

**Intergovernmental Affairs**

The Public Utilities Board  
400 - 330 Portage

**"APPENDIX I"**

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**INTERVENOR REQUEST FORM**

1. Application Re Hearing:

**Cost of Service Study Methodology Review**

2. Name of Requesting Party:

**Consumer Coalition (Consumers' Association of Canada, Manitoba Branch and Winnipeg Harvest)**

3. Address of Requesting Party:

**c/o PILC 200 - 393 Portage Avenue, Winnipeg, MB R3B 3H6**

4. Phone Number:	Business:	Residence
	204-985-8540 or 204-985-8533 BW direct	
	Fax Number:	E-mail:
	204-985-8544	bywil@pilc.mb.ca, sukno@pilc.mb.ca, alnis@pilc.mb.ca

5. Contact Person(s):

**Byron Williams and Alex Nisbet**

6. Address:

**same as above**

7. Phone Number:	Business:	Residence:
	Fax Number:	E-mail:

8. State reasons for the proposed intervention (please be specific). renewed.

Winnipeg Harvest is a non-profit, community-based organization committed to providing food to people who struggle to feed themselves and their families. More than 63,000 Manitobans receive food from food banks each month. Winnipeg Harvest shares food through the Manitoba Association of Food Banks and partners with more than 340 agencies to distribute surplus food to hungry families all over Manitoba.

CAC Manitoba has over 400 members and donors. Through its consumer education and information centre as well as its research, CAC Manitoba interacts with roughly 14,000 consumers annually. Approximately 6,000 Manitoba consumers annually attend CAC Manitoba information sessions and workshops.

Together as the Consumer Coalition, these organizations seek to represent the interests of urban and rural residential consumers through evidence based advocacy.

In this proceeding, the Consumer Coalition will seek to ensure that the costs allocated to the residential class of consumers are just and reasonable.

To the extent that rate design issues are raised in this proceeding, the Consumer Coalition will seek to ensure that they are addressed in a manner that is in the best interests of all customers of the corporation. They also will seek to protect the most vulnerable customers including low income persons living in poorly insulated homes as well as all electric customers.

Attached as Appendix A to this document is a preliminary screen of issues identified in this proceeding. The Consumer Coalition has attached its preliminary views on these issues. This preliminary list is based only on the filings to date and is without prejudice to the Coalition's final position.

Core issues potentially at stake in this proceeding include:

- 1) The definition of the export class including the question of whether there are one or two classes will play a fundamental role in the allocation of joint generation and transmission costs.
- 2) The allocation of net export revenue which has important implications for policy issues such as maintaining the commitment to uniform rates, the Affordable Energy Fund and the diesel funding agreement.
- 3) The allocation of interconnection costs (US inter-tie). Should they be treated similar to other transmission costs (peak demand) or do they have a different rationale from other transmission?
- 4) Should the Riel and Dorsey converter stations be treated similar to other HVDC facilities (ie all generation) or should some of the costs be treated as transmission?
- 5) Is consideration of an inclining rate structure appropriate, desirable or necessary given Hydro's claim that Residential Energy Rates are relatively close to Marginal Costs? What are the implications of inclining rate structures for low income consumers in poorly insulated homes?
- 6) On a prospective basis, should issues related to BIPOLE III be addressed. If so, should BIPOLE III be treated similarly to BIPOLES 1 and II.

**9. State nature of proposed intervention.**

<b>a) Do you intend</b>		<b>Yes</b>	<b>No</b>
(i) to appear throughout the hearing:		<b>yes</b>	
(ii) to participate in the production of evidence:		<b>yes</b>	
(iii) to participate in the testing of evidence:		<b>yes</b>	
(iv) to present final argument:		<b>yes</b>	
<b>b) Do you intend to call witnesses:</b>		<b>Yes</b>	<b>No</b>
		<b>yes</b>	
<b>c) If yes to No. 9b), please provide witness':</b>			
(i) Name:		William Harper	
(ii) Address:		Econalysis Consulting Services, 34 King St East, Suite 630 Toronto, ON M5C 2X8 (416) 348-0640	
(iii) Qualifications:		Expertise in Cost of Service Methodology and Rate Design	
(iv)	Subject of submission (please note date for filing submission):		

As set out in Appendix B, Mr. Harper has over 35 years of professional experience on issues related to cost of service both as a company witness and independent expert. He has worked in the field of rate design for over 25 years. Mr. Harper has reviewed the practices of cost of service and rate design in five different Canadian provinces including Quebec, Ontario, British Columbia, Manitoba and Saskatchewan. Since 2008, he has annually reviewed at least 10 Ontario Cost of Service filings a year.

The COS methodology takes the revenue requirement for the utility and allocates the costs to the various customer classes of service (i.e., residential, commercial). This analysis provides a determination of the level of revenue responsibility of each customer from which rates can be then designed.

Mr. Harper will address cost of service methodology issues from the perspective of five core principles or values:

1. Cost Causation

- Costs should be allocated to the various customer classes based on a methodology that reflects the cost-causal relationships for the production and delivery of the services provided by the utility. While there are generally accepted cost of service methodologies, the methodology chosen must reflect the nature and operating characteristics of the utility concerned as well as the policy environment in which it operates.

2. Fair

- The nature of cost of service studies is that a significant portion of the costs being allocated are for facilities that are jointly used by multiple customer classes. There are a number of methodologies that can be used to establish cost causation. The methodologies chosen and the resulting assignment of costs should be viewed as fair and equitable.

3. Practical

- The methodology must be practical to apply given the utility data available and its application should be transparent to all stakeholders.

4. Stable

- The results should be reasonably stable from year to year such that changes from year to year reflect trends in the underlying cost structure and operations of the utility, so as to avoid creating unnecessary instability in the resulting rates.

5. Efficiency

- Given that one objective of rate design is to promote efficiency and that rates are designed to recover each class' allocated share of the revenue requirement, the COS methodology should support the design of "efficient" rates.

10. Will you be applying for costs under Board Order No. 163/87:	Yes	No		
	yes			
If yes: Refer to Section 41 of Rules of Practice and Procedure. Provide detailed budget as per the attached Appendix II.				
11. Comments and other information:				

The Consumer Coalition notes with interest the desire of the Public Utilities Board to explore the utility of concurrent evidence in this proceeding. The PUB experimented with the approach during the MPI General Rate Application. CAC Manitoba believes the approach was of merit in that proceeding due to the relatively narrow scope of the issues raised and the personality of the witnesses (more inclined to analysis and less inclined to advocate positions). The Consumer Coalition also has been advised of less successful concurrent evidence panels.

The Consumer Coalition is supportive of the concept of concurrent evidence provided it is done efficiently, enables a robust exchange of all perspective and preserves the right of direct and cross examination.

In addressing issues related to the provision of concurrent evidence, there are a number of questions that require careful consideration:

- given the breadth of issues raised in this proceeding, should concurrent evidence be used for all issues or for a select few of greatest significance?
- are concurrent panels best used for highly technical issues or are they adoptable to all issues raised?
- how many panels are necessary? Will there be distinct panels for Cost of Service, Rate Design and Terms of Service?
- recognizing that parties may adopt the same positions for divergent reasons, how does the PUB ensure that a robust exchange of ideas (rather than positional advocacy) is achieved?
- how do we ensure the distinct perspective of different Intervenors are heard?
- is concurrent evidence restricted to independent experts or is it intended to be available to company witnesses?
- what is the appropriate treatment of internal Hydro witnesses? Do they need to be qualified as experts? What are the limitations, if any, related to their status as company employees?
- to avoid advocacy and facilitate analysis, should a neutral facilitator be employed?
- if so, what type of facilitator brings the requisite expertise?

In addition, it may be helpful to identify different models for the receipt of concurrent witnesses. Without suggesting this list is exclusive, the Consumers Coalition has considered:

- model A - all issues on which there is dispute are subject to concurrent expert panel(s) with cross examination to follow the expert dialogue
- model B – the PUB identifies core issues on which it seeks concurrent panels with cross examination. Parties then present evidence on other issues subject to cross
- model C - parties present their own witnesses who are subject to cross. The PUB then holds a concurrent panel on selected questions of greatest interest



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**"APPENDIX II"**

**INTERVENER BUDGET AND COST SUMMARY SHEET**

To be used to prepare a budget for the Intervener Request Form, Item 10, and to make a claim for an Award of Costs.

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Prepared by:	Date:	
Hearing:		
Period Covered:		
Intervener's Name:		
Contact Person or Persons:		
Address:		
Phone Number:	Business:	Residence:
	Fax Number:	E-mail:

See Costs on Page 2.

**FEES – to be completed for legal counsel or experts**

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	<b>COSTS</b>		
PREPARATION:	Hours	Days	Rate