

THE PUB POST – Vol. 3

WE'RE BACK! The 60 days leading up to the October 3rd provincial election were governed by Section 92, Restrictions on Government Advertising, of The *Election Financing Act*. This provision places restrictions on communications to ensure government resources are not used to support an election campaign. During the 60-day period prior to election day, the Board limited its advertising/communication activities to regularly updating its website with Board Orders, Hearing Exhibits, and Notices.

The communications blackout period provides a separation between the ongoing work of government departments and agencies, and the activities of election campaigns. Now that the election is over, we can get back to talking about our work at the PUB.

This issue of The PUB Post will focus on providing updates on three of our portfolios:

1. Electricity;
2. Water & Wastewater; and
3. Manitoba Public Insurance.

Do you have ideas for future newsletter items? Are there PUB matters you would like to learn more about? This is YOUR newsletter, and we want to make sure you enjoy it. Please share your ideas with us at engagethepub@gov.mb.ca.

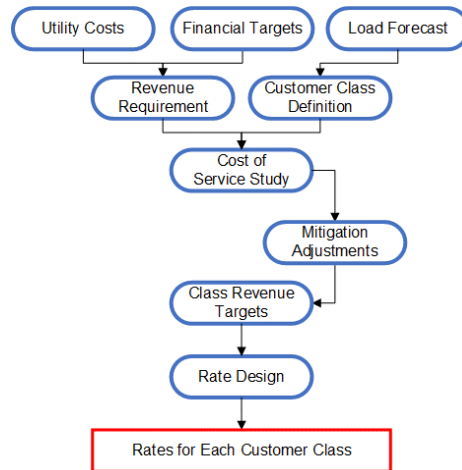
Manitoba Hydro's 2023/24 and 2024/25 General Rate Application

Between November 15, 2022, and June 26, 2023, the PUB conducted an extensive public hearing process to adjudicate Manitoba Hydro's application that involved:

- two pre-hearing conferences,
- five approved intervener organizations,
- two rounds of written information requests,
- four weeks of oral evidence, cross-examination, and detailed written submissions, and
- nine public presentations.

To help the PUB in its decision-making process, the PUB was assisted by an independent expert consultant on utility operations and the U.S. electricity market, AND a facilitator who was retained to lead a collaborative process on depreciation issues.

The figure below illustrates the complex items taken into account when establishing electricity rates for consumers.



As part of its General Rate Application filed with the PUB on November 15, 2022, Manitoba Hydro requested (among other things) confirmation of the interim rate of 3.6% that was granted in December 2021 because of the drought and approval of an overall increase in general consumer revenue of 3.5%, effective September 1, 2023, and a further 3.5% effective April 1, 2024. On December 9, 2022, Manitoba Hydro amended its application after the Manitoba Government announced reduced provincial debt guarantee fees and water rental fees, effective retroactively to April 1, 2022. These reduced payments had a substantial impact on Manitoba Hydro’s finances, and allowed the utility to reduce the proposed rate increase in each of the requested years to 2% per year.

During the communications blackout period, the PUB members who heard the application were hard at work deliberating the issues, and drafting their decisions.

Issued on August 24th, [Board Order 101/23](#) finalized the 3.6% interim rate increase that came into effect on January 1, 2022, and approved an average rate increase of 1.0% that came into effect September 1, 2023 and a further average rate increase of 1.0% that will come into effect on April 1, 2024.

On August 31, 2023, the PUB issued Board Order 104/23, which approved new rate schedules reflecting the September 1, 2023, and April 1, 2024 increases, and confirmed the breakdown of rates among the different customer classes.

In addition to the rates established in Order 101/23 (“the Order”), the PUB issued a number of recommendations. Recommendations are also an important tool for the PUB. Recommendations made to government, or a utility, are not directives or binding, they are merely advice based on evidence presented at the hearing.

The PUB noted in the Order that under The *Manitoba Hydro Amendment and Public Utilities Board Amendment Act* the PUB is prohibited from making recommendations in the future without prior authorization of the minister responsible. In the PUB’s view, having to seek prior

approval of recommendations undermines the independence of the PUB and its ability to make recommendations that it considers to be in the public interest.

In the Order, the PUB made a series of recommendations, notably the following:

Recommendation #1: *That Manitoba Hydro review the effectiveness of its existing bill affordability programs, and consult with First Nations about creating targeted energy poverty programs for First Nations communities.*

What is the difference between bill affordability and energy poverty? Bill affordability is often related to temporary financial difficulties, whereas energy poverty occurs when energy bills consistently consume too high a percentage of a household's income.

Recommendation #2: *That the Province of Manitoba establish an energy poverty program for all Manitoba households facing energy poverty.*

The Manitoba Court of Appeal's decision in *Manitoba (Hydro-Electric Board) v. Manitoba (Public Utilities Board) et al*, made it clear that PUB does not have jurisdiction to create a separate customer rate based on socio-economic factors. As a result, the PUB found it must give increased weight to the issues of rate stability and affordability to avoid worsening energy poverty issues faced by Manitobans. The PUB found that if the Court decision means that social policy and bill affordability issues are matters reserved for the government, the government must devote resources to those matters.

Detailed information on these items and the reasons behind them is found in the Executive Summary (pages 16-17), Section 16 Energy Poverty Issues (pages 188-200) and Section 18 Recommendations (pages 220-222).

The World of Water

The PUB regulates the utility rates charged by approximately 240 municipally, privately, or cooperatively-owned water and wastewater utilities throughout the province. Some utilities provide both water and wastewater services, some provide only one, or the other. Maintaining a stable financial footing allows utilities to provide services in a cost-effective manner, and it is the utility's responsibility to file rate adequacy reports or rate applications on a regular basis. Regardless of the services provided, regular rate reviews help assess the financial health of the utility and can help identify small issues BEFORE they become big issues. Utilities need to be in a strong financial position to deal with aging or inadequate infrastructure, as the costs to replace or expand water and wastewater infrastructure is significant.

The PUB team handling our largest regulatory portfolio were hard at work during the communications blackout, reviewing and adjudicating applications.

- [95/23](#) – Issued to the City of Selkirk, this Order approved revised water and wastewater rates for customers of the City of Selkirk Water and Wastewater Utility, which were

effective October 1, 2023. The application submitted by the City of Selkirk was filed using the Simplified Filing Application Process, and as there was no public response to the Notice of Application, the PUB chose a paper review process. Further details of the process and PUB decisions are in the Order, in the Board Findings section.

- [97/23](#) – Issued to the Rural Municipality of Stanley, this Order denied the approval of the municipality’s application for revised water rates for customers of the Stanley Water Utility. Upon review, the application did not meet the required criteria for using the Simplified Process, and the municipality was directed to review water rates for adequacy and file a report with an application for revised rates (if required) by no later than June 30, 2025.
- [98/23](#) – Issued to the Rural Municipality of Woodlands, this Order approved three years of revised wastewater rates for approximately 133 customers of the Woodlands Utility, which are effective October 1, 2023, October 1, 2024, and October 1, 2025. In Woodlands, residents obtain their water from private wells and the Woodlands Utility provides wastewater services only.
- [99/23](#) – Issued to the Rural Municipality of Woodlands, this Order approved three years of revised water and wastewater rates for customers of the Warren Utility, which are effective October 1, 2023, October 1, 2024, and October 1, 2025. The Warren Utility provides water and wastewater services to approximately 341 customers, with 250 of those receiving both water and wastewater, 89 receiving wastewater only and two receiving water only services.
- [102/23](#) – Issued to the Town of Neepawa after utilizing a paper review process, this Order approved three years of revised water and wastewater rates for approximately 1,550 customers of the Town Utility. Of those 1,550 customers, approximately 1,365 are residential users and 185 are commercial or institutional. The new rates for the Town Utility are effective October 1, 2023, October 1, 2024, and October 1, 2025.
- [108/23](#) – Issued to the Rural Municipality of Lac du Bonnet regarding the Brookfield Water Utility, this Order approved four years of revised water rates for customers, effective January 1, 2024, January 1, 2025, January 1, 2026, and January 1, 2027. The municipality owns and operates this utility, serving approximately 39 customers - one of which is the Awanipark Water Utility, which itself services approximately 40 residential customers.
- [110/23](#) – Issued to the Rural Municipality of Elton in response to the municipality’s request to review and vary the effective date for rates approved in Order 53/22, the PUB found the municipality’s request to be reasonable and granted the revision. For approximately 400 customers of the Forrest Water and Wastewater Utility, revised water and wastewater rates will come into effect January 1, 2024 and January 1, 2025, as approved in [Order 53/22](#).

For more information about the water and wastewater portfolio, and how these utilities are regulated, see our earlier newsletter: <https://mailchi.mp/gov.mb.ca/the-pub-post-spotlight-series-6252911> and the PUB website at <http://www.pubmanitoba.ca/v1/regulated-utilities/w-ww/water-ww/water-wastewater.html>.

Preparing for the Manitoba Public Insurance 2024 General Rate Application Hearing

The PUB sets MPI rates by balancing the interests of ratepayers with the financial health of MPI. Assessing MPI's income needs versus its' spending, is often the primary focus of the PUB when reviewing a general rate application. Although MPI may not request a rate adjustment in a given year, it is in the best interest of Manitobans for the PUB to conduct a thorough review of the financial health of MPI and the rates. MPI filed a General Rate Application on June 15, 2023. Prior to the Application, the Minister of Justice directed MPI not to request an increase in its rate for 2024/25. As an independent tribunal, the PUB is not bound by that decision.

The PUB team responsible for the MPI portfolio was busy during the communications blackout preparing for the public hearing that started on October 10, 2023. The PUB panel members responsible for adjudicating the Manitoba Public Insurance 2024 General Rate Application were reviewing:

- Over 8,900 pages of the [2024 Rate Application](#), which was filed on June 15, 2023; and
- Approximately 3,047 pages of [Information Requests](#) (and their responses) filed by MPI, the Interveners, and the PUB.

The panel members also received a series of briefings on the technical information provided in the application. The hearing commenced October 10, 2023, and concluded October 27, 2023. The PUB anticipates releasing its decision (via Board Order) in December, and highlights will be provided in our next edition of The PUB Post.

The usual newsletter closing information will be inserted here: links to follow us on Facebook, share with friends, etc.