that 'average' residential customers (in non-electrically heated homes) on the grid utilize less than 1000 kWh of electricity per month. As a matter of policy, MH extends grid rates to the Diesel Zone for the first 2000 kWh of electricity consumed by Residential customers, with a 60 Amp limitation on service as electrical space heating is potentially dangerous and is both inefficient and prohibited.

The Board further understands that MH assumes most, if not all, of those residential customers in the Diesel Zone consuming in excess of 2000 kWh per month are doing so in violation of the space heating prohibition. That said, eliminating the Tail Block Rate ahead of the ability for residents to heat their homes electrically in a safe fashion will, in my view, send the wrong price signal and have the perverse and dangerous effects of increasing the use of space heaters and "burning" more diesel fuel.

Looking towards the future when all Residential and General Service Class rates (being reminded the cost of electricity for General Service Class customers is included in the price of goods and services that community members are called upon to pay) - are grid equivalent, and consistent with the consumption increases that followed the North Central project (addressed in Information Request CAC/MH (Diesel) I-25), the Diesel Zone will likely experience a material increase in consumption of electricity.

Electricity in the Diesel Zone now continues to be provided exclusively by diesel generation, with resulting negative economic, health, environmental, safety and social impacts and concerns. As such, serious concerns remain about the impacts of any expanded diesel generation to meet likely future demand increases.

As part of a future comprehensive application, the Board would expect evidence and the business case, a case developed following consultations with the communities, detailing the effect of such demand increases on diesel consumption, emissions, health and safety and any additional required generation capacity if both classes are migrated away from tail block rates.

Accordingly, and for the above reasons, (including some of the reasons, comments and open questions noted by the majority), I would deny MH's Application without prejudice to MH to file a new application asking for the same relief as part of, or concurrent with, the expected forthcoming more comprehensive application. While I would do so reluctantly, as the Board has been well informed as to the present conditions of the communities and cold weather is already upon us, the residents of the Diesel Zone Communities would have been better served through MH filing a more comprehensive application as discussed above.

Board decisions may be appealed in accordance with the provisions of Section 58 of The Public Utilities Board Act, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure (Rules). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

IT IS THEREFORE ORDERED THAT:

- 1) MH's Application to eliminate the Diesel Zone Residential Class tail block rate BE AND IS HEREBY APPROVED, on an interim basis, for all electricity consumed on and after November 1, 2011.
- 2) This interim Order shall remain valid only until September 30, 2012 or until such further Order of the Board confirms or otherwise varies the rates in the Diesel Zone.
- 3) This Order shall not derogate from MH's obligation to comply with all of the Board Directives set out in Order 134/10.

THE PUBLIC UTILITIES BOARD

FOR THE MAJORITY:

"Robert Mayer Q.C."
Vice-Chair

"Dr. Kathi Avery Kinew"
Member

FOR THE MINORITY:

"GRAHAM LANE CA"
Chairman

"HOLLIS SINGH"
Secretary

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issued by The Public Utilities Board

Secretary