

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
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MANITOBA PUBLIC UTILITIES BOARD

Re: 2008/'09 GENERAL RATE APPLICATION
MANITOBA HYDRO

Before Board Panel:

- Graham Lane - Board Chairman
- Robert Mayer - Board Member
- Susan Proven - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
March 11th, 2008
Pages 930 to 1062

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1	TABLE OF CONTENTS	
2		PAGE NO.
3	List of Exhibits	933
4	Undertakings	934
5		
6	MANITOBA HYDRO REVENUE REQUIREMENT AND DEMAND SIDE MANAGEMENT	
7	PANEL RESUMED:	
8	VINCE WARDEN, Resumed	
9	WILLY DERKSEN, Resumed	
10	IAN PAGE, Resumed	
11	HAROLD SURMINSKI, Resumed	
12	LLOYD KUCZEK, Resumed	
13		
14	Continued Cross-Examination by Mr. Byron Williams	937
15		
16		
17	Certificate of Transcript	1062
18		
19		
20		
21		
22		
23		
24		
25		

1	LIST OF EXHIBITS		
2	EXHIBIT NO.	DESCRIPTION	PAGE NO.
3	MH-17	Response to Undertaking 16	1009
4	COALITION-5	2006 Housing Market Structure	1036
5	COALITION-6	Excerpt from Annual Report of	
6		Manitoba Housing	1037
7	COALITION-7	Document: Apartment Households	
8		Under 125 Percent of LICO	1037
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

	UNDERTAKINGS	
1		
2	NO.	PAGE NO.
3	31	Manitoba Hydro to restate for Coalition
4		the current forecast of Wuskwatim
5		generation and transmission into 2002
6		dollars
		945
7	32	Manitoba Hydro to provide Coalition a
8		revised internal rate of return, using
9		the same hurdle rates that were used
10		before the Clean Environment Commission.
11		Corporation may attach a further sheet
12		explaining a change in the hurdle rate
		952
13	33	Manitoba Hydro to indicate for Coalition
14		whether the forecast export prices, in
15		Canadian dollars, are now higher than
16		they were at the time of the CEC
17		hearing
		954
18	34	Manitoba Hydro to indicate to Coalition
19		whether the independent consultant surveys
20		on best practices that it participated on
21		can be made public
		962
22	35	Manitoba Hydro to indicate to Coalition
23		whether or not they have customer records
24		between November 2005 and April 2006
		971
25		

	UNDERTAKINGS (Con't)		
	NO.	DESCRIPTION	PAGE NO.
1			
2			
3	36	Manitoba Hydro to provide Coalition with	
4		an estimate of the split between the city	
5		of Winnipeg and the rest of Manitoba with	
6		regards to the target population, or at	
7		least what the estimates are based on	997
8	37	Manitoba Hydro to provide Coalition a	
9		description of how it calculated seventy	
10		six thousand six hundred (76,600) in the	
11		Low-Income Energy Efficiency Program	1004
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

1 --- Upon commencing at 1:03 p.m.

2

3 THE CHAIRPERSON: Okay. Welcome back,
4 everyone.

5 Mr. Williams...?

6 MR. BYRON WILLIAMS: Yes, thank you, Mr.
7 Chairman. And Ms. Desorcy's here. Ms. Weihs is under
8 the impression that I actually never do cross-
9 examinations. She was prepared to come this morning but
10 we had to advise her that I wasn't up so I'll have to
11 send her the transcript just to assure her that I
12 actually do work for my living.

13 Just as a general note there were some
14 undertakings yesterday from Manitoba Hydro and as we go
15 through this cross to the extent that those undertakings
16 are not filed by the time the cross is completed we of
17 course reserve our right to -- to reappear on those
18 specific undertakings.

19

20 MANITOBA HYDRO REVENUE REQUIREMENT AND DEMAND SIDE

21 MANAGEMENT PANEL RESUMED:

22 VINCE WARDEN, Resumed

23 WILLY DERKSEN, Resumed

24 IAN PAGE, Resumed

25 HAROLD SURMINSKI, Resumed

1 LLOYD KUCZEK, Resumed

2

3 CONTINUED CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

4 MR. BYRON WILLIAMS: Just a few cleanups
5 from a review of the transcript and following up on Mr.
6 Peters' splendid work yesterday, despite his suit today.

7 The -- Mr. Kuczek, I believe it was when
8 you and Mr. Surminski were talking with Mr. Peters about
9 the renegotiation of diversity agreements, and I believe
10 that you indicated that apart from the renegotiation of
11 the two (2) summer/winter diversity agreements with
12 Northern State Power there was one (1) other diversity
13 agreement that was being renegotiated.

14 Do I have that right, sir?

15 MR. LLOYD KUCZEK: Correct.

16 MR. BYRON WILLIAMS: Can you tell me the
17 size of that agreement, in terms of megawatts?

18 MR. LLOYD KUCZEK: 150 megawatts.

19 MR. BYRON WILLIAMS: And what's its
20 current term?

21 MR. LLOYD KUCZEK: Ends in either 2015 or
22 '16 -- oh, '14.

23 MR. BYRON WILLIAMS: So of the three (3)
24 dates we're choosing 2014 now, is that right?

25 MR. LLOYD KUCZEK: Yes.

1 MR. BYRON WILLIAMS: And what's the
2 proposed term for which it's being renegotiated?

3 MR. LLOYD KUCZEK: That would be part of
4 the negotiations.

5 MR. BYRON WILLIAMS: And that you don't
6 have -- unlike -- you don't have a term sheet signed,
7 unlike some of the Northern State Power ones.

8 Is that right?

9 MR. LLOYD KUCZEK: Not on that one.

10 MR. BYRON WILLIAMS: You've checked that
11 answer with the back row so we'll confirm it: There's no
12 term sheets signed.

13 Just in terms of the start date of -- of
14 that agreement, could you advise me of that as well, Mr.
15 Kuczek?

16 MR. LLOYD KUCZEK: Oh, yeah, it'll start
17 right after the other one ends.

18 MR. BYRON WILLIAMS: I -- my question was
19 imprecise. The -- the agreement that's being
20 renegotiated is going -- scheduled to end in 2014.

21 What was -- what was the duration of that
22 agreement? When did it start, the one that's being re-
23 negotiated?

24 MR. LLOYD KUCZEK: They were signed in...

25

1 (BRIEF PAUSE)

2

3 MR. LLOYD KUCZEK: Twenty (20) years.

4 MR. BYRON WILLIAMS: So it would have
5 been signed back in 1994, is that right?

6 MR. LLOYD KUCZEK: 1990 or '89. One (1)
7 of those two (2).

8 MR. BYRON WILLIAMS: Thank you. Mr.
9 Surminski, again, just a bit of clean-up on the -- some
10 of your discussion with Mr. Peters yesterday. You were
11 looking at the Northern States why -- I guess I'll refer
12 you to Tab 13 of Bob's book, the PUB Exhibit Number 12.

13 MR. HAROLD SURMINSKI: Yes, I have that.

14 MR. BYRON WILLIAMS: And when I look at
15 the -- the energy sales to Northern States Power,
16 there's a 500 megawatt deal with a term from May 2005 to
17 April 2015.

18 Is that right, sir?

19 MR. HAROLD SURMINSKI: Yes, we have that.

20 MR. BYRON WILLIAMS: In terms of that
21 agreement, would it be fair to say that the Corporation's
22 -- that the Corporation's knowledge that Wuskwatim, with
23 its 878 gigawatt hours of firm power, was going to be
24 coming on-line during the last few years of the
25 agreement, played some role in enabling the Corporation

1 to commit to that deal?

2 MR. LLOYD KUCZEK: No.

3 MR. HAROLD SURMINSKI: And your
4 dependable -- your quantity, where did you get that
5 number? That does not sound correct.

6 MR. BYRON WILLIAMS: I think we'll come
7 to it. I think I got it from your -- from your load
8 forecast, sir.

9 How -- how far off am I?

10 MR. HAROLD SURMINSKI: Dependable is
11 about 1220 gigawatt hours.

12 MR. BYRON WILLIAMS: What would the eight
13 seventy-eight (878) refer to?

14 MR. HAROLD SURMINSKI: That might be a
15 first year value.

16 MR. BYRON WILLIAMS: Thank you for that.
17 So your evidence is that the Wuskwatim coming on-line
18 played no role in your commitment to that deal?

19 MR. LLOYD KUCZEK: Yeah, that's correct.

20 MR. BYRON WILLIAMS: Okay, thank you.

21 Mr. Warden, I just want to again follow-up a few
22 questions on Wuskwatim -- and we will be awaiting the
23 undertaking -- and Mr. Surminski, as well.

24 With regard to -- just in general terms,
25 I'm trying to get a sense of what you would expect to be

1 the average cost of debt to be for the period between now
2 and the in-service date of -- of Wuskwatim in 2012? Just
3 a ballpark figure, sir?

4 MR. VINCE WARDEN: 7 -- 7 percent.

5 MR. BYRON WILLIAMS: I want to talk about
6 the -- the costs in terms of Wuskwatim for just a few
7 minutes. And I'm not sure who to direct the question
8 with, but if memory serves me right, when -- when
9 Manitoba Hydro filed its application in 2002 with regard
10 to Wuskwatim, and it was before the Clean Environment
11 Commission, at that point in time we were looking at an
12 in-service date of 2010.

13 Would that be your recollection as well?

14 If you're looking at reference, I'm
15 looking at page 40 from the CEC report. But would that
16 be about right, 2010, sir?

17

18 (BRIEF PAUSE)

19

20 MR. HAROLD SURMINSKI: It was 2009 when
21 we started, and changed to 2010 during the proceedings, I
22 believe.

23 MR. BYRON WILLIAMS: So I was -- I was
24 imprecise.

25 When you started the proceeding, it was

1 2009, is that correct?

2 MR. HAROLD SURMINSKI: That's correct.

3 MR. BYRON WILLIAMS: And then by the time
4 the -- the Clean Environment Commission had issued its
5 decision, it was looking at a 2010?

6 MR. HAROLD SURMINSKI: That's my
7 recollection, yes.

8 MR. BYRON WILLIAMS: Thank you for that.
9 Would it be fair to say that, with reference to the 2010
10 in-service date, that Hydro was looking at total capital
11 costs of around 900 million, including interest and
12 escalation of about 200 million? Would that be fair?

13 And the reference again is page 40 of the
14 CEC Report.

15 Will you accept that, subject to check?

16 MR. HAROLD SURMINSKI: Yes, I'll accept
17 that.

18 MR. BYRON WILLIAMS: And if I were to go
19 back to the actual filing of Manitoba Hydro before the
20 CEC, at the base estimate, i.e., in 2002 dollars before
21 interest during construction escalation, would it be fair
22 to say that you were looking, in 2002 dollars, at about
23 677 million for generation and transmission and -- for
24 generation and transmission?

25 Would that be about right? And if you're

1 looking for a reference it's Appendix C-2, page 6 of 12.

2 MR. HAROLD SURMINSKI: Yes, that sounds
3 familiar.

4 MR. BYRON WILLIAMS: And just to -- to
5 put a bit more precision around that 677 million or -- I
6 see it sometimes as 678 but somewhere in that number --
7 in 2002 dollars you were looking 568 million for
8 generation and one hundred and nine (109) for
9 transmission.

10 Would you accept that subject to cheque?

11 MR. HAROLD SURMINSKI: Yes, I accept
12 that.

13 MR. BYRON WILLIAMS: And recognizing that
14 we're at an apples to oranges comparison, or I'm coming
15 to one anyways, in your discussion with Mr. Peters at
16 pages 413 and 414 of the transcript, the current forecast
17 for Wuskwatim generation costs is about 1.2 billion.

18 Would that be fair?

19 MR. VINCE WARDEN: It would be rounded
20 1.3 billion actually.

21 MR. BYRON WILLIAMS: I'm not a very good
22 rounder if I missed it by 300 -- 100 million. Okay, 1.3
23 billion.

24 And from page 707 of the transcript, when
25 -- when we include transmission the -- the forecast is

1 1.6 billion rounded?

2 MR. VINCE WARDEN: Correct.

3 MR. BYRON WILLIAMS: But those estimates
4 would -- there's certainly not in 2002 dollars -- they
5 would include inflation, interest during construction.

6 Would that be fair?

7 MR. VINCE WARDEN: Those are the in-
8 service dollars, yes.

9 MR. BYRON WILLIAMS: And -- and so a
10 change in the in-service date will -- will have some
11 impact on the -- on the cost.

12 Will that be fair, sir?

13 MR. VINCE WARDEN: Yes, it will.

14 MR. BYRON WILLIAMS: And so I wonder if
15 you could undertake for -- for my clients to restate the
16 current forecast of Wuskwatim generation and transmission
17 into 2002 dollars, so we can achieve an apples to apples
18 comparison?

19 MR. VINCE WARDEN: We can do that.

20 MR. BYRON WILLIAMS: So you're
21 undertaking to do so, sir?

22 MR. VINCE WARDEN: Yes, I am.

23

24 --- UNDERTAKING NO. 31: Manitoba Hydro to restate for
25 Coalition the current

1 forecast of Wuskwatim
2 generation and transmission
3 into 2002 dollars
4

5 CONTINUED BY MR. BYRON WILLIAMS.

6 MR. BYRON WILLIAMS: Mr. -- I'm not sure
7 if it's Mr. Warden or Mr. Surminski -- actually, Mr.
8 Warden, if you can just, with reference to the PUB book
9 of documents, turn to Tab 15 for a second, please.

10 At page 704 of the transcript I believe
11 you stated that Wuskwatim is needed to meet domestic
12 load. Is that right, sir?

13 MR. VINCE WARDEN: Yes.

14 MR. BYRON WILLIAMS: And if I look at the
15 first page of Tab 15 which is Table A-1 "System Firm
16 Energy Demand and Dependable Resources", in gigawatt
17 hours -- and this will explain where I came up with the
18 number, Mr. Surminski -- we'll see that for the -- the
19 first year operation Wuskwatim's projected to come in at
20 878 gigawatt hours.

21 Is that right, Mr. Warden?

22 MR. VINCE WARDEN: Yes.

23 MR. BYRON WILLIAMS: And staying on the
24 2012/2013 year, we'll see that after comparing total
25 power resources to total demands, the surplus is only 654

1 gigawatt hours, sir.

2 Is that right?

3 MR. VINCE WARDEN: Correct.

4 MR. BYRON WILLIAMS: And so you're
5 statement that Wuskwatim is needed to meet domestic load
6 is based on the -- the reality that without Wuskwatim the
7 total firm demand would be exceeded by the total firm
8 supply.

9 Is that right, sir?

10 MR. VINCE WARDEN: Under dependable flow
11 conditions, that's correct.

12 MR. BYRON WILLIAMS: Under -- okay.

13

14 (BRIEF PAUSE)

15

16 MR. BYRON WILLIAMS: I -- I probably
17 misspoke. It would be the total firm supply would be
18 exceeded by the total firm demand.

19 Would that be right? Without
20 underdependable flow conditions without Wuskwatim?

21 MR. VINCE WARDEN: We would be in a
22 deficiency position without Wuskwatim in that year, yes.

23 MR. BYRON WILLIAMS: Now, if I look to
24 total firm demand I would see that the 2006 baseload
25 forecast is only about a bit less than 27,000 gigawatt

1 hours.

2 Is that right, sir?

3 MR. HAROLD SURMINSKI: In what year are
4 you comparing --

5 MR. BYRON WILLIAMS: Excuse me.
6 2012/'13.

7

8 (BRIEF PAUSE)

9

10 MR. HAROLD SURMINSKI: You took that from
11 another power resource plan --

12 MR. BYRON WILLIAMS: It's right in front
13 of us, unless I'm missing it. The total -- the 2006
14 baseload --

15 MR. HAROLD SURMINSKI: Oh, that looks
16 like a misprint. It's the 2007 load forecast.

17 MR. BYRON WILLIAMS: Yeah, I apologize.
18 And -- yeah, I'm apologizing for your typo, yes.

19 You'll see though that it's 26,932
20 gigawatt hours. Is that right?

21 MR. HAROLD SURMINSKI: Yes, that's
22 correct.

23 MR. BYRON WILLIAMS: So it's less than
24 the total power resources of three thousand eight hundred
25 and forty-five (3,845). Is that right?

1 MR. HAROLD SURMINSKI: Yes, that's
2 correct.

3 MR. BYRON WILLIAMS: So it's only -- so
4 it's only when we add in the total firm contract sales of
5 three thousand two hundred and fifty-nine (3,259) that we
6 get to the total of thirty thousand one hundred and
7 ninety-one (30,191).

8 Is that right, sir?

9 MR. HAROLD SURMINSKI: Yes, that is the
10 contracts that add to the demand and cause the deficits
11 in the long term, if that 's what you're getting at.

12 MR. BYRON WILLIAMS: Yeah. So it's the
13 combination of domestic load with your firm contracts
14 that is -- that leaves you requiring Wuskwatim so that
15 you're in a surplus position rather than a -- a deficit
16 position.

17 Is that fair?

18 MR. HAROLD SURMINSKI: Yes.

19 MR. BYRON WILLIAMS: In terms of your
20 discussions with Mr. Peters we -- we await your
21 undertaking on revised internal rate of return.

22 But -- but I understand you've done some
23 analysis to date on that subject. Is that right, Mr.
24 Surminski?

25 MR. HAROLD SURMINSKI: No, in fact we

1 have not done the analysis of value of the plant. It's a
2 -- it's a committed project and we don't go back and
3 evaluate it. And in fact it's -- it's not possible to --
4 to -- or it's not appropriate any longer to undertake
5 that calculation because it's required for domestic
6 purposes now. So it's no longer an investment for the
7 export market, it's now required for -- for domestic and
8 firm exports.

9 MR. BYRON WILLIAMS: You're still going
10 to perform the undertaking?

11

12 (BRIEF PAUSE)

13

14 THE CHAIRPERSON: Is it possible with
15 your line of questioning that they can defer that until
16 the break and then carry on with something else and then
17 you can come back?

18 MR. BYRON WILLIAMS: I guess I didn't
19 expect it to be controversial.

20 MR. HAROLD SURMINSKI: It is -- the
21 evaluation of the plant now is different. When it was
22 for export purposes, we would have used a -- a different
23 discount rate and a different hurdle rate to -- to
24 evaluate the attractiveness of the plant.

25 Now that it's for domestic purposes, we

1 would use a lower hurdle rate.

2 MR. BOB MAYER: Mr. Surminski, the Clean
3 Environment Commission had recommended very strongly that
4 this Board follow up and see how close you came to your
5 targets once you -- Wuskwatim moved farther down the
6 road.

7 I understand that you hope to build some
8 more dams, and I know that the Clean Environment
9 Commission is going to have to assess those -- those
10 projects.

11 And if you're going to tell the -- the
12 Public Utilities Board that you can't give us the
13 information that would be comparable to the -- to what
14 you told the Clean Environment Commission, I would
15 suspect that might be a problem.

16 THE CHAIRPERSON: Actually, sir, I think
17 you said yesterday that -- you sort of insinuated that
18 you had already done the calculation, because you said it
19 was quite low.

20 MR. HAROLD SURMINSKI: In fact I have
21 checked, and it was not that. What -- what we had done
22 was the -- the advancement of that one (1) year. We had
23 some extensive work being done at the time when we had
24 the opportunity to -- to advance it by ten (10) months or
25 -- or the one (1) year.

1 alike. That was going to be my suggestion as well.

2 Is that acceptable to the Corporation?

3 MR. HAROLD SURMINSKI: Yes, we'll have to
4 check on that.

5
6 --- UNDERTAKING NO. 32: Manitoba Hydro to provide
7 Coalition a revised internal
8 rate of return, using the
9 same hurdle rates that were
10 used before the Clean
11 Environment Commission.
12 Corporation may attach a
13 further sheet explaining a
14 change in the hurdle rate
15

16 MR. HAROLD SURMINSKI: And also, I think
17 an undertaking from Mr. Peters was the levelized cost of
18 Wuskwatim. One of our initial comments would be we would
19 have a different discount rate. But given this
20 discussion, I think we'll use the same discount rate that
21 was used in the past, to make things comparable.

22 And that clarifies how we will be
23 answering questions somewhat, which is good.

24

25 CONTINUED BY MR. BYRON WILLIAMS:

1 MR. BYRON WILLIAMS: Thank you so much,
2 Mr. Surminski, Mr. Warden, and Mr. Peters.

3 Mr. Surminski, in your discussion with Mr.
4 Peters at page 727 and 728 of the transcript, you
5 indicated, as I understood it, that forecast export
6 prices are now higher than they were at the time of the
7 CEC proceeding when we look at them in terms of US
8 dollars.

9 Is that right, sir?

10 MR. HAROLD SURMINSKI: Yes, that's
11 correct.

12 MR. BYRON WILLIAMS: So, leaving aside US
13 dollars, I just want to move to Canadian dollars.

14 And, just to be clear, is it your evidence
15 that the forecast exporse -- export prices in Canadian
16 dollars are now higher than they were at the time of the
17 CEC hearing in Canadian dollars?

18 MR. HAROLD SURMINSKI: I -- I believe
19 that's correct. I was actually going to check the
20 specifics, but my thinking on this was -- was that's
21 correct.

22 MR. BYRON WILLIAMS: And if -- if your
23 thinking is that -- that if that answer has changed,
24 you'll get -- you'll get back to us on that, will you Mr.
25 Surminski?

1 MR. HAROLD SURMINSKI: All right. I'll
2 do that.

3

4 --- UNDERTAKING NO. 33: Manitoba Hydro to indicate
5 for Coalition whether the
6 forecast export prices, in
7 Canadian dollars, are now
8 higher than they were at the
9 time of the CEC hearing

10

11 CONTINUED BY MR. BYRON WILLIAMS:

12 MR. BYRON WILLIAMS: And I don't know if
13 this question goes to Mr. --

14 THE CHAIRPERSON: Mr. Williams, just hold
15 for a minute.

16 Sir, when you were saying nothing has
17 changed, you are basing that on the current exchange rate
18 that you are using in the documents or are you using it
19 on the now, if you want, market rate?

20 Like, in other words, eighty-five (85)
21 cents or par?

22 MR. HAROLD SURMINSKI: It was based on
23 eighty-five (85) cents, but I think even par would --
24 would still -- and this would still apply.

25 We were using, as I recall, something like

1 one three three (133) or even higher for exchange rate at
2 the time, so there's been a -- a significant change.

3 MR. BYRON WILLIAMS: And just so I'm
4 clear, Mr. Surminski, I was looking at the par analysis,
5 I just want to make sure that your evidence would be that
6 the -- that the prices today are -- are higher in
7 Canadian dollars than they are as forecast in -- in 2002.

8 MR. HAROLD SURMINSKI: Yeah. So that is
9 a bit of a different question, because we have not
10 adopted the dollar at par as being our best estimate
11 going into the future. But I'll check on that to see if
12 it applies under that condition also.

13 MR. BYRON WILLIAMS: And is your best
14 estimate one-o-seven (107) or something like that, Mr.
15 Surminski? Is it?

16 MR. IAN PAGE: The -- the estimate that
17 we've used in last years forecast, the IFF '07, was long
18 term in the one thirteen (113) to one sixteen (116)
19 range; it varied by year. Our latest information is that
20 it'll be a little lower than that, but still in that
21 range.

22 MR. BYRON WILLIAMS: And now that I've
23 managed to muddle the -- the water with my imprecise
24 questioning, Mr. Surminski, you'll look at it in terms of
25 where the dollar is today?

1 MR. HAROLD SURMINSKI: I'll use par as
2 opposed to today --

3 MR. BYRON WILLIAMS: Okay --

4 MR. HAROLD SURMINSKI: -- it keeps
5 fluctuating around --

6 MR. BYRON WILLIAMS: -- and -- and
7 certainly it won't hurt my feelings if you look at it in
8 terms of your revised long term forecast for the Canadian
9 dollar. That's up to you, but -- okay?

10 MR. HAROLD SURMINSKI: We do not have an
11 official revised forecast for the dollar.

12 MR. BYRON WILLIAMS: Probably to you, Mr.
13 Warden, and I -- I want to talk a process for just a
14 minute.

15 In terms of how the -- and what I'm -- I'm
16 trying to look at, Mr. Warden, is the -- is how the
17 estimation of -- of costs for Wuskwatim for the purposes
18 of the Clean Environment Commission hearing, first of all
19 I want to go with how it was done back then.

20 So, the -- I'm gonna take you with it,
21 okay, sir, is that all right?

22 MR. VINCE WARDEN: Sure.

23

24 (BRIEF PAUSE)

25

1 accept that, subject to check.

2 MS. PATTI RAMAGE: Mr. Williams, can you
3 help me? Chapter 2, what do you mean by...

4 MR. BYRON WILLIAMS: The submission to
5 the Clean Environment Commission.

6 MS. PATTI RAMAGE: Oh, so not our --

7 MR. BYRON WILLIAMS: Yeah, no --

8 MS. PATTI RAMAGE: -- application --

9 MR. BYRON WILLIAMS: -- sorry --

10 MS. PATTI RAMAGE: -- today.

11 MR. BYRON WILLIAMS: -- I misspoke.

12 MS. PATTI RAMAGE: Oh, okay. That would
13 be why I don't have a copy of it.

14 MR. HAROLD SURMINSKI: I can confirm, Mr.
15 Williams, I am familiar with the range estimating process
16 for capital costs.

17

18 CONTINUED BY MR. BYRON WILLIAMS:

19 MR. BYRON WILLIAMS: Thank you, Mr.
20 Surminski. And certainly feel free to answer these if
21 your boss gives you the wink.

22 And that -- that range estimating cost
23 risk analysis, was developed by Decision Science
24 Corporation?

25 MR. VINCE WARDEN: Yes.

1 MR. HAROLD SURMINSKI: Yes, that's
2 correct.

3 MR. BYRON WILLIAMS: And your evidence at
4 the CEC hearing was that the flat slope of the cost
5 estimate line indicates that the estimate is very tight
6 or well developed, within a 90 percent confidence that
7 the estimate will be between 523 million and 620 million
8 in terms of generation.

9 Is that right, sir?

10 MR. HAROLD SURMINSKI: That was the
11 information at the time, yes.

12 MR. BYRON WILLIAMS: And then
13 subsequently in -- as part of its due diligence,
14 Manitoba Hydro retained the respected Montreal consulting
15 firm of Both, B-O-T-H; Belle, B-E-L-L-E; Robb, R-O-B-B
16 Limited to conduct an independent overview of the range
17 estimating process.

18 Is that right?

19 MR. HAROLD SURMINSKI: Yes, I recall
20 that, but I'm not thoroughly familiar with it.

21 MR. BYRON WILLIAMS: And that's fair.
22 And I'm -- what I'm trying to -- to -- I'm not looking
23 backwards towards Wuskwatim but looking forward to other
24 major capital projects like Conawapa and Keeyask.

25 Leaving aside issues of sticker shock and

1 focussing exclusively on process, as Manitoba Hydro
2 considers these future projects, Conawapa and Keeyask,
3 what if any changes to the cost estimating process for
4 major capital projects might you be contemplating?

5 MR. HAROLD SURMINSKI: As -- as far as I
6 know, we do not have a change. They were factors, unit
7 prices of raw materials, and other factors that were not
8 anticipated in '02 that came into play.

9 MR. BYRON WILLIAMS: And I'm not trying
10 to criticize past decisions, I'm trying to see from the
11 Corporation's perspective -- leaving aside, you know, the
12 sticker shock issues, are there any lessons, in terms of
13 your capital estimating process or any changes that you -
14 - that you've -- that you've learned?

15 MR. HAROLD SURMINSKI: I really cannot on
16 that. That's not my area of expertise the -- the
17 estimating of capital costs, but you would think that --
18 I'll give you some insight.

19 What the range estimating process is, is
20 our experts get together in a room and try to brainstorm
21 as to what the highest and the lowest costs could be for
22 each item: materials, labour, all those items. So it --
23 I guess it tells you that the best judgments of -- of
24 these experts is maybe quite narrow. They just haven't -
25 - you know, have a wide range -- the range was just not

1 wide enough.

2 MR. VINCE WARDEN: Yes, Mr. Williams, I
3 don't think it's the process that's broken. And I don't
4 think you can set aside the sticker shock issue because
5 that's key and central to the whole escalation that we've
6 seen over the past two (2) or three (3) years.

7 So the process, as we have it today, we go
8 through a rigorous capital review process. It's reviewed
9 at a number of -- any capital project is reviewed at a
10 number of dif -- different levels within the organization
11 before it wakes -- makes its way into the capital
12 expenditure forecast.

13 So I think we do follow best practices in
14 terms of process, but the price escalation we experience
15 has just been unprecedented.

16 MR. BYRON WILLIAMS: And I -- I thank you
17 for that segue to my -- my next and final question on
18 this point.

19 But have you done a review of best
20 practices from other major utilities? Have you had an
21 independent consultant look at what other major
22 electricity generating utilities are doing?

23 MR. VINCE WARDEN: We have not had an
24 independent review in recent years. We have though
25 participated in surveys conducted by others, and we have

1 been informed that our -- our practices are in accordance
2 with the best practice.

3 MR. BYRON WILLIAMS: And what were those
4 surveys, sir?

5 MR. VINCE WARDEN: The -- I -- I'm not
6 sure whether I'm at liberty to quote who conducted those
7 surveys, there may be some confidentiality around that,
8 but I could perhaps check into that to see whether or not
9 that would -- could be made public.

10 MR. BYRON WILLIAMS: The -- that would be
11 appreciated.

12

13 --- UNDERTAKING NO. 34: Manitoba Hydro to indicate to
14 Coalition whether the
15 independent consultant
16 surveys on best practices
17 that it participated on can
18 be made public

19

20 CONTINUED BY MR. BYRON WILLIAMS:

21 MR. BYRON WILLIAMS: Leaving Wuskwatim
22 for the -- the time being. And, Mr. Kuczek, I -- I just
23 have a -- I do have a few cleanup questions on the Smart
24 Meter Project, and you may wish to have -- I believe it's
25 the actual study from Appendix 58 nearby for -- for a

1 couple of minutes.

2 And, Mr. Kuczek, just -- my first
3 question's largely to reassure my -- my client. You can
4 assure my client that the -- that Hydro's still
5 interested in the concept of a metering infra --
6 infrastructure which will provide insight into
7 consumption choices, and might figure into more flexible
8 rate plan, such as time of use?

9 You're still interested in the -- at
10 looking at different options in that area?

11 MR. LLOYD KUCZEK: Yes, we have an
12 interest in considering those options.

13 MR. BYRON WILLIAMS: And indeed, the
14 pilot project, the advanced metering infrastructure, can
15 accommodate time of use rates for residential customers.

16 Is that right, sir?

17 MR. LLOYD KUCZEK: That's my
18 understanding, yes.

19 MR. BYRON WILLIAMS: So you're still very
20 interested in the -- the general area of -- and you see
21 some promise in it, sir?

22 MR. LLOYD KUCZEK: We see promise in the
23 -- the use of the technology to provide customers with
24 more information. And yes, there are options to use that
25 technology for things such as time of use rates. Whether

1 or not it would be appropriate or not, I don't know.

2 MR. BYRON WILLIAMS: The jury's still
3 out? You're nodding your head. Is that a "yes"?

4 MR. LLOYD KUCZEK: Yes.

5 MR. BYRON WILLIAMS: But as I understand
6 your evidence yesterday just as you closed off, you're
7 not convinced that pay as you go system will work in
8 Manitoba.

9 Is that right?

10 MR. LLOYD KUCZEK: I'm pretty convinced
11 it won't -- will not work.

12 MR. BYRON WILLIAMS: And you're convinced
13 of that given the challenges you experienced at signing
14 up consumers, even for the trial.

15 Is that fair?

16 MR. LLOYD KUCZEK: That's correct.

17 MR. BYRON WILLIAMS: Now, Ms. Desorcy was
18 quite interested in just one of your asides, in terms of
19 a -- a comment from Mr. Rose that he had -- you had
20 relayed through -- through evidence and which I
21 understood to relate to use of the Internet to remotely
22 control consumption while away from home.

23 Did I understand that generally, sir?

24 MR. LLOYD KUCZEK: Yes, with technology
25 you can possibly control such devices as your thermostat

1 as well -- or your electric hot-water tank.

2 MR. BYRON WILLIAMS: Is that something
3 under active study by the Corporation?

4 MR. LLOYD KUCZEK: Actually, yes, we are
5 -- well, we're discussing with a couple parties right
6 now. One of them is where the Utility would actually
7 have control over the thermostats. And we're looking at,
8 I believe, installing four (4) of those.

9 I'm not sure if we have anything going on
10 with the hot-water tank, but we are looking at the
11 thermostat. But again, that -- that is with the Utility
12 having control. And we're also meeting with BlueLine,
13 because I think they're exploring some options with how
14 they can use their technology with our advanced meters.

15 MR. BYRON WILLIAMS: And just remind me,
16 who is BlueLine?

17 MR. LLOYD KUCZEK: BlueLine are -- is the
18 company that developed those monitors that some people
19 are installing today, where you just are -- it just
20 provides you with information. It's not a pre-pay
21 device, but it provides you with information in terms of
22 your rates and usage.

23 MR. BYRON WILLIAMS: So where are you --
24 let's deal with BlueLine first of all.

25 Are you at the stage of pilot projects or

1 where do you -- where are you right now, sir?

2 MR. LLOYD KUCZEK: With Blueline a lot of
3 it is discussion with these other companies. Blueline is
4 -- has contacted us, and we're arranging a meeting to
5 meet with him. We also met with another company that --
6 and I can't -- I think it was Cisco -- to talk about what
7 they can offer as well. And then there's another company
8 that we're talking to as well. And that's related to
9 their software to control the thermostats.

10 MR. BYRON WILLIAMS: And in terms of the
11 Utility control and -- of certain activities, am I
12 correct that you said that you've -- you're looking at
13 installing four (4)?

14 Is that right?

15 MR. LLOYD KUCZEK: Four (4) thermostats,
16 yes.

17 MR. BYRON WILLIAMS: For residential or
18 for commercial?

19 MR. LLOYD KUCZEK: Residential.

20 MR. BYRON WILLIAMS: And so that's in the
21 form of a pilot project? Is that right, sir?

22 MR. LLOYD KUCZEK: Correct.

23 MR. BYRON WILLIAMS: And when would you
24 expect the results of that?

25 MR. LLOYD KUCZEK: We're just in

1 discussions right now with proceeding with that, so the -
2 - the results will be -- the timelines will be similar to
3 the AMI project.

4 MR. BYRON WILLIAMS: Which means sometime
5 in 2008?

6 MR. LLOYD KUCZEK: Yes.

7 MR. BYRON WILLIAMS: Thank you. Just in
8 terms of the smart metering project -- and I -- I didn't
9 review the -- the transcript, but I thought I had heard
10 you tell me that the smart meter did not monitor peaks in
11 energy prices.

12 Is -- did I hear -- hear you correctly,
13 sir?

14 MR. LLOYD KUCZEK: You're testing my
15 knowledge of whether it -- it monitored the peaks. It
16 provided information, and we discussed this in terms of
17 your usage -- past usage and current usage. But I don't
18 -- I don't know if it provided you with peak information.

19 MR. BYRON WILLIAMS: And not a lot turns
20 on it, but just for your reference at page 11 of the --
21 the report it suggests that the Info Energy Inc. Smart
22 Meter System does this by monitoring daily peaks in
23 energy prices?

24 MR. LLOYD KUCZEK: Okay. So they would
25 have then, yeah.

1 MR. BYRON WILLIAMS: And if I'm wrong on
2 that, it's a small point, sir, but just -- I want to make
3 sure I understood it.

4 I do want to turn you to billing data and,
5 in particular, to Appendix B of -- of the Pay As You Go
6 Smart Meter Impact Study. And that's towards the end,
7 Mr. Kuczek.

8 MR. LLOYD KUCZEK: Appendix which?

9 MR. BYRON WILLIAMS: Appendix B.
10

11 (BRIEF PAUSE)
12

13 MR. BYRON WILLIAMS: About ten (10) pages
14 in from the back.
15

16 (BRIEF PAUSE)
17

18 MR. LLOYD KUCZEK: Okay.

19 MR. BYRON WILLIAMS: And, as I understand
20 it, in terms of the data, Manitoba Hydro, for the -- the
21 purposes of the study, was trying to collect associated
22 energy records from July 2004 to October 2006.

23 Is that right, sir?

24 MR. LLOYD KUCZEK: Correct.

25 MR. BYRON WILLIAMS: And you did that by

1 combining three (3) energy record files: Historical CSS,
2 Meter Banner, and Meter CSS.

3 Is that right, sir?

4 MR. LLOYD KUCZEK: Sounds correct.

5 MR. BYRON WILLIAMS: And going down to
6 the fourth paragraph of Appendix B, there's a statement:

7 "Once this was all done and the data
8 was compiled by customer, it was
9 revealed there was a significant gap in
10 the records for most cases. This gap
11 occurs between November 2005 and April
12 2006."

13 Do you see that, sir?

14 MR. HAROLD KUCZEK: I see it.

15 MR. BYRON WILLIAMS: And I'm -- I'm
16 curious, certainly, on behalf of my clients, what -- what
17 was the nature of gap?

18 Are you aware, sir?

19 MR. LLOYD KUCZEK: This is -- actually,
20 I'm not familiar with this. I would have to talk to my
21 staff to see what the issue was there.

22 MR. BYRON WILLIAMS: Okay. And if you
23 would, because if you go down to the -- the bottom of the
24 -- this page of Appendix B, there was, in fact, not one
25 (1) customer who had complete records from July '04 to

1 October '06.

2 Do you see that, sir?

3 MR. LLOYD KUCZEK: Yes, and that wouldn't
4 surprise me.

5 MR. BYRON WILLIAMS: It wouldn't surprise
6 you?

7 MR. LLOYD KUCZEK: Customers don't have
8 records of their bills?

9 MR. BYRON WILLIAMS: Well, we're looking
10 at Hydro not having records of their bills, sir.

11 Would that surprise you?

12 MR. LLOYD KUCZEK: Oh, that would
13 definitely surprise me.

14 MR. BYRON WILLIAMS: So, if -- if you
15 were told -- and, again, I realize you don't know this,
16 Mr. Kuczek -- but that there was a significant gap in the
17 records for most cases between November 2005 and April
18 2006, in terms of Hydro records, would that surprise you?

19 MR. LLOYD KUCZEK: Yes. We -- we have
20 records of our customers' usage, so I -- I don't know why
21 we wouldn't have that.

22 When I'm reading this, and I'll have to
23 read it a little closer, it sounded more like the
24 customer didn't have the records.

25 MR. BYRON WILLIAMS: Well, if -- you'll

1 have to check into that, Mr. Kuczek. And if you'll
2 undertake -- because, surely, if -- if the customers
3 didn't have the records, Manitoba Hydro would.

4 Is that not the case?

5 MR. LLOYD KUCZEK: We do have the
6 records.

7 MR. BYRON WILLIAMS: Would you just check
8 on that -- that for me, sir?

9 MR. LLOYD KUCZEK: Yes.

10

11 --- UNDERTAKING NO. 35: Manitoba Hydro to indicate to
12 Coalition whether or not they
13 have customer records between
14 November 2005 and April 2006

15

16 CONTINUED BY MR. BYRON WILLIAMS:

17 MR. BYRON WILLIAMS: And the -- the last
18 question I have on the Smart Meter Project, I believe, if
19 I can just get you to turn to page 16 of the -- of the
20 survey.

21

22 (BRIEF PAUSE)

23

24 MS. PATTI RAMAGE: What page was that,
25 Mr. Williams?

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CONTINUED BY MR. BYRON WILLIAMS:

MR. BYRON WILLIAMS: Page 16. And I assure you, it's not any Wuskwatim's filings, Ms. Ramage.

MR. LLOYD KUCZEK: I have it.

MR. BYRON WILLIAMS: Mr. Kuczek, if I -- I turn to Table 2.1, you can see that there's information for the experimental group.

And it indicates that in terms of the baseline survey, one hundred and one (101) customers completed that survey.

Do you see that, sir?

MR. LLOYD KUCZEK: Yes.

MR. BYRON WILLIAMS: And then if we go to the follow-up survey, just two (2) columns to the right, you'll see that only sixty-five (65) customers completed the follow-up survey.

Is that right, sir?

MR. LLOYD KUCZEK: Yes.

MR. BYRON WILLIAMS: Has Hydro, or did the -- the firm responsible for the study, contact or -- or get an explanation from the thirty-six (36) who did not participate in the follow-up survey as to why they did not participate in the follow-up survey, sir?

MR. LLOYD KUCZEK: I don't believe they

1 did. But I -- I do know we had some people dropping out,
2 as well, during the course of the pilot.

3 So how much that reflected into this, I'm
4 not sure.

5 MR. BYRON WILLIAMS: Any explanation or
6 kind of anecdotal that you're aware of, in terms of the
7 dropouts?

8 MR. LLOYD KUCZEK: I recall the
9 frustration on -- on part of -- be -- behalf of some of
10 the customers -- they -- the prepay part of it, if I'm
11 not mistaken, and the concern about their power being
12 shut off. The prepay was a concern.

13 MR. BYRON WILLIAMS: Okay, thank you for
14 that. And, Mr. Chairman, I -- I just want to -- two (2)
15 seconds, I just want to check my client, if I may?

16 THE CHAIRPERSON: Very good.

17

18 (BRIEF PAUSE)

19

20 MS. SUSAN PROVEN: I -- I have a quick
21 question on this smart meter survey. And I was looking
22 at page 65 of the report, it's under the section, "Smart
23 Meter Experience of -- and slash Satisfaction", and it
24 shows a figure of customer experience profile in colour.
25 And the second band says:

1 Manitoba -- Manitoba Pay As You Go Smart Meter Impact
2 Study, February, 2007. It's Appendix A.

3 MR. LLOYD KUCZEK: Is this within
4 Appendix A?

5 MS. SUSAN PROVEN: It's within the Smart
6 Meter Impact Study, which is some seventy-four (74) pages
7 long.

8 MS. PATTI RAMAGE: Just to confirm we're
9 all at Appendix 58, to the filing?

10 MS. SUSAN PROVEN: And I'm looking at
11 forty (40) -- I'm looking at forty-nine (49) which is
12 obviously something different, but it's an Acumen
13 Research Group, Pay As You Go Smart Meter Impact Study.

14

15 (BRIEF PAUSE)

16

17 MR. LLOYD KUCZEK: I'll need some time to
18 check on this. Maybe we'll check at the -- if possible
19 the break.

20 MS. SUSAN PROVEN: Sure.

21 MR. LLOYD KUCZEK: There seems to be two
22 (2) reports filed here, and I'm not sure what the
23 distinction is here at this point.

24 MS. SUSAN PROVEN: Yeah, well, on page
25 68, I mean, it assures us that the opinion is that the

1 widespread use of the smart meter would benefit the
2 Province of Manitoba. But I just -- I was curious
3 because I thought, well, maybe they did do some work in
4 the Province of Alberta at one point and, what, you know,
5 has there been any ability to compare the experience that
6 they might of had.

7 MR. LLOYD KUCZEK: They did do a pilot, I
8 believe, as well in Alberta, and I don't believe they
9 continued with it as well in Alberta. And I can't --
10 they -- they were doing it roughly the same time we were,
11 and I believe they were having difficulty signing up
12 customers as well. Similar experience.

13 They had to provide incentives to get
14 customers to sign up. And we were trying to get
15 customers, and I believe we ended up not offering
16 incentives because I remember my staff bothered me about
17 doing that. And I said, No, we've got to be able to do
18 this without giving them incentives if it's going to work
19 in the future.

20 So -- but they did offer incentives. I
21 remember that in Alberta.

22 MS. SUSAN PROVEN: Okay, thank you.

23

24

(BRIEF PAUSE)

25

1 CONTINUED BY MR. BYRON WILLIAMS:

2 MR. BYRON WILLIAMS: And just, Mr.
3 Kuczek, the -- the very last question on this is -- is in
4 terms of the -- the -- the experiment that you're looking
5 at doing, in terms of the four (4) units in residential
6 homes, where you'll be -- Hydro would be able to remotely
7 control their consumption, what -- what's the thinking
8 behind that?

9 What's the -- the purpose?

10 MR. LLOYD KUCZEK: Generally speaking,
11 people do that for peak shaving purposes. So if you're
12 driven by -- if you're driven by capacity needs in the
13 future, you would try to control your load during peak
14 times. And so you would control the loads of your
15 customers. You shut it off at that point.

16 MR. BYRON WILLIAMS: So it would be an
17 option available, in theory, to a residential customer
18 perhaps for a reduced rate that they could go into a
19 program which would enable Hydro to, at peak times,
20 reduce their consumption -- consumption.

21 Is that right, sir?

22 MR. LLOYD KUCZEK: Yes. It's peak
23 shaving. And -- and yes, the -- the concept would be
24 that you would offer your customers something to sign up
25 for a program like that.

1 MR. BYRON WILLIAMS: And are there peak
2 shaving models for residential customers that Hydro's
3 aware that you could point us to?

4

5 (BRIEF PAUSE)

6

7 MR. LLOYD KUCZEK: Well, in -- in the
8 residential market I believe there -- well there are some
9 programs in the US that they offer this to customers.

10 In Manitoba we've been using the
11 curtailable rates program to achieve what we need in that
12 regard.

13 MR. BYRON WILLIAMS: So you're aware of
14 American examples where programs akin to the curtailable
15 rate but for residential customers are in place.

16 Is that what you're telling me, sir?

17 MR. LLOYD KUCZEK: Yes, and I think I
18 mentioned that yesterday, where there is one (1) even in
19 North Dakota where they have control over the hot-water
20 tanks, I believe.

21 Now that's using a different technology,
22 and I don't know at this point where things are. I'm not
23 the expert in terms of where the technologies are and how
24 advanced they are, in terms of being implemented with
25 smart meters today.

1 MR. BYRON WILLIAMS: Thanks very much for
2 that. I want to turn to the -- to the issue of low-
3 income energy efficiency programming.

4

5 (BRIEF PAUSE)

6

7 MR. BYRON WILLIAMS: So that's probably
8 you again, Mr. Kuczek, is it?

9 MR. LLOYD KUCZEK: Yes.

10 MR. BYRON WILLIAMS: And again, I'm going
11 to try not to -- to step too far where Mr. Peters ably
12 went before me, but there will be a -- a bit of overla --
13 overlap.

14 Just in terms of the total resource cost
15 test, is a shorthand way to describe it, it's a
16 comparison of -- between the -- all costs of the utility
17 and the customer versus all direct energy savings
18 benefits?

19 Is that -- is that a good way to describe
20 it, sir?

21 MR. LLOYD KUCZEK: The total resource
22 cost is supposed to look at the total benefits divided by
23 the total costs associated with that measure. And it's
24 not linked, just the utility or the customer. You -- in
25 concept you look at it from a global perspective.

1 MR. BYRON WILLIAMS: And by benefits,
2 you're -- you're referring to all direct energy benefits?
3 Would that be fair?

4 MR. LLOYD KUCZEK: In theory it'd be all
5 benefits associated with that measure. And it -- and
6 then you get into the discussions of whether or not you
7 can include non-energy benefits. And -- and the problem
8 there, of course, is how do you value those?

9 MR. BYRON WILLIAMS: As -- as Hydro
10 currently calculates it, you don't include non-energy
11 benefits. Would that be fair?

12 MR. LLOYD KUCZEK: The only non-energy
13 benefits that we include are the value associated with
14 greenhouse gas emissions to the degree they're reflected
15 in the export or avoided costs.

16 MR. BYRON WILLIAMS: So would it be fair
17 to say that currently the calculation is focussed on all
18 direct energy saving benefits, including the avoided
19 costs?

20 MR. LLOYD KUCZEK: It -- it -- right now
21 -- today what we use is just avoided cost.

22 MR. BYRON WILLIAMS: And just so I'm
23 clear, because the other part of the ratio -- the cost
24 side -- is helpful as well.

25 I think you corrected me because I

1 suggested it was just utilities and customers, but you
2 would throw in all costs.

3 Would that be right, sir?

4 MR. LLOYD KUCZEK: All costs that we can
5 quantify, yes.

6 MR. BYRON WILLIAMS: And just -- I -- I
7 want to give this a practical application.

8 If we're looking at the TRC for low-income
9 energy efficiency programs, in that calculation, would
10 you factor in any grants that might come from the federal
11 government as well, sir?

12 MR. LLOYD KUCZEK: They get factored in -
13 - well, when you do the TRC, it's irrespective of who
14 pays, so that doesn't come into play with the TRC
15 calculation.

16 MR. BYRON WILLIAMS: Sorry, just -- and
17 I'm probably being dense here.

18 Are the -- the -- any federal grants,
19 would they be part of the TRC calculation?

20 MR. LLOYD KUCZEK: No, they're not. And
21 you don't have to feel bad for this, because we go
22 through this all the time whenever we think about this
23 TRC in the RIM.

24 But the TRC looks at it, and the simple
25 way of thinking about it is: What are the benefits and

1 the costs associated with implementing the measure?

2 And it's -- it doesn't consider who's
3 going to pay for it, what -- what are those benefits, and
4 what are those costs? And so it's a benefit/cost ratio,
5 irrespective of who pays.

6 So whether or not Manitoba Hydro, the
7 customer, non-participants, or the federal government
8 pays does not come in to play.

9 MR. BYRON WILLIAMS: I've got it. Thank
10 you.

11

12 (BRIEF PAUSE)

13

14 MR. BYRON WILLIAMS: Are you familiar
15 with the -- the phrase "societal cost test" when it's
16 used with reference to DSM?

17 MR. LLOYD KUCZEK: Yes.

18 MR. BYRON WILLIAMS: Would -- in terms of
19 its definition, apart from direct energy savings, does
20 the societal cost test look at other benefits -- the
21 environment, comfort, other non-energy benefits?

22 Would that be fair, sir?

23 MR. LLOYD KUCZEK: To the degree that I'm
24 familiar with the societal test, there's -- and I haven't
25 reviewed the marketplace for a couple of years on this.

1 But there was, I believe, three (3) regions that were
2 using the societal test as opposed to the TRC.

3 And the only difference between the
4 societal resource test was the -- and the TRC is that an
5 adder was added on for these non-energy benefits
6 associated with implementing those measures.

7 MR. BYRON WILLIAMS: Recognizing you
8 haven't looked at it lately, what were the three (3)
9 regions?

10 Do you recall that, sir?

11 MR. LLOYD KUCZEK: I believe one (1) was
12 California, and one (1) was Oregon, and I can't remember
13 the third.

14 MR. BYRON WILLIAMS: Two (2) out of three
15 (3) is pretty good. That will work for me.

16 And in terms of the societal cost test, is
17 it your understanding that it's used for all DMS
18 programming?

19 Or perhaps is it used with a particular
20 focus on low-income DSM?

21 MR. LLOYD KUCZEK: I believe it was used
22 for all DSM costs, and the concept being that the
23 argument -- some -- some people argue that there's more
24 benefits associated with implementing DMS measures than
25 just the avoided cost.

1 So the argument is it's not zero, and it's
2 something. So I believe Oregon was using 10 percent, if
3 I'm not mistaken. And just add it on to the benefit
4 side. So it's really the same calculation with a 10
5 percent adder on the --

6 MR. BYRON WILLIAMS: And with the -- with
7 the calculation, if you're able to express a position,
8 does Hydro have a position in terms of whether the
9 societal cost test is something that -- that might be
10 valuable for it to -- to move towards?

11 MR. LLOYD KUCZEK: We actually discussed
12 it a few years ago, and it really doesn't really make a
13 difference in terms of what we're going to be pursuing.

14 The TRC calculation is a calculation you
15 do to figure out which measures have benefits that are
16 greater than the costs.

17 Most of the measures that we're pursuing
18 today aren't at the margin, so even if you added 10
19 percent to the benefits, it really wouldn't matter in
20 terms -- in terms of which measures we'd be pursuing
21 through our DSM program.

22 MR. BYRON WILLIAMS: Okay, thank you for
23 that.

24 Just quickly on the RIM, and as I
25 understand the RIM test -- and I'm actually -- it

1 provides indication for the cost-effectiveness of a
2 program from the ratepayer's perspective, and the results
3 provide an indication of the program's expected long-term
4 impact on rates.

5 Is that right, sir?

6 MR. LLOYD KUCZEK: It's -- from the rate
7 perspective, yes.

8 MR. BYRON WILLIAMS: And so if I've got a
9 RIM of greater than one (1), that indicates a program
10 will have a positive impact on rates.

11 Is that right?

12 MR. LLOYD KUCZEK: Yes.

13 MR. BYRON WILLIAMS: And as a guideline,
14 Hydro tries to design electricity-based DSM programs that
15 have a RIM of one (1) or greater.

16 Is that generally true, sir?

17 MR. LLOYD KUCZEK: Correct.

18 MR. BYRON WILLIAMS: But program designs,
19 even on the electric side, with a RIM of less than one
20 (1) may still proceed if they are judged to provide
21 overall benefits to the Power Smart initiative.

22 Is that fair?

23 MR. LLOYD KUCZEK: Yes, we wouldn't
24 necessarily rule out all programs just because of that.
25 One of the reasons we might pursue a program is just to

1 have a more balanced porfo -- portfolio of programs.
2 There's benefits from having -- one (1) program might
3 provide benefits in terms of promoting the overall
4 objectives. So even though the program itself fails,
5 there are some additional benefits that way, too.

6 MR. BYRON WILLIAMS: And I -- I take it
7 you've heard the phrase before in your line of work that
8 "customers don't pay rates, they pay bills."

9 Are you familiar with that phrase?

10 MR. LLOYD KUCZEK: Yes.

11 MR. BYRON WILLIAMS: And the RIM test
12 doesn't address whether program participants will be
13 paying less on their bills due to energy savings.

14 Would that be fair?

15 MR. LLOYD KUCZEK: That's correct.

16 MR. BYRON WILLIAMS: So even -- and I
17 don't think we'll disagree on this.

18 But even if a program overall has a slight
19 negative effect on rates, it may have -- a particular
20 program may have a significant positive impact on the
21 bills of those who participate in that program.

22 Is that fair, sir?

23

24 (BRIEF PAUSE)

25

1 MR. LLOYD KUCZEK: I was expecting
2 somebody to show up behind me.

3

4 (BRIEF PAUSE)

5

6 MR. BYRON WILLIAMS: I don't think it's a
7 trick question.

8 MR. LLOYD KUCZEK: No, no. We're just
9 going to get you to repeat the question so you don't
10 trick me here.

11

12 (BRIEF PAUSE)

13

14 MR. LLOYD KUCZEK: I have to think about
15 these --

16 MR. BYRON WILLIAMS: Even if you -- even
17 if you have a program with a RIM that's negative, that
18 program as a whole might have a slightly negative impact
19 on rates.

20 But it also may be true that for the
21 people who participate in that program, it may have a --
22 a very positive impact on their bills.

23 Is that fair?

24 MR. LLOYD KUCZEK: Yes, that sounds fair.

25 MR. BYRON WILLIAMS: I'm not sure if I

1 asked it better the first time or the second time but...

2 In terms of the low-income energy
3 efficiency programs, you had this discussion with Mr.
4 Peters yesterday, with a TRC of zero point nine (0.9),
5 would you say that's pretty close to a wash?

6 That's fairly close?

7 MR. LLOYD KUCZEK: Yes.

8 MR. BYRON WILLIAMS: And with a RIM of
9 zero point seven (0.7), it would suggest a slight
10 negative impact on rates directionally, but it's
11 certainly possible that this program could have a very
12 beneficial ipa -- impact on low-income participants.

13 Is that right, sir?

14 MR. LLOYD KUCZEK: Yes.

15 MR. BYRON WILLIAMS: And this can go
16 either to Mr. Warden or Mr. Kuczek.

17 Just for my client's benefit, when you're
18 looking at low-income energy efficiency programs with TRC
19 of zero point nine (0.9) and a RIM of zero point seven
20 (0.7), are these programs that the Hydro's engaging in
21 because they -- they have to, they've got the message on
22 high from the legislature?

23 Or are these programs that Hydro's engaged
24 in because they -- they think they're good for the -- the
25 DSM portfolio as a whole?

1 MR. LLOYD KUCZEK: Well, we think that
2 they're good for the DSM portfolio as a whole. These --
3 these calculations do include the Affordable Energy
4 Funds, as well in them, so...

5 MR. BYRON WILLIAMS: And they're good for
6 the DSM program, because they're offering some
7 significant potential bill impacts for low-income
8 consumers.

9 Is that right, sir?

10 MR. LLOYD KUCZEK: Yes, and we're also
11 getting into a marketplace where we don't feel like that
12 market sector has participated as much as we'd like. And
13 we're trying to clean up the entire market, so this
14 certainly helps us get there.

15 MR. BYRON WILLIAMS: And so if anything
16 you'll be aspiring for a higher participation with the
17 LIEEP programs.

18 Is that right, sir?

19 MR. LLOYD KUCZEK: Yes, our objective is
20 to totally clean up the market, if possible.

21 MR. BYRON WILLIAMS: And I won't -- I --
22 I just want to talk about -- we had a bit of discussion
23 on this yesterday.

24 But in terms of particular barriers that
25 low-income people may face in -- in terms of access in

1 demand side management programs, you'll agree with me
2 that one issue always is lack of access or unreasonable
3 access to capital, which could diminish the ability to
4 pay for higher upfront costs.

5 Is that fair?

6 MR. LLOYD KUCZEK: That's one of the
7 reasons, yes.

8 MR. BYRON WILLIAMS: And when we're
9 looking at higher than average mobility, that adds some
10 uncertainty regarding the economic value of long-term
11 energy savings.

12 Would that be fair?

13 MR. LLOYD KUCZEK: Yes, that's fair.

14 MR. BYRON WILLIAMS: And would you also
15 agree that contractors may be unwilling to work for low-
16 income customers or charge a premium for the perceived
17 risk?

18 MR. LLOYD KUCZEK: I -- I believe there's
19 some issues there, but I -- I don't believe that should
20 be a reason why the low-income customer couldn't get the
21 measures implemented. But I understand that that is
22 possibly an issue with some contractors.

23 MR. BYRON WILLIAMS: And you're also -- I
24 guess the issue of split incentive applies to all
25 renters, but in particular it applies to low-income

1 persons, who are disproportionately renters.

2 Would you agree with that, sir?

3 MR. LLOYD KUCZEK: The -- there a lot of
4 renters that are low income, yes.

5 MR. BYRON WILLIAMS: And the reality of
6 split incentives is a barrier to their participation in -
7 - in DSM programming?

8 MR. LLOYD KUCZEK: Yes. And you're
9 referring to the landlord/tenant split, yes.

10 MR. BYRON WILLIAMS: Just moving to the
11 program itself -- and again, I do have to touch a little
12 bit on what Mr. Peters discussed with you, but hopefully
13 not too much.

14 In -- in terms of the low-income elig --
15 eligibi -- excuse me, low-income energy efficiency
16 program or LIEEP, the -- the target marketplace is
17 households with incomes at or below 125 percent of the
18 LICO, L-I-C-O?

19 MR. LLOYD KUCZEK: Yes.

20 MR. BYRON WILLIAMS: And just so I'm
21 clear, leaving aside the -- in your current data you
22 don't have any estimates of the percentage of low income
23 -- of -- of this target population that you're reaching
24 with your mainstream programming. Is that right, sir?

25 So leaving aside LIEEP, you don't -- you

1 don't have an estimate of the target population, those
2 being 120 -- under 125 percent of LICO, who are accessing
3 your mainstream programming?

4 If you're looking for a reference, PUB-
5 174-E.

6

7 (BRIEF PAUSE)

8

9 MR. BYRON WILLIAMS: You've not tracked
10 participation in Power Smart based on income level?

11 MR. LLOYD KUCZEK: No, we haven't done
12 that up to today, that's correct.

13 MR. BYRON WILLIAMS: Now as I understand
14 the calculations, and if you look at those just at 100
15 percent of LICO and excluding apartments, you're looking
16 at about six (6) -- a population of sixty-five thousand
17 (65,000).

18 Would you accept that, subject to check?

19 MR. LLOYD KUCZEK: Yes, I think that was
20 households, correct.

21 MR. BYRON WILLIAMS: Households, I
22 apologize. And in terms of that -- that -- those
23 households of that 65 percent, about 35 percent of those
24 are electric households, being twenty-two thousand six
25 hundred (22,600), sir?

1 MR. LLOYD KUCZEK: Yes.

2 MR. BYRON WILLIAMS: And the reference is
3 COALITION-1-74.

4 I just want to get in terms of the -- the
5 higher eligibility, the seventy-six thousand (76,000)
6 under the 125 percent of LICO, is it the same percentage
7 of electric customers, sir?

8 Are you able to tell me?

9 MR. LLOYD KUCZEK: My staff is nodding
10 yes.

11 MR. BYRON WILLIAMS: So in terms of the
12 target population, we're talking about twenty-six
13 thousand six hundred (26,600) electric households.

14 Would that be fair, sir, subject to check?

15 MR. LLOYD KUCZEK: Yes.

16 MR. BYRON WILLIAMS: And your objective
17 over the next three and a half (3 1/2), four (4) years is
18 to reach about forty-six hundred (4,600) households.

19 Would that be fair, sir?

20 MR. LLOYD KUCZEK: Yes.

21 MR. BYRON WILLIAMS: Just -- how did you
22 arrive at that forty-six hundred (4,600) figure?

23 MR. LLOYD KUCZEK: It -- it was derived
24 by my staff after having discussions with other parties
25 that are implementing programs. And based on those

1 discussions, it was decided that that level would be an
2 aggressive target to pursue based on their experience.

3 MR. BYRON WILLIAMS: So just in ballpark
4 figures, forty-six hundred (4,600) over seventy-six
5 thousand (76,000), is that about 6 percent, sir?

6 MR. LLOYD KUCZEK: It's a small number.

7 MR. BYRON WILLIAMS: I'm not criticizing.
8 I'm trying to get the number first of all.

9 Is it about 6 percent?

10 MR. LLOYD KUCZEK: The two (2) numbers
11 are again?

12 MR. BYRON WILLIAMS: The target -- or the
13 -- the population is seventy-six thousand six hundred
14 (76,600) -- or seventy-six thousand (76,000), excuse me,
15 and you're targeting forty-six hundred (4,600).

16 And I'm suggesting to you you're looking
17 at about 6 percent of that population, sir.

18 MR. LLOYD KUCZEK: That sounds about
19 right.

20 MR. BYRON WILLIAMS: So a bit less than 2
21 percent per year?

22 MR. LLOYD KUCZEK: Yes.

23 MR. BYRON WILLIAMS: And just in terms of
24 your knowledge of other low-income energy efficiency
25 programs, if I suggested to you that in the marketplace 3

1 percent is considered an aggressive target, I take it
2 you'd disagree with me?

3 MR. LLOYD KUCZEK: I wouldn't necessarily
4 disagree with you. Some entities that are possibly had
5 their programs up and running for longer than us might
6 feel like they could capture 3 percent. Part of the
7 problem is going to be, of course, the ramp up in
8 Manitoba. So hopefully as we ramp up, we can increase
9 those numbers.

10 MR. BYRON WILLIAMS: So 3 percent might
11 be something you aspire to you at a -- as a program raps
12 -- ramps up.

13 MR. LLOYD KUCZEK: Yes.

14 MR. BYRON WILLIAMS: Of that population,
15 the target population of forty-six hundred (4,600)
16 households over the next three and a half (3 1/2) years,
17 what percentage of that is electric?

18 Can I expect it to be about 35 percent?

19 MR. LLOYD KUCZEK: It might even be a
20 little higher. It -- it depends on our marketing
21 efforts. We're -- we're talking to a number of -- of
22 First Nation communities at this point, and we're hoping
23 to pursue more communities in the rural and northern
24 areas as well. So it's going to depend, but that's --
25 that's our current estimate.

1 MR. BYRON WILLIAMS: And just so I'm
2 clear, in your current estimate are you expecting that
3 the -- the mix will be about 35 percent electric, 65
4 percent other?

5 Or -- or do you have a different estimate
6 that you're -- that you -- that you consider more
7 reasonable right now, sir?

8 MR. LLOYD KUCZEK: I believe our estimate
9 was 59 percent natural gas, 35 percent electric, and 6
10 percent other.

11 MR. BYRON WILLIAMS: And if your
12 discussions with certain First Nations prove fruitful --
13 and we'll come to those in a few minutes -- it may be
14 possible for the proportion of electric to be somewhat
15 higher.

16 Is that right, sir?

17 MR. LLOYD KUCZEK: It is possible, yes.

18 MR. BYRON WILLIAMS: Likely?

19 MR. LLOYD KUCZEK: That's a tough one.

20

21 (BRIEF PAUSE)

22

23 MR. BYRON WILLIAMS: Of the target
24 population of forty-six hundred (4,600), can you give me
25 your current estimate of the split between the city of

1 also, just so I'm clear, would you have any estimates in
2 terms of First Nation participation, for example, in
3 terms of households?

4 MR. LLOYD KUCZEK: We do not have
5 estimates for that.

6 MR. BYRON WILLIAMS: How about estimates
7 in terms of participation between renters and owners of
8 homes?

9

10 (BRIEF PAUSE)

11

12 MR. LLOYD KUCZEK: Again, I'm -- I'm
13 fairly confident that our numbers were fairly high level.
14 We -- we just set a target for what we hoped we can
15 achieve, and as we move forward we'll see how things
16 evolve. And our objective is to get as many people to
17 participate as possible. And we're not planning to turn
18 anybody away if we get more people than what we estimate.
19 So the higher the number the better. It's really a
20 question of how we can get them in the door.

21

22 (BRIEF PAUSE)

23

24 MR. BYRON WILLIAMS: I don't have a
25 pretty book like Mr. -- Mr. Peters, or even a well-

1 organized handout like Mr. Gange.

2 If -- do you have access fairly easily to
3 Interrogatory COALITION-2-70, Mr. Kuczek?

4 MR. LLOYD KUCZEK: Yes.

5 MR. BYRON WILLIAMS: And what COALITION-
6 2-70 provides is a -- a extrapolation based on survey
7 results of electric customers -- electric customers with
8 incomes of less than thirty thousand (30,000).

9 Is that right, sir?

10 MR. LLOYD KUCZEK: That's correct.

11 MR. BYRON WILLIAMS: And it's further
12 broken down into standard electric customers and all
13 electric customers.

14 Is that -- that right, sir?

15 MR. LLOYD KUCZEK: Correct.

16 MR. BYRON WILLIAMS: And I don't know if
17 you've done the math for this, but if not, you might have
18 to accept mine subject to check.

19 Would you accept, subject to check, that
20 the total number of projected electric customers earning
21 less than thirty thousand (30,000) a year is eighty-five
22 thousand seven hundred and forty-five (85,745), sir?

23 MR. LLOYD KUCZEK: I'll accept that.

24 MR. BYRON WILLIAMS: And of that -- this
25 is -- you've further broken down this data in -- in terms

1 of kilowatt hours consumed on an annual basis.

2 Is that -- that right, sir?

3 MR. LLOYD KUCZEK: Correct.

4 MR. BYRON WILLIAMS: And I wonder if you
5 would accept, subject to check, that of those consuming
6 less than eighteen 18,000 -- 18,000 kilowatt hours or
7 less, that amounts to about sixty-seven thousand one
8 hundred and thirty-seven (67,137) customers?

9 MR. LLOYD KUCZEK: I can accept that.

10 MR. BYRON WILLIAMS: And 18,000 kilowatt
11 hours a year amounts to about 1,500 kilowatt hours per
12 month.

13 Would that be fair, sir? 18,000?

14 It's not on there, sir, but I'm just
15 suggesting that eighteen thousand (18,000) divided by
16 twelve (12) gets you about 1,500 kilowatt.

17 MR. LLOYD KUCZEK: You know, I'm just
18 looking at the numbers and -- and I'm not sure if I heard
19 you right.

20 But when you said you added up all the
21 electric up to those that consume 18,000 kilowatt hours,
22 it came out to sixty-five thousand (65,000)?

23 MR. BYRON WILLIAMS: I actually said
24 sixty-seven thousand one hundred and thirty-seven
25 (67,137).

1 MR. LLOYD KUCZEK: That doesn't look
2 right. That's just these numbers here, right?

3 MR. BYRON WILLIAMS: No, I'm referring to
4 the total columns.

5 MR. LLOYD KUCZEK: Oh, you're talking
6 about the kilowatt hours.

7 MR. BYRON WILLIAMS: And we're -- we're
8 confused here so, what I was suggesting to you that is if
9 you go to the extreme right-hand column for a total and
10 add up four four six eight (4,468) all the way down to
11 eighteen thousand (18,000), you'll come up with sixty-
12 seven thousand (67,000).

13 MR. LLOYD KUCZEK: Okay. I was looking
14 at just the electric customers. So I'll accept those
15 numbers.

16 MR. BYRON WILLIAMS: And just so we're
17 clear here, Mr. Kuczek, these are all electric customers.
18 Some are standard electric and some are all electric.

19 Is that right, sir?

20 MR. LLOYD KUCZEK: That is correct.

21 MR. BYRON WILLIAMS: So the total
22 population, we've got about of eighty-five thousand seven
23 hundred and forty-five (85,745), we've got about sixty-
24 seven thousand, one hundred and thirty-seven (67,137)
25 consuming 18,000 kilowatt hours on an annual basis or

1 less.

2 Would that be right, sir?

3 MR. LLOYD KUCZEK: Yes.

4 MR. BYRON WILLIAMS: And so that leaves
5 about eighteen thousand, six hundred and eight (18,608)
6 customers -- households earning less than thirty thousand
7 (30,000) kilometres (sic) a year and consuming more than
8 18,000 kilowatt hours per year.

9 Is that right, sir?

10 MR. LLOYD KUCZEK: Sounds correct.

11 MR. BYRON WILLIAMS: So that would be
12 about 22 percent of the total population of those earning
13 less than thirty thousand dollars (\$30,000) a year are
14 using more than 18,000 kilowatts annually -- of this --
15 of this population here, sir?

16 MR. LLOYD KUCZEK: Sounds correct.

17 MR. BYRON WILLIAMS: And if we -- now
18 I'll refer you to the all electric column.

19 I wonder if you'd accept subject to check,
20 that of those -- that there's about sixteen thousand five
21 hundred and sixty-one (16,561) all electric customers
22 consuming more than 18,000 kilometres -- or 18,000
23 kilowatt hours per year. I'm in the MPI hearing.

24 MR. LLOYD KUCZEK: I'll accept that.

25 MR. BYRON WILLIAMS: So that would be

1 about 19 percent of the population -- of -- of this
2 table.

3 MR. LLOYD KUCZEK: Okay.

4 MR. BYRON WILLIAMS: Now, can you tell
5 me, so -- we may come back to those numbers later -- but
6 can you just tell me -- in terms of where this
7 information comes from, it says that this data is an
8 extrapolation based on survey results which involved
9 sample of Manitoba Hydro's customers.

10 Who conducted that survey?

11 MR. LLOYD KUCZEK: Our load forecasting
12 staff.

13 MR. BYRON WILLIAMS: And is the same
14 information that goes into your -- Hydro's information
15 and your estimates in terms of the Low-Income Energy
16 Efficiency Program?

17 MR. LLOYD KUCZEK: We use this
18 information to help us calculate how many low-income
19 customers, and other information related to that program
20 such as households and...

21 MR. BYRON WILLIAMS: In terms of your --
22 your estimates for the -- just going back to the Low-
23 Income Energy Efficiency Program of seventy-six thousand
24 six hundred (76,600), is there a simple explanation of
25 the methodology by which you -- you did it?

1 Is -- is there something that you could
2 undertake to provide me in terms of how that calculation
3 was arrived at, a derivation of it, sir?

4

5 (BRIEF PAUSE)

6

7 MR. LLOYD KUCZEK: I -- I can undertake
8 to give you, I guess, a description of how we calculated
9 that based on this information.

10

11 --- UNDERTAKING NO. 37: Manitoba Hydro to provide
12 Coalition a description of
13 how it calculated seventy six
14 thousand six hundred (76,600)
15 in the Low-Income Energy
16 Efficiency Program

17

18 CONTINUED BY MR. BYRON WILLIAMS:

19 MR. BYRON WILLIAMS: And just before I
20 leave this particular subject, you -- you mentioned
21 before discussions with First Nations, and I wonder --
22 you don't need to turn here, but if you're wondering the
23 reference is PUB-2-48. And I see you are turning there
24 so I'll wait till you get there, Mr. Kuczek.

25

MR. LLOYD KUCZEK: It wasn't an important

1 one for me, so I didn't bring it.

2 MR. BYRON WILLIAMS: Well, I'm not sure
3 Mr. Anderson would like to hear that, but I'll share this
4 -- I'll share this with you. I'll share this with you.
5 It's "B" that I'm referring you to.

6 MS. PATTI RAMAGE: Can you give the
7 entire reference again, Mr. Williams?

8

9 CONTINUED BY MR. BYRON WILLIAMS:

10 MR. BYRON WILLIAMS: And I apologize, Ms.
11 Ramage, if my references are -- it's PUB-2-48 sub B.
12 PUB-2-48.

13

14 (BRIEF PAUSE)

15

16 MR. BYRON WILLIAMS: Thank you, Mr.
17 Kuczek, and I apologize for the -- the inconvenience.

18 What -- if I'm -- if I suggested to you
19 that this response provided a -- the number of
20 residential customers and their average consumption for
21 the seven (7) diesel communities who were connected to
22 the grid in 1997 as part of the North Central
23 Transmission Project would you agree with that, sir?

24 MR. LLOYD KUCZEK: That's correct.

25 MR. BYRON WILLIAMS: And I wonder, as a

1 general statement, if you'd agree with me recognizing
2 that all communities are not homogeneous but within these
3 seven (7) communities there would likely be a
4 disproportionate amount of low-income persons?

5 Would you agree with that, sir?

6 MR. LLOYD KUCZEK: That's likely fair to
7 say.

8 MR. BYRON WILLIAMS: If I'm to understand
9 this table, for the fiscal year 2006/'07 it's suggesting
10 that there's active meters of about twenty-three hundred
11 (2,300).

12 Would that be right, sir?

13 MR. LLOYD KUCZEK: Correct.

14 MR. BYRON WILLIAMS: And the average use
15 is 22,231 kilowatt hours per year, sir?

16 MR. LLOYD KUCZEK: Correct.

17 MR. BYRON WILLIAMS: So this is a -- a
18 group with a -- a particularly -- a -- a relatively high
19 consumption and disproportionately low income.

20 Would that be fair, sir?

21

22 (BRIEF PAUSE)

23

24 MR. LLOYD KUCZEK: Oh, okay, So now I'm -
25 - that I'm a little more oriented, so what we have here

1 is electric heated customers that are using 22,000
2 kilowatt hours a year. That's actually lower than
3 average for an electric customer. You always -- so, it's
4 not high usage for electric heated customer.

5 MR. BYRON WILLIAMS: Fair enough. It is,
6 relative to a customer in Winnipeg in -- rel -- in terms
7 of their average consumption a month if they're served by
8 gas, I guess it would be high usage for them, but your
9 point is that it's not high, relative to all -- all
10 electric.

11 Is that right, sir?

12 MR. LLOYD KUCZEK: Yeah, because we're
13 really comparing apples to oranges. You would have to
14 include the cost of heating the homes with natural gas as
15 well if you wanted to compare the total cost for the two
16 (2) customers.

17 MR. BYRON WILLIAMS: But when you're
18 looking just -- if you look at this -- if you look -- if
19 you look at these communities with use certainly above
20 20,000 kWh a -- a year, certainly, would -- would these
21 be prime targets for a low-income energy efficiency
22 program, sir?

23 MR. LLOYD KUCZEK: Well, all electric
24 customers are prime targets. But, no, if I was to talk
25 in generic terms, I would say a home that uses thirty-

1 thousand (30,000) plus for an electric heated home would
2 be a market that I would be targeting.

3 MR. BYRON WILLIAMS: I've got a bit more
4 on this subject -- well, a fair but more on low-income
5 energy efficiency, sir -- probably another forty-five
6 (45) minutes anyways -- so, if you want to take -- if
7 it's an appropriate time to break --

8 THE CHAIRPERSON: Yes, we'll take the
9 break now.

10

11 --- Upon recessing at 2:28 p.m.

12 --- Upon resuming at 2:47 p.m.

13

14 THE CHAIRPERSON: Whenever you're ready,
15 Mr. Williams.

16 Ms. Ramage, you have got another
17 Undertaking here to file?

18

19 (BRIEF PAUSE)

20

21 MS. PATTI RAMAGE: Sorry. Manitoba Hydro
22 has distributed Undertaking 16, and we have it noted as
23 MH Exhibit 17, and that is the updated -- the chart of
24 the Nelson River Drainage Basin's energy and reservoir
25 storage.

1 THE CHAIRPERSON: Very good. Quite
2 interesting. Thank you.

3

4 --- EXHIBIT NO. MH-17: Response to Undertaking 16

5

6 THE CHAIRPERSON: Mr. Williams...?

7

8 CONTINUED BY MR. BYRON WILLIAMS:

9 MR. BYRON WILLIAMS: Thank you. Mr.
10 Kuczek, just -- I had advised you offline that -- and I
11 don't think anyone else needs to turn to it, but if you
12 want to walk through with me, the next IR that I'm going
13 to be referring you to is PUB-2-16(a).

14 And while you're turning to that, I'll
15 just indicate, certainly, my clients have many questions
16 about the low-income energy efficiency programming,
17 partly because they've been advocating it for -- for
18 long. So, while they may have some issues with the
19 implementation, they applaud Hydro's -- Hydro's work in
20 this -- in this field.

21 Mr. Kuczek, in terms of the community-
22 based approach, my understanding is it's modelled after
23 the Centennial and Brandon pilot low-income projects.

24 Is that right, sir?

25 MR. LLOYD KUCZEK: Correct.

1 MR. BYRON WILLIAMS: And the approach
2 involves a community organization developing a community
3 energy efficient -- energy efficiency business plan and
4 managing the program in their community.

5 Is that right, sir?

6 MR. LLOYD KUCZEK: In terms of developing
7 a plan, that's how we're -- the pilots started -- well,
8 the Centennial pilot started off with a plan being
9 formulated, but at the end of the day we -- we didn't
10 really use the plan, per se. We sat down with them and
11 worked through it and.

12 So, I'm a little nervous about using the
13 word "plan" there. But, going forward, that is actually
14 -- our intent is to have a plan and a contract with these
15 community-based organizations.

16 MR. BYRON WILLIAMS: Okay, and we'll come
17 to the -- the point that you are anticipating in -- in a
18 second, but on a go -- going forward basis based upon
19 your knowledge from Brandon and -- and Centennial, the
20 plan in the future is that there be a -- a community
21 energy efficiency business plan.

22 Is that right, sir?

23 MR. LLOYD KUCZEK: Yes, we'd like to have
24 one.

25 MR. BYRON WILLIAMS: And what is a

1 community energy efficiency business plan? What does it
2 look like, sir?

3 MR. LLOYD KUCZEK: Well, the plan would
4 outline a number of things, but it would outline the
5 targets. For example, what they're planning to target,
6 the period of time that they're planning to achieve those
7 results, and how they were going to achieve them, and
8 what measures that they would be pursuing, possibly the
9 target market. We're going to be meeting with both those
10 community organizations and be reviewing a draft plan
11 that they're proposing to us in the near future

12 MR. BYRON WILLIAMS: So in terms of the -
13 - the -- do you have a model or template for a community
14 energy efficiency business plan developed yet, sir?

15 MR. LLOYD KUCZEK: No, we don't.

16 MR. BYRON WILLIAMS: But what you
17 contemplate is something that sets out targets,
18 establishes deliverables, looks at methods and measures,
19 and also addresses the target population.

20 Is that right?

21 MR. LLOYD KUCZEK: Yes. And we would
22 include as -- as part of that plan or an agreement as we
23 see it, what we're going to pay for so they know what's
24 coming from Manitoba Hydro as part of the agreement.

25 MR. BYRON WILLIAMS: So there's a plan

1 and then there's a contract. Would that be fair?

2 MR. LLOYD KUCZEK: That would be fair.

3 MR. BYRON WILLIAMS: And you -- you want
4 a plan and a contract because you want to set targets that
5 you can hold the groups accountable to and you also want
6 to have it put into some sort of legal framework.

7 Is that right, sir?

8 MR. LLOYD KUCZEK: Yes, the contract's
9 important for that reason. But on the other hand we
10 don't -- although we'd like the communities to stick to
11 their plan, we're also somewhat flexible in terms of how
12 things move forward, because we do understand there --
13 there might be issues going forward, and we're not there
14 to bully them around, we're there to work with them.

15 MR. BYRON WILLIAMS: And do you
16 anticipate having or preparing a template or -- to assist
17 community groups in -- in terms of a community energy
18 efficiency business plan?

19 Is -- is there something that you -- you
20 plan to prepare?

21 MR. LLOYD KUCZEK: Yes. We would --
22 we're going to do that because that would make it easy
23 for new communities to come along and do that. And we've
24 actually had some discussions to have something similar
25 to that, but different for the First Nation communities.

1 MR. BYRON WILLIAMS: And when do you
2 anticipate having the draft -- or the template for the
3 community energy efficiency business plans prepared?

4 MR. LLOYD KUCZEK: I would say some time
5 this spring we'll be developing those, based on our --
6 our dealings with the Brandon and Centennial groups. And
7 so based on those plans we'll probably develop a
8 template.

9 MR. BYRON WILLIAMS: And did I hear you
10 correctly that for -- for First Nation groups you might
11 contemplate a different template?

12 Is that right, sir?

13 MR. LLOYD KUCZEK: It's possible. We're
14 in discussions with them right now, but we also feel at
15 this point that they need a template to help them out,
16 because they're just not sure how to move forward and a
17 template would certainly be helpful.

18 MR. BYRON WILLIAMS: I was going to come
19 to this later, but do you anticipate different issues
20 when delivering this service in -- in First Nation
21 communities, sir?

22 MR. LLOYD KUCZEK: Yes, that would be
23 fair to say. Different -- different issues certainly in
24 terms of the cultures are different, and that we
25 recognize that. We recognize that -- just the nature of

1 the First Nation communities itself will create some
2 different hurdles that we might have to overcome, I
3 guess.

4 MR. BOB MAYER: Mr. Williams, are you
5 intending to restrict your questions to First Nations
6 communities or do you want to discuss all Aboriginal
7 communities, including the -- the largely Metis
8 communities along the bay line and other similar places?

9 MR. BYRON WILLIAMS: I may have been my
10 myopic Mr. -- Mr. Mayer, so the -- we'll -- we'll
11 probably fold that up a -- a bit as -- as we move along.

12 Now in your discussion with Mr. Peters
13 yesterday, I believe you said that a lot will depend on
14 community based organizations.

15 Is that right, sir?

16 MR. LLOYD KUCZEK: We're certainly hoping
17 that the -- we can develop -- where we're -- develop
18 relationships with -- or a number of community-based
19 organizations where that's where most of the
20 opportunities and results will be achieved through.

21 MR. BYRON WILLIAMS: And just in terms of
22 your experience with community based organizations and
23 let's focus on the City of Winnipeg for a second.

24 Would you agree with me that it would be
25 fair to say that they -- they would -- there would be --

1 it would be a mixed bag with mixed capabilities in terms
2 of promoting, administering, and delivering programs that
3 you're contemplating?

4 MR. LLOYD KUCZEK: I'm not sure what you
5 mean by a mixed bag.

6 MR. BYRON WILLIAMS: Not all community-
7 based organizations are created equal. Some have more
8 administrative capacity, some have less.

9 Would you agree with that, sir?

10 MR. LLOYD KUCZEK: Yes.

11 MR. BYRON WILLIAMS: And what if any,
12 expressed criteria has Manitoba Hydro developed for
13 evaluating the capability of community-based
14 organizations?

15 MR. LLOYD KUCZEK: We actually haven't
16 developed anything along those lines. We're -- we're
17 trying to be flexible in terms of what the community
18 brings to the table.

19 For example, Centennial Group, we're
20 working with a government department that brought some
21 money to the table that was able to fund the resources
22 that they were lacking, therefore the administration and
23 management of that project -- in the same department
24 which is -- actually did the same thing with Brandon.

25 So Spence Neighbourhood is another

1 organization in Winnipeg, somewhat different. And in our
2 discussions with them, they chose to not take the same
3 path but to actually work as a -- a community-based
4 organization in partnership with Manitoba Hydro. And
5 they do a number of things.

6 But -- and I believe it's through -- I'm
7 not if it's voluntary work or just the organization
8 themselves. And so they do a certain role in terms of
9 marketing, and we work with the people that they bring to
10 the table as a -- through the direct route. But it's
11 kind of a high bred between a community-based organiza --
12 approach and an individual approach in that case.

13 MR. BYRON WILLIAMS: Just to go back to
14 Centennial, did I hear you correctly in that the support
15 for administration is being provided by a government
16 department?

17 MR. LLOYD KUCZEK: There were -- the
18 Centennial Group was funded by a number of -- number of
19 organizations, so I can't tell you exactly where -- where
20 the dollars came from to pay for the management and
21 administration there.

22 But one (1) of the government departments
23 certainly was involved and I know they brought training
24 dollars to the table. Winnipeg Foundation brought some
25 dollars to the table. I believe United Way brought some

1 dollars to the table.

2 So I couldn't tell you whose dollars paid
3 for what there.

4 MR. BYRON WILLIAMS: It doesn't like your
5 -- your typical community-based organization that I'm
6 familiar with, sir.

7 Would you agree with that?

8 MR. LLOYD KUCZEK: No, we anticipate that
9 there's going to be anything from that extreme to more
10 like the organizations that we're working with with --
11 such as Spence.

12 I'm -- if I want to take you down a path
13 say we went to Minnedosa and we found a community group
14 there, it might be a church for example with volunteers
15 that are helping us out.

16 But we don't know. We're -- we're totally
17 open at this point so we're not putting in restrictions,
18 and we're trying not to tie our hands behind our back in
19 terms of moving forward.

20 MR. BYRON WILLIAMS: When you've done
21 your best practices reviews with other jurisdictions,
22 have they shared with you any experience in evaluating a
23 -- community- based organizations in terms of their
24 capabilities to deliver these programs, sir?

25 MR. LLOYD KUCZEK: I personally don't

1 recall reading anything. My staff might have, but I
2 haven't.

3 MR. BYRON WILLIAMS: In terms of the --
4 the pilot projects would I be correct and -- and if
5 you're -- again, if you're looking for a reference to --
6 to move along with me, you probably might want to have
7 COALITION-1-74 nearby.

8

9 (BRIEF PAUSE)

10

11 MR. LLOYD KUCZEK: 1-74?

12 MR. BYRON WILLIAMS: 1-74, yes.

13

14 (BRIEF PAUSE)

15

16 MR. BYRON WILLIAMS: Am I right in
17 suggesting to you that there were initially three (3)
18 income pilot projects? Would that be right, sir?

19 Those being Island Lake, Brandon -- the
20 Brandon Energy Efficiency Pilot Project and the
21 Centennial Project. Is that right, sir?

22 MR. LLOYD KUCZEK: Correct.

23 MR. BYRON WILLIAMS: And then your --
24 you've adverted to new one which is the Spence Pilot
25 Project, which was recently initiated, is that right,

1 sir?

2 MR. LLOYD KUCZEK: Probably using the
3 word "pilot" somewhat loosely there, but it started prior
4 to our program being formally approved, but -- so it's
5 running under our existing program guidelines today.

6 MR. BYRON WILLIAMS: So there would be an
7 energy -- community energy efficiency plan for Spence
8 then?

9 MR. LLOYD KUCZEK: No, we don't have a
10 document or a plan per se. We're just working with them
11 and meeting with them and moving forward as they desire
12 and we're helping them out.

13 Just to give you an example: They asked
14 us for brochures. They decided to try to do some
15 marketing for us so they distributed -- and I'll throw
16 out the number like twelve hundred (1,200). I think it
17 was a substantial number of brochures that they
18 distributed. And they also I think brought to our door
19 possibly fifteen (15) -- ten (10) to fifteen (15) low-
20 income customers already that filled in applications, so
21 that's how they're -- proceeded.

22 MR. BYRON WILLIAMS: So they don't have a
23 target per se. Their -- but they are promoting the
24 program within the community?

25 MR. LLOYD KUCZEK: Yes, I think that

1 organization would like to see everybody participate that
2 they possibly can, but again it's that issue of how do
3 you get the -- the individuals to actually participate?

4 MR. BYRON WILLIAMS: And again, you --
5 hopefully you can accept this subject to check, but if
6 you're looking for a reference it's PUB-1-34 and it's
7 actually in Tab 40 of Mr. Peters' beautiful book. Tab
8 40.

9

10 (BRIEF PAUSE)

11

12 MR. LLOYD KUCZEK: I have it.

13 MR. BYRON WILLIAMS: In -- in terms of
14 the three (3) pilot projects, would it -- the -- the
15 target for Brandon was funding up to two hundred and
16 ninety thousand dollars (\$290,000), and the objective was
17 to bring Power Smart to a hundred and twenty (120) low-
18 income homes.

19 Is that right, sir?

20 MR. LLOYD KUCZEK: That's correct.

21 MR. BYRON WILLIAMS: For Centennial it
22 was funding up to two hundred and sixty-five thousand
23 (265,000) to bring Power Smart to a hundred and twenty
24 thousand (120,000) rental and owner-occupied low-income
25 households.

1 Is that right?

2 MR. LLOYD KUCZEK: That -- that was our
3 objective, yes.

4 MR. BYRON WILLIAMS: And for Island Lake
5 the objective was funding of up to a hundred and eighty
6 thousand (180,000), support a pilot involving
7 retrofitting of one hundred and one (101) homes.

8 Is that right, sir?

9 MR. LLOYD KUCZEK: Correct.

10 MR. BYRON WILLIAMS: Just in terms of --
11 jumping around a little bit, but in terms of the -- the
12 heating source for these particular pilot projects I'd be
13 right in suggesting that Island Lake was primarily
14 electric?

15 Is that right, sir?

16 MR. LLOYD KUCZEK: Correct.

17 MR. BYRON WILLIAMS: And looking at the
18 Centennial background document it looks like a mixture of
19 both of electricity and natural gas.

20 Would that be right, sir?

21 MR. LLOYD KUCZEK: That was the intent.
22 I'm not sure what the percentage was; I think probably
23 more electric than gas at this point.

24

25 (BRIEF PAUSE)

1 MR. BYRON WILLIAMS: And for Brandon what
2 was the intent and then what's been the reality, in terms
3 of electric versus gas?

4 MR. LLOYD KUCZEK: We didn't really set a
5 target with them in terms of it had to be a particular
6 percentage, with neither group. The target was a hundred
7 and twenty (120) homes, and whether it was all electric
8 or all natural gas we were -- I wouldn't say indifferent
9 to it. They probably knew that we preferred to target
10 electric homes because the savings is more valuable to us
11 there.

12 MR. BYRON WILLIAMS: Would your
13 expectation have been initially that the Brandon project
14 would hit both gas and -- and electric?

15 MR. LLOYD KUCZEK: Again, I -- I didn't
16 have an expectation. We know one (1) of the struggles is
17 getting the homes, so if they can get a home we really
18 didn't care if it was gas, propane, or electricity. It
19 didn't -- that wasn't an issue for us.

20 MR. BYRON WILLIAMS: Okay. Thanks. In
21 terms of the actual results, I think those are set out at
22 COALITION-2-100, sir?

23 MR. LLOYD KUCZEK: Okay.

24

25

(BRIEF PAUSE)

1

2

MR. BYRON WILLIAMS: Sub A.

3

4

(BRIEF PAUSE)

5

6

MR. LLOYD KUCZEK: I have it.

7

MR. BYRON WILLIAMS: So for Brandon,
8 would it be fair to say of the hundred and twenty (120)
9 targeted to-date, you've -- that thirty-three (33)
10 households have participated, all being multi-family
11 dwellings?

12

Is that right, sir?

13

MR. LLOYD KUCZEK: Yes. And they're -- I
14 think they're moving up to a number closer to forty (40)
15 at this point.

16

MR. BYRON WILLIAMS: And would it be fair
17 to say that all the households who have participated to-
18 date have been owned by the Manitoba Housing Authority in
19 Brandon?

20

MR. LLOYD KUCZEK: That's accurate.

21

MR. BYRON WILLIAMS: And with regard to
22 Centennial, one hundred and eleven (111) have
23 participated to-date?

24

Is that right, sir?

25

MR. LLOYD KUCZEK: That's correct.

1 MR. BYRON WILLIAMS: And would it be fair
2 to say that one (1) -- all one hundred and eleven (111)
3 had been owned by the Manitoba Housing Authority?

4 MR. LLOYD KUCZEK: That's correct.

5 MR. BYRON WILLIAMS: And with regard to
6 Island Lake, would it be -- they -- they haven't had high
7 participation to-date.

8 Is that fair?

9 MR. LLOYD KUCZEK: Zero, so far.

10 MR. BYRON WILLIAMS: Now, when you use
11 the words "participation" -- let's -- let's focus on
12 Centennial, my understanding was that there were
13 objectives for the Centennial Project, both in terms of
14 weatherization and in terms of retrofit.

15 Is that right, sir?

16 MR. LLOYD KUCZEK: That's correct.

17 MR. BYRON WILLIAMS: And, so when you say
18 "participation," does that mean that the objectives in
19 terms of both weatherization and retrofit have been
20 attained?

21 MR. LLOYD KUCZEK: Not to the degree we
22 would have liked to. There's certainly some challenges
23 with the community-based organization in terms of moving
24 forward, and we're working with them in that regard. And
25 I guess that's to be expected.

1 They are hiring people in the community.
2 They're training them and so there's -- they're --
3 they're having their challenges there.

4 MR. BYRON WILLIAMS: So when you use the
5 figure of one hundred and eleven (111) have participated,
6 just in terms of that, how many of those one hundred and
7 eleven (111) have actually been weatherized?

8 MR. LLOYD KUCZEK: Okay. So when we say
9 "weatherized," I'll just be a little -- I'll characterize
10 it this way: The -- there's some measures that are
11 easier to do and some that are a little more complicated,
12 which we refer to as the "extended measures." They're
13 doing the -- the measures that are easier to do, and that
14 includes installing CFLs, aerators, showerhead -- low-
15 flow showerheads.

16 Where the challenges come into play is
17 caulking and certain measures like that. And, so, you're
18 into other people's homes and there's some issues with
19 those people want -- not wanting you to move their
20 furniture around, take baseboards off, and, so, we're not
21 achieving all the results in that regard. But most of
22 the basements, I believe, are insulated. Wherever attics
23 need to be topped up, they're being topped up.

24 MR. BYRON WILLIAMS: Okay. And that's
25 probably a better way to look at it.

1 In terms of retrofit -- fitting, instead
2 of numbers, where are you experiencing challenges, in
3 terms of retrofitting?

4 MR. LLOYD KUCZEK: It's those areas that
5 I talked about so far.

6 There's a -- we've had some minor
7 challenges with insulation, but, again, it's more to do
8 with just working with the communities, and the
9 individuals learning how to do it properly. And we're
10 providing them with training and guidance in that regard.

11 And that's in terms of, you know, putting
12 their vapour barrier on properly, sealing the -- the
13 headers and areas like that.

14 MR. BYRON WILLIAMS: Just process-wise,
15 of the two hundred and sixty-five thousand (265,000) in
16 the budget for Centennial, has that all been advanced to
17 Centennial?

18 MR. LLOYD KUCZEK: Not all of it.

19 MR. BYRON WILLIAMS: And, likewise, of
20 the two hundred and ninety thousand (290,000) for
21 Brandon, is a percentage of that advanced?

22 MR. LLOYD KUCZEK: Yes. We -- we advance
23 a small amount, and then -- to upfront the costs, of
24 course, so they can move forward. And as they do more
25 and more homes, then we get confirmation of that, we

1 continue to flow funds to the organizations.

2 MR. BYRON WILLIAMS: And likewise with
3 Island Lake. There'd be a small amount advanced, and if
4 -- if more work progresses there will be more forwarded.

5 Is that right, sir?

6 MR. LLOYD KUCZEK: Well, that was
7 customized for Island Lake, and that was a different
8 approach that we took there. What we did there is we
9 provided the material and we transported it over the
10 winter roads to get it up there, not this winter, but the
11 previous winter, hoping that we could have things more
12 forward.

13 So it was a -- a different process. But
14 we provided the material that we thought they required to
15 do a hundred and one (101) homes, and it's sitting in
16 storage right now up there.

17 MR. BYRON WILLIAMS: Without -- and I
18 don't want to go into the particulars of Island Lake, but
19 on a going-forward basis, are there some -- some -- what
20 are you taking forward and -- in terms of your experience
21 in dealing -- to deal with remote communities?

22 How, if at all, have you changed your
23 approach, sir?

24 MR. LLOYD KUCZEK: With Island Lakes,
25 this one's actually being managed by the government

1 department, STEM, that I referred to, Science Technology
2 Energy and Mines. And so we're working with them. But
3 they're -- they're coordinating that effort. And so our
4 approach isn't different with those communities.

5 We're working with some other communities
6 and, yeah, again, we're trying to take a customized
7 approach, you know, what do they need in terms of help,
8 or talking to MKO right now to see if they can help us as
9 well, so...

10 MR. BYRON WILLIAMS: Just going to the
11 Centennial and Brandon projects, what, if any,
12 contribution did the Manitoba Housing Authority make to
13 these projects?

14 MR. LLOYD KUCZEK: They pay for the
15 customer portion of the audit. And I'm -- they certainly
16 provide in kind support. And I -- I can't say beyond
17 that if there's anything else being provided. But I do
18 know they provide in kind, because they're on site quite
19 often and...

20 MR. BYRON WILLIAMS: Would it be fair to
21 say that of the -- well, first of all, would it be fair
22 to say that there's -- in the pilot projects to date
23 there's been about a hundred forty-one (141) households
24 that have had some work done on them?

25 Is that right, sir?

1 MR. LLOYD KUCZEK: Correct.

2 MR. BYRON WILLIAMS: And there -- would
3 it be fair to say that they're all MHA houses? Would
4 that be right?

5 MR. LLOYD KUCZEK: Yes.

6 MR. BYRON WILLIAMS: So there -- to date,
7 with the pilot projects, you have no experience in terms
8 of weatherizing or retrofitting owner-occupied homes.

9 Would that be fair, sir?

10 MR. LLOYD KUCZEK: We have some
11 experience, but it's in -- at the initial stages, and
12 that's through the Spence Neighbourhood Association
13 initiative.

14 MR. BYRON WILLIAMS: And has your program
15 to date had any experience dealing with private sector
16 landlords?

17 MR. LLOYD KUCZEK: Yes.

18

19 (BRIEF PAUSE)

20

21 MR. LLOYD KUCZEK: Do you want me to
22 explain why?

23 MR. BYRON WILLIAMS: Oh, for sure.

24 MR. LLOYD KUCZEK: Oh, well, I'm -- I'm
25 waiting for the opportunity for me to explain why it's

1 all Manitoba Housing homes that are being retrofitted to
2 -- to date. If you'd like me to explain that, I can.

3 MR. BYRON WILLIAMS: And my expectation
4 would be that that administratively would be something
5 more easy to -- to accomplish.

6 Would that be fair, sir?

7 MR. LLOYD KUCZEK: Yes, to start off
8 with, it -- it was just easier for both organizations to
9 start there. And the plan was to move into private
10 organizations -- private home -- households after that.

11 And because of some of the challenges in
12 Centennial they haven't proceeded there yet. But
13 Brandon's planning to go down that path very soon.

14

15 (BRIEF PAUSE)

16

17 MR. BYRON WILLIAMS: So to date, neither
18 have embarked down that path?

19 MR. LLOYD KUCZEK: That's correct. I --
20 I would say Brandon has a list of people that --
21 individual households at this point that -- and I can't
22 remember the numbers, but it seems to me it's more than
23 ten (10); but it's in that range, anyways -- that they
24 have on the list to contact now.

25 MR. BYRON WILLIAMS: And just -- and --

1 and I think you've suggested this.

2 You're looking at contracts with Brandon
3 and Centennial, but to date there are no contracts?

4 MR. LLOYD KUCZEK: That's correct.

5

6 (BRIEF PAUSE)

7

8 MR. BYRON WILLIAMS: And I recall looking
9 at the Centennial proposal, page 4 if you're looking for
10 it. There was also a discussion of three (3) phases of
11 the project.

12 Do you recall that in their proposal?

13 MR. LLOYD KUCZEK: Yes, that's how they
14 described it when they first drafted up the proposal. I
15 don't believe we really refer to those phases anymore,
16 but that -- that was the initial concept.

17 MR. BYRON WILLIAMS: And there was a
18 discussion of an evaluation after each phase. Is that
19 right?

20 MR. LLOYD KUCZEK: Possibly. I don't
21 recall reading that, but we -- we do have ongoing
22 meetings with them discussing issues in how things are
23 moving forward. So there's that feedback that's taking
24 place, ongoing.

25 MR. BYRON WILLIAMS: Okay, and if you're

1 just looking for a reference, it's page 4,

2 "evaluation will be conducted at the
3 conclusion of each phase."

4 Would I be right in suggesting to you, Mr.
5 Kuczek, that there's been no formal evaluation of
6 Centennial. Would that be right, sir?

7 MR. LLOYD KUCZEK: The -- the evaluation
8 that we use from our perspective is the -- is inspections
9 that we were doing. And we -- now that we're --
10 integrated the ecoenergy process into place, we have the
11 audits done after, which is confirmation that the work is
12 being done.

13 And Manitoba Housing Authority, as well,
14 is inspecting the homes, from what I understand, after
15 the work's been done. So there are checks and balances
16 in place.

17 MR. BYRON WILLIAMS: And I -- and I guess
18 I may have misdirected you.

19 In terms of the evaluations, I guess, have
20 there been any formal evaluations into how the --
21 Manitoba Hydro and the community-based model is working,
22 in terms of meeting targets?

23 MR. LLOYD KUCZEK: Oh, we're not meeting
24 the targets that we originally thought we could meet.
25 And again, you come up with a number. The community

1 organization came up with a number of ten (10) per month
2 initially, and things haven't -- they haven't met those
3 targets to date.

4 MR. BYRON WILLIAMS: And -- and certainly
5 not wanting to be pessimistic, but if we look at the
6 target of forty-six hundred (4,600) moving out three and
7 a half (3 1/2) years, it's something -- that's something
8 that -- that we should be a little pessimistic about,
9 sir?

10 MR. LLOYD KUCZEK: Well I had that
11 discussion with my staff as well. And my staff is
12 optimistic. And as soon as I can free them up from some
13 other diversions, they plan to get a little more
14 aggressive than they have been in the last few months.

15 MR. BYRON WILLIAMS: Now Mr. Dunsky, in
16 his evidence, has suggested -- or actually, in an
17 Interrogatory Response just -- I don't think you need to
18 turn there.

19 But he's talk -- he was asked what he
20 would suggest in terms of eval -- evaluation of
21 community-based organization performance of program
22 delivery. And he suggested that evaluation criteria
23 should include factors as ability to hit targets, time
24 from first contact to work completion, the results of
25 quality control spot checks, and client satisfaction

1 surveys.

2 Do you have any thoughts or comments on --
3 on his suggestion, sir?

4 MR. LLOYD KUCZEK: You know, now that you
5 bring it up, I did read his comments, and I thought they
6 were good comments.

7 However, based on our experience, we -- we
8 have to be very careful on how we work with some of these
9 community organizations. Some are very sensitive to
10 Hydro being a big Crown organization that's coming in and
11 telling them and -- putting -- telling them what to do,
12 putting big demands on them. And so they tend to not
13 like that sort of an approach.

14 So we -- we are somewhat careful in terms
15 of taking those steps. We're -- we are monitoring things
16 informally. And I don't like to discuss them, because,
17 you know, of course, this is public.

18 MR. BYRON WILLIAMS: Yeah, and I'm not
19 anxious to go into specifics. I -- I'm trying to get a
20 sense of -- as you move forward with the program, how
21 you're -- you're going to hold community-based
22 organizations accountable.

23 And if I'm being -- mischaracterizing your
24 evidence, it would sound -- it sounds to me that you'll
25 do it on a flexible or ad hoc basis, depending upon the

1 particular group that you're dealing with.

2 Would that be fair?

3 MR. LLOYD KUCZEK: That's fair. And --
4 and in terms of the other -- the other way of controlling
5 things -- or not necessarily controlling, but knowing
6 that you're getting dollar -- value for your dollar, we
7 pay for work that's being accomplished.

8 So it's -- it's a piecemeal type of an
9 approach. So the more they do, the more we pay, and we
10 think that's a fair approach.

11

12 (BRIEF PAUSE)

13

14 MR. BYRON WILLIAMS: I had provided some
15 documents in advance to Ms. -- Ms. Ramage. And with --
16 if she has no objections, I'd like to share those with
17 the -- with -- with the Board.

18 I don't know if you have any comments on
19 that, Ms. Ramage?

20 MS. PATTI RAMAGE: We have no objections.

21 MR. LLOYD KUCZEK: If Mr. Gaudreau could
22 please distribute those.

23

24 (BRIEF PAUSE)

25

1 MR. BYRON WILLIAMS: And if, perhaps,
2 through Board counsel we can get -- I think he's already
3 marked the -- the one document, 2006 Housing Market
4 Structure, the -- that three (3) page document as
5 COALITION-5.

6 THE CHAIRPERSON: Fine, Mr. Williams.

7 MR. BYRON WILLIAMS: I believe the --
8 although it's the one I'll be -- present second, but I
9 think Mr. Gaudreau's already marked 2006 Housing Market
10 Structure, that's three (3) -- those three (3) tables as
11 COALITION-5.

12

13 --- EXHIBIT NO. COALITION-5:

14 2006 Housing Market Structure

15

16 MR. BYRON WILLIAMS: And I believe the
17 other one we can mark as COALITION-6.

18 MR. DOUG BUHR: Which one? The apartment
19 households?

20 MR. BYRON WILLIAMS: Excuse me. Oh,
21 excuse me. That's -- yes, the -- the excerpt from
22 Manitoba, the Annual Report of Manitoba Housing, would be
23 COALITION-6.

24

25 --- EXHIBIT NO. COALITION-6:

1 Excerpt from Annual Report of Manitoba
2 Housing

3

4 MR. BYRON WILLIAMS: And the third set of
5 documents, Apartment Household Under 125 percent of LICO,
6 would be COALITION-7.

7

8 --- EXHIBIT NO. COALITION-7:

9 Document: Apartment Households Under 125
10 Percent of LICO

11

12 THE CHAIRPERSON: Very good, sir.

13

14 (BRIEF PAUSE)

15

16 CONTINUED BY MR. BYRON WILLIAMS:

17 MR. BYRON WILLIAMS: And, Mr. Kuczek,
18 soon we'll be done -- we'll be -- we'll be done. So just
19 -- just -- I want to turn your attention, first of all,
20 to COALITION-7. Yeah, that's -- that's it, Mr. Kuczek,
21 and actually the last page of it.

22 And this is -- you'll agree with me that
23 this is drawn directly from your -- Hydro's response to
24 COALITION-2-108.

25 Is that right, sir?

1 MR. LLOYD KUCZEK: That sounds correct.

2 MR. BYRON WILLIAMS: And going back to
3 the -- this really deals with the target population,
4 almost seventy-six thousand (76,000) of the current low-
5 income energy efficiency program.

6 Is that right, sir?

7 MR. LLOYD KUCZEK: That's correct, as
8 calculated from our survey data.

9 MR. BYRON WILLIAMS: Absolutely, as
10 calculated from your survey data.

11 And it suggests that the makeup of that
12 population is about, well, almo -- sixty-three thousand
13 six hundred and thirty-five (63,635) or 84 percent being
14 renters. Is that right -- or being owners.

15 Is that right, sir?

16 MR. LLOYD KUCZEK: That's correct.

17 MR. BYRON WILLIAMS: And those who rent
18 are about 16 percent of the population.

19 Would that be right, sir?

20 MR. LLOYD KUCZEK: Yes, but there is this
21 issue of our survey was only sent to a certain group of
22 customers.

23 MR. BYRON WILLIAMS: And those are only
24 customers who directly pay their electricity bills?

25 Is that right, sir?

1 MR. LLOYD KUCZEK: That's correct.

2 MR. BYRON WILLIAMS: So, what -- what is
3 that -- just on that point, does that suggest that your -
4 - your targets are under-representative of renters, sir?

5 MR. LLOYD KUCZEK: Yes.

6 MR. BYRON WILLIAMS: And for renters,
7 there's already challenges, in terms of accessing DSM for
8 all renters regardless of income because of the issue of
9 split incentives.

10 Is that fair?

11 MR. LLOYD KUCZEK: That, and with the
12 number of renters in apartments, there's less
13 opportunities, I would say.

14 MR. BYRON WILLIAMS: And, without being
15 pejorative, just -- just in terms of reality, it would be
16 fair to say that the DSM programs in -- in general are
17 less accessible for -- for renters.

18 Would that be -- be fair, sir?

19 MR. LLOYD KUCZEK: It's fair to say, yes,
20 because, obviously, some programs are targeted towards
21 opportunities that are only existing within a household
22 as opposed to an apartment unit.

23 MR. BYRON WILLIAMS: And it would also be
24 fair to say that when we look at the low-income energy
25 efficiency program, home -- homeowners, as opposed to

1 renters, will disproportionately benefit.

2 Would that be -- be fair, without being
3 pejorative? That's just -- that's -- that's how the math
4 turns out.

5 Is that right, sir?

6 MR. LLOYD KUCZEK: The math would turn
7 out that way, yes.

8 MR. BYRON WILLIAMS: And as I understand
9 the current makeup of the low-income energy efficiency
10 program, it excludes the tenants of apartments.

11 Is that right, sir?

12 MR. LLOYD KUCZEK: That's correct.

13 MR. BYRON WILLIAMS: And Manitoba Hydro
14 is currently looking at opportunities within the
15 apartment market and may be pursuing a modified LIEEP
16 program for apartments.

17 Is that right?

18 MR. LLOYD KUCZEK: I'm not sure it's
19 going to be a modified version of the LIEEP program.
20 But, yes, we are looking at what we can do in apartments.
21 And we have two (2) initiatives that we're currently
22 working on as pilots, I guess I would say.

23 MR. BYRON WILLIAMS: And when I used the
24 words "modified," I was simply quoting back to your
25 words.

1 In -- in terms of the -- the two (2)
2 initiatives, those would be pilots related, first of all,
3 to the three hundred (300) unit apartment at 185 Smith
4 Street.

5 Is that right, sir?

6 MR. LLOYD KUCZEK: That's correct.

7 MR. BYRON WILLIAMS: And would that be
8 Manitoba Housing Authority owned?

9 MR. LLOYD KUCZEK: Yes, they're quite
10 cooperative these days.

11 MR. BYRON WILLIAMS: That's good to hear.
12 I -- I guess they would be.

13 Would it be primarily electricity heated
14 in those -- that apartment? Do you know, sir?

15 MR. LLOYD KUCZEK: I -- I'm hearing
16 somebody behind me say "gas," so --

17 MR. BYRON WILLIAMS: I heard that
18 whisper, too. I try not to listen too much.

19 And you're --

20 MR. LLOYD KUCZEK: And natural gas, I
21 believe.

22 MR. BYRON WILLIAMS: You're also looking
23 at an apartment unit at West Broadway.

24 Is that right, sir?

25 MR. LLOYD KUCZEK: That's correct.

1 MR. BYRON WILLIAMS: And is that also MHA
2 owned and operated?

3 MR. LLOYD KUCZEK: That's a private
4 landlord situation.

5 MR. BYRON WILLIAMS: And would that be
6 gas as well, sir, natural gas?

7

8 (BRIEF PAUSE)

9

10 MR. LLOYD KUCZEK: Both are nodding that
11 they don't know, but -- so I couldn't tell you if it's
12 natural gas or electricity on those -- those ones, that
13 apartment complex.

14 Again, we are not targeting a specific
15 fuel source when we're targeting these opportunities.
16 We're just looking for buildings that we can capture
17 energy-efficient opportunities. And we'd like to capture
18 them in both types of buildings.

19 MR. BYRON WILLIAMS: And just in terms of
20 the income makeup of the -- of the two (2) -- two (2)
21 units, would I be -- be correct in suggesting to you
22 that, at least with regard to the units at 185 Smith,
23 that would be predominantly people in poor housing need
24 and likely within the low-income cutoff.

25 Would that be right, sir?

1 MR. LLOYD KUCZEK: That was my
2 understanding. MR. BYRON WILLIAMS: And -- and what
3 about the unit on West Broadway? Is that aimed, again, a
4 low-income indi -- units?

5 Or is it aimed at a more of a heterogenous
6 mix?

7 MR. LLOYD KUCZEK: I believe it's low
8 income as well, because the -- the individual landlord
9 that we're working with understands that this is a low-
10 income program, and I believe we discussed that with him.

11 MR. BYRON WILLIAMS: And do you have
12 business plans for either of these pilots, sir?

13 MR. LLOYD KUCZEK: No. It's learn as you
14 go, of course, because we're not sure how things are
15 going to transpire. And -- and based on the pilots,
16 we're hoping to design a program, whether a modified
17 LIEEP program or if we can just supply it through Power
18 Smart, it would just be a Power Smart program.

19 MR. BYRON WILLIAMS: And if you can
20 justify it through Power Smart, it might be aimed in a
21 broader part of the market than merely low income?

22 MR. LLOYD KUCZEK: The entire market,
23 yes, our apartment market.

24 MR. BYRON WILLIAMS: And obviously the
25 issue of -- of those who rent is of great interest to my

1 clients.

2 Through your benchmarking exercise with
3 other -- or not benchmarking, but your research in other
4 jurisdictions, are you aware of successful models dealing
5 with the issues of renters, whether the general
6 population or the -- the low-income por -- population?

7 MR. LLOYD KUCZEK: No, I'm not aware of
8 successes in other areas. I usually hear of everybody
9 just talking about the problems that we talked about. So
10 hopefully we can solve the problem, and then others can
11 come and talk to us like they have with some of our other
12 programs.

13 MR. BYRON WILLIAMS: That was a good
14 answer, Mr. Kuczek. You got your spin in there. I
15 congratulate you for that.

16 What time lines are we looking for with --
17 with regard to the pilot projects at 185 Spence and --
18 and the one at the -- the West Broadway?

19 MR. LLOYD KUCZEK: Well they're both
20 advanced at this point, so I -- it's just a question of
21 getting the measures implemented. So I would say within
22 the next -- if I was an accountant, I'd probably say the
23 next Q -- Quarter 2, Q2, they say.

24 MR. BYRON WILLIAMS: Does that mean
25 within the next three (3) months?

1 MR. LLOYD KUCZEK: Three (3) months.

2 MR. BYRON WILLIAMS: And do you expect
3 that you'll have a -- a formal evaluation prepa --
4 prepared with regard to that, sir?

5 MR. LLOYD KUCZEK: What we'll do with
6 that is evaluate what the opportunities are as well as
7 the energy savings that we'll achieve throughout those
8 opportunities. One of the challenges with apartments is
9 there's limited opportunities within an apartment itself.

10 MR. BYRON WILLIAMS: Without going into
11 particulars of the -- particular arrangement with regard
12 to Broadway, what enabled you to connect with a private
13 landlord in -- in this case?

14 MR. LLOYD KUCZEK: Our -- our association
15 with West Broadway, that association found the landlord
16 for us.

17 MR. BYRON WILLIAMS: So that's evidence
18 of a successful link with a community-based organization?

19 MR. LLOYD KUCZEK: That's correct.

20 MR. BYRON WILLIAMS: Just going to the
21 front page of COALITION-7, you'll agree that this is
22 derived from your response to -- to COALITION-2-108.

23 Is that right, sir?

24 MR. LLOYD KUCZEK: It looks correct.

25 MR. BYRON WILLIAMS: And what it does is

1 provide an estimate of the market potential for
2 households under 125 percent of legal considered to be
3 apartments.

4 Is that right?

5 MR. LLOYD KUCZEK: I have to take your
6 word for it. I -- I can't recall the specific question.

7 MR. BYRON WILLIAMS: Okay. And -- and
8 just to be clear, it also excludes those who do not pay
9 their electric bills directly.

10 Would that be fair?

11 MR. LLOYD KUCZEK: Correct.

12 MR. BYRON WILLIAMS: And again, we see in
13 this case 12 percent owning and 88 percent renting.

14 Is that right, sir?

15 MR. LLOYD KUCZEK: Correct.

16 MR. BYRON WILLIAMS: Just turning to the
17 -- the next page of COALITION-7, which would be the total
18 by own or rent estimate of households under 125 percent
19 of LICO.

20 On this one, Mr. Kuczek, you'll -- you'll
21 have to, at least subject to check, take my -- my word.
22 What I've simply done is combined the -- the numbers for
23 the two (2) programs into those who own versus those who
24 rent.

25 Would you accept that, subject to check?

1 MR. LLOYD KUCZEK: Yes.

2 MR. BYRON WILLIAMS: And again, it
3 suggests that your estimate is focussed in terms of the
4 actual eligible pro -- program for the current low-income
5 energy efficiency program. And then your potential
6 market for the apartments is 70.6 percent owned and about
7 30 percent rented.

8 Would that be right, sir?

9 MR. LLOYD KUCZEK: Correct.

10 MR. BYRON WILLIAMS: And again, just so
11 the numbers pan out, that's quite a focus on owned versus
12 rent.

13 Would that be right, sir?

14 MR. LLOYD KUCZEK: That's fair to say,
15 yes.

16 MR. BYRON WILLIAMS: And the reason --
17 the reason I -- I ask this, Mr. Kuczek, and it's not a --
18 a criticism, I'm just trying to reconcile Hydro's
19 information and approach with my understanding of
20 socioeconomic reality.

21 And you can turn here if you like, but at
22 page 5 of the Centennial report -- the Centennial report,
23 Mr. Kuczek -- there's a suggestion that 69 percent of
24 low-income households rent their accommodation, and 31
25 per -- let -- let me go to the actual reference, just one

1 (1) second.

2 MR. LLOYD KUCZEK: I -- I can take your
3 word for it. I do recall a large number like that being
4 renters, and I -- I think that's probably accurate.

5 MR. BYRON WILLIAMS: So -- so the ratio,
6 in terms of low-income households in the Centennial
7 report, is 69 percent renter versus 31 percent homeowner.

8 You'll accept that, subject to check?

9 MR. LLOYD KUCZEK: Yes, that was the
10 information that was provided to us, and I assume it's
11 correct.

12 MR. BYRON WILLIAMS: And -- and just so
13 for the benefit of the panel, that's -- that source for
14 that, that Centennial said, was Natural Resources Canada?

15 Is that your recollection?

16 MR. LLOYD KUCZEK: I recall that.

17 MR. BYRON WILLIAMS: So at a program
18 basis that kind of information, when -- when you look at
19 the makeup of the -- the low-income energy efficiency
20 program as -- as it's currently constituted, do you see a
21 bit of a disconnect between your -- the focus of your
22 programming being on owners and the -- the reality as por
23 -- portrayed in the Centennial material, with -- with
24 disproportionately low-income households are renters?

25 Do you see any analytical issues there,

1 sir?

2 MR. LLOYD KUCZEK: Well, I -- I see your
3 point, in -- in terms of that. But -- but our -- our, I
4 guess, I'm just trying to recall if our -- our target
5 that we're pursuing doesn't have to be a rental or owner-
6 occupied when we're talking the forty-six hundred
7 (4,600). So I'm -- I'm not sure it really matters in
8 terms of our initial program.

9 MR. BYRON WILLIAMS: Okay, well I'll have
10 to ponder that -- that answer.

11 But I guess one of the -- the concerns I'm
12 trying to draw to your attention is that, from my
13 client's perspective, may raise some concerns about the
14 estimates that you're relying upon.

15 If your estimates -- your -- it looks like
16 you're targeting 70 percent owners, whereas the social
17 science evidence would suggest that -- that this
18 population is -- is almost the opposite 70 percent
19 renters.

20 MR. LLOYD KUCZEK: Okay, let me add a
21 little to that. We -- we recognize that we use the
22 database that excluded those renters that don't pay the
23 electric bill. So we do know that our database is --
24 excludes those, and the number is likely higher, I guess.

25

1 And so dis -- you know, the proportion
2 that we have for owner-occupied versus renters is -- is
3 not accurate in terms of reflect -- or reflective of the
4 market.

5 MR. BYRON WILLIAMS: Okay, and Mr. -- Mr.
6 Kuczek, I -- I thank you for that. And I had planned to
7 go through COALITION-5, but I think we're in -- in
8 agreement on that point. So we -- we probably don't need
9 to go there at this point in time.

10 I -- I want to go to the actual execution
11 on the ground of the low-income energy efficiency
12 program. So, Mr. Kuczek, just to finish up the next
13 fifteen (15) or so minutes, if you could have at hand
14 both Mr. Dunsky's report, Philippe Dunsky's report, as
15 well as Tab 39 of Bob's book, Mr. Peters' book, if you
16 would, sir.

17

18 (BRIEF PAUSE)

19

20 MR. LLOYD KUCZEK: I have both.

21 MR. BYRON WILLIAMS: Okay, and -- and
22 just at a conceptual level to start with -- and -- and
23 again my clients said to applaud Hydro for their -- their
24 work. And I think Ms. Desorcy will be very encouraged by
25 hearing about your Broadway efforts in terms of tenants.

1 But certainly from Hydro's perspective,
2 you're not conceptually opposed to finding ways to
3 improve the low-income energy efficiency program if
4 there --

5 MR. LLOYD KUCZEK: And that applies to
6 all our programs, but yes.

7 MR. BYRON WILLIAMS: If we can find ways
8 to -- to get more bang for the buck, we can find ways for
9 more low-income people to participate.

10 And that would a good thing, correct?

11 MR. LLOYD KUCZEK: Correct.

12 MR. BYRON WILLIAMS: Just at a -- at a
13 very simple level, when I direct you to -- to Tab 39,
14 that's what Mr. -- of Mr. -- or the Board's book of
15 documents.

16 That's what Mr. Dunsky has described as
17 the current process flow from the participant
18 perspective.

19 Is that right, sir?

20 MR. LLOYD KUCZEK: True. I believe the
21 flowchart includes our steps as well. So the -- the
22 customer does -- doesn't necessarily see those. But it -
23 - it's a reasonable the depiction of the process.

24 MR. BYRON WILLIAMS: And -- and that's
25 really what I meant to ask.

1 Are there any points in the fifteen (15)
2 steps outlined by Mr. Dunsky where Hydro's of the view
3 that he just got it wrong?

4 Or do you consider it a pretty reasonable
5 depiction of the process?

6 MR. LLOYD KUCZEK: Well I was scratching
7 a few of the areas when I went through it, and I went
8 through it with my staff. It's fairly reasonable, and --
9 and I don't think it's worth nitpicking.

10

11 (BRIEF PAUSE)

12

13 MR. BYRON WILLIAMS: Just turning to the
14 interaction, still referring you to Mr. Dunsky's program
15 -- or, excuse me, his table. So the one right in front
16 of you, Mr. -- Mr. Kuczek.

17 The ones detailing interactions with
18 contractors, I just want to go through them for a couple
19 of seconds.

20 He suggests, first of all, that the -- the
21 first step is to find multiple contractors.

22 You'll agree with step, sir?

23 MR. LLOYD KUCZEK: Yes.

24 MR. BYRON WILLIAMS: And then it's
25 necessary to arrange for their visits. Is that right?

1 MR. LLOYD KUCZEK: Yes.

2 MR. BYRON WILLIAMS: And then the -- the
3 homeowner will be -- through some mechanism have to
4 provide these to Manitoba Hydro for their review and
5 consideration.

6 Would that be right as well?

7 MR. LLOYD KUCZEK: Correct.

8 MR. BYRON WILLIAMS: And they'll
9 certainly require Manitoba Hydro to approve these quotes,
10 or at least one (1) of them is reasonable.

11 MR. LLOYD KUCZEK: Correct.

12 MR. BYRON WILLIAMS: And then it will be
13 up to the individual participant to select the contractor
14 and to book that visit?

15 Would that be right, sir?

16 MR. LLOYD KUCZEK: Yes. When they
17 provide us with the quotes, they'll be -- they'll be
18 providing us also with who they would prefer to go to,
19 so...

20 MR. BYRON WILLIAMS: But they'll still
21 have to book the visit, is that right?

22 MR. LLOYD KUCZEK: That's correct.

23 MR. BYRON WILLIAMS: And then they'll, of
24 course, be responsible for paying the contract --
25 contractor.

1 streamlined approach?

2 MR. LLOYD KUCZEK: Yes, it is. And
3 again, I hate to repeat myself, but we -- we do prefer to
4 have the homeowner participate as much as possible for
5 the reasons I mentioned the other day.

6 MR. BYRON WILLIAMS: And -- and I wanted
7 to focus on that point.

8 You described it as buy-in, is that right,
9 sir? Those are the words you used yesterday?

10 MR. LLOYD KUCZEK: Yeah, I -- I think
11 you could characterize it in many ways. Buy-in is
12 certainly one way of characterizing it.

13 MR. BYRON WILLIAMS: And if -- if you
14 look at Mr. Dunsky's approach, especially Number 4, it
15 still requires the -- the homeowner to -- and I'm
16 becoming nearsighted -- to decide and approve the measure
17 selection.

18 Is that right, sir?

19 MR. LLOYD KUCZEK: That's correct.

20 MR. BYRON WILLIAMS: And that's certainly
21 a tremendous opportunity for a homeowner to be involved
22 with -- with the -- the process and to achieve some buy-
23 in and commitment to the program.

24 Is that not right, sir?

25 MR. LLOYD KUCZEK: That's correct.

1 terms of the low-income energy efficiency program there
2 is some provision for electronic thermostats when you're
3 dealing with individuals, but it's not something that
4 would go into play with the MHA homes.

5 Is that right, sir?

6 MR. LLOYD KUCZEK: That's correct.

7 MR. BYRON WILLIAMS: And how about water
8 heaters?

9 MR. LLOYD KUCZEK: Water heaters, what
10 we're doing there is setting back the temperature and
11 putting pipe wrap on the pipes.

12 MR. BYRON WILLIAMS: And you have
13 reviewed the -- Mr. Dunsky's evidence and -- and
14 interrogatories, at least some level of detail.

15 Is that right, sir?

16 MR. LLOYD KUCZEK: Yes.

17 MR. BYRON WILLIAMS: And have you seen
18 his proposal in terms of how the Public Utilities Board,
19 if it -- or excuse me.

20 You've seen his comments in terms of how
21 one might try and provide some valuation, in terms of
22 non-energy benefits.

23 Do you recall seeing that within his
24 evidence?

25 MR. LLOYD KUCZEK: Yes.

1 MR. BYRON WILLIAMS: And leaving aside
2 Mr. Dunsky's advice, I'm -- I'm seeking yours.

3 If -- if one were trying to -- to develop
4 an approach to valuing non-energy benefits, do you have
5 any advice that you might give to my clients in terms of
6 how Manitoba Hydro sees that it might be an approach that
7 it might consider?

8 MR. LLOYD KUCZEK: Well, the simplest
9 approach would be to -- it's very different -- difficult
10 to quantify. And if -- if you wanted to quantify it, you
11 would probably just come up with a small estimate and
12 move forward based on that.

13 But again, depends on what NEBs that you
14 were talking about and then who should pay for those. If
15 it's a social benefit it's not necessar -- you know,
16 like then we would -- should be discussing possibly
17 funding from some social agency or government agency to
18 provide some funds to support that.

19 MR. BYRON WILLIAMS: Okay, and -- and so
20 just on that point, if -- if you were to give any advice,
21 it would be to start -- start small. And you've also
22 raised some policy questions, as well, on that point.

23 Is that fair?

24 MR. LLOYD KUCZEK: Yes, that's fair. And
25 -- and I -- I would -- I guess I can add this too as

1 well. We are planning to try to monitor our -- if there
2 is any impact on our collections area and debt,
3 disconnects, and as suggested by some previous people in
4 previous hearings and -- and Mr. Dunsky as well. So I --
5 we think it's going to be difficult to meas -- measure
6 those impacts, but we're going to try anyways.

7 MR. BYRON WILLIAMS: And one -- one --
8 and I appreciate that answer, Mr. Kuczek. One -- I'm --
9 I'm just following up one further question.

10 In -- in terms of doing evaluation of low-
11 income energy efficiency programs, either globally or --
12 or on individual situations, might that also be something
13 you try and incorporate into your evaluation process?

14 MR. LLOYD KUCZEK: The -- the non-energy
15 benefits?

16 MR. BYRON WILLIAMS: Yes.

17 MR. LLOYD KUCZEK: To the degree that you
18 could measure them, yes. Otherwise it would be just
19 reporting them on a quantitative basis.

20 MR. BYRON WILLIAMS: You could --

21 MR. LLOYD KUCZEK: Qualitative.

22 MR. BYRON WILLIAMS: Qualitative, yes.

23 For example, you could attempt to do at least some --
24 some surveys of -- of customers after the fact.

25 That might give you some quantitative

1 insight into it, would it not?

2 MR. LLOYD KUCZEK: Yes, but again, very
3 difficult to measure the -- the impacts in some of the
4 areas that are being suggested.

5 MR. BYRON WILLIAMS: Mr. Chairman, I'm
6 moving to a new area -- not today, though, as I've heard
7 it whispered -- So, subject to if the panel has any
8 questions, or I'm at the direction of the panel.

9

10 (WITNESSES RETIRE)

11

12 THE CHAIRPERSON: Okay. We certainly
13 plan to start tomorrow at 9:00 a.m. Before we close
14 today we just want to return to a minute to Mr.
15 Ciekiewicz's motion that was raised a few days ago.

16 On Monday, March the 3rd, 2008, the Board
17 heard from Mr. Ciekiewicz as a presenter related to
18 Manitoba Hydro's current General Rate Application. Near
19 the end of his presentation, he included a motion which
20 requested that the proposed residential rate increase,
21 based on a new inverted rate structure, as part of
22 Manitoba Hydro's 2008 Rate Application, not be considered
23 during the General Rate Application Hearing.

24 After his presentation, and also the next
25 morning, the Board indicated that Mr. Ciekiewicz's

1 information and issues raised were available to
2 registered Intervenors and Board Counsel to use in their
3 cross-examination of Manitoba Hydro's witnesses. The
4 Board also indicated it may have further response or
5 comments on the matter raised by the presenter in the
6 Board's General Rate Application Order.

7 Having canvassed the Intervenors and
8 Manitoba Hydro, the Board understands all parties were in
9 agreement to proceed as indicated by the Board.

10 In a March 6th, 2008 letter to Board
11 Counsel, and copied to the Board's Executive Director and
12 Coalition's counsel, Mr. Williams, Mr. Ciekiewicz
13 requested a response as to the manner in which the Board
14 will address his motion.

15 The Board has considered the motion and
16 the grounds stated by Mr. Ciekiewicz and denies his
17 motion.

18 Manitoba Hydro's August 1st, 2007
19 Application contains express notice that in addition to
20 the 2.9 percent across-the-board increase proposed,
21 Manitoba Hydro was also requesting, quote:

22 "A change in rate structure for the
23 residential class replacing the
24 declining block rate with an inverted
25 block rate."

1 Additionally, Appendix 10.2 of Manitoba
2 Hydro's application, sets out proposed residential rates
3 with the first 900 kilowatt hours at five point nine
4 eight (5.98) cents per kilowatt hour, and the next block
5 at six point o-one (6.01) cents per kilowatt hour. This
6 clearly demonstrates an inverted rate structure being
7 proposed by Manitoba Hydro for the residential class.

8 This information was available to all
9 parties since August the 1st, 2007, and the proposal for
10 an inverted residential rate follows past consideration
11 and directives on this issue by the Board, as well as
12 submissions from Intervenors.

13 While Mr. Ciekiewicz's motion is
14 dismissed, the Board repeats its suggestion for
15 Intervenors and Board Counsel to consider his brief in
16 cross-examination.

17 Thank you. We stand adjourned till
18 tomorrow at 9:00.

19
20 --- Upon adjourning at 3:55 p.m.

21
22 Certified correct,

23

24

25 _____
Cheryl Lavigne