

**PROVINCE OF MANITOBA  
BEFORE THE PUBLIC UTILITIES BOARD**

**Manitoba Hydro  
2017/18-2018/19  
General Rate Application**

**Green Action Centre  
Interim rate submission**

**JULY 18, 2017**

**Gange Collins Holloway  
760-444 St. Mary Avenue  
Winnipeg MB R3C 3T7**

## Green Action Centre submission on a 2017 interim rate increase, July 18, 2017.

### Statement of GAC principles

Green Action Centre is guided by an inclusive vision of sustainability: *All Manitobans Living Green, Living Well*. We note that sustainability includes social justice – meeting human needs now and in the future – and efficient use of resources. Manitoba’s hydro system provides a hugely valuable resource of reliable, renewable power, which energizes our lives and economy. More than any other institution, Manitoba Hydro has enabled Manitobans to lower their climate impacts and it has the potential to do more. But our hydropower comes with ecological damage and social costs to hydro-affected communities, which require mitigation and compensation. And it is not affordable to all. Thus we promote policies and practices that ensure that power is sustainably produced and used and able to meet the needs of all Manitobans, including low-income Manitobans. Green Action Centre has sponsored evidence before the Public Utilities Board to support greater demand side management (DSM) efforts, conservation pricing of energy, and cost-mitigating strategies to make energy more affordable to lower-income households.

We encourage smart policies that achieve multiple goals and values together through creative, synergistic solutions and believe that Manitoba Hydro cannot fulfill its mandate without them. The ideas for such policies and practices often originate from a search for best practices found in other jurisdictions<sup>1</sup>, but they must be shaped, adapted and evaluated to become “Made in Manitoba” solutions. We proposed the creation of collaborative processes for that purpose.

### Statement of Green Action Centre position in our May 26 submission on interim rates

Green Action Centre (a) agrees that some rate relief should be granted to Manitoba Hydro on August 1, but with the proviso that (b) MH adopt at the same time a targeted strategy to address impacts on its low-income customers with the highest energy burdens.

### Green Action Centre Position

1. *Prima facie* case for increase on August 1, 2017
  - a. Financial health of MH important for customers, provincial citizens and MH.

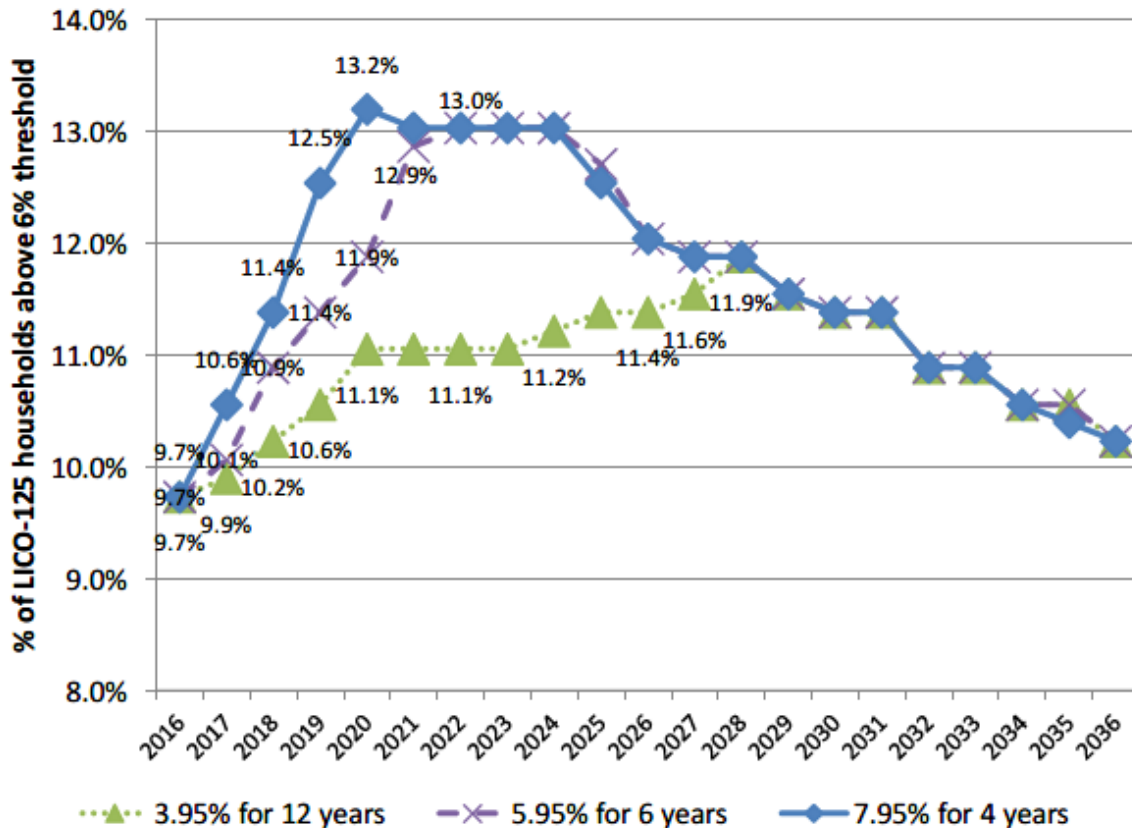
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<sup>1</sup> E.g., Seattle City Light exemplifies a sustainable utility with [steeply inclined conservation rates](#), strong affordability commitment ([60% discounts for low-income customers](#)), and a [City Light Review Panel](#) of appointed knowledgeable unpaid stakeholders, who work with the utility to create a [strategic plan](#) and a supporting rates.

- b. Above inflationary revenue increases needed over next 5-15 years to meet existing commitments and preserve financial health
  - c. Rate stability and predictability is a benefit to customers and requires setting rates on a trajectory over several years, rather than year-by-year, with sufficient reserves to address MH's variable income and rapidly increasing debt load.
  - d. Any pause in rate increases will have to be made up by accelerating future increases.
  - e. The Board is faced with the question of what interim rate increase is consistent with the above principles while mitigating rate shock and energy burdens. Green Action Centre has not had time to review the filed materials in sufficient depth to confirm what that might be for August 1, 2017. We rely on the previous judgment of the PUB to propose a further 3.36% annual increase, which should be subject to modification based upon whatever updated insights the PUB might derive from new evidence filed.
2. In GAC's view, an interim rate increase, like subsequent rate increases, must be accompanied by an adequate strategy for addressing unaffordable energy burdens created or aggravated by the increase. Unaffordable energy has obvious negative implications for individual and family well-being in terms of comfort, health, disruptions of education, work and continuing dwelling occupancy. These in turn affect Manitoba's health, education, employment and economic outcomes and social welfare burden.
- a. The need  
As noted in the conclusion of Green Action Centre's final submission at the last GRA, we face the dilemma of (1) establishing rates sufficient in the aggregate to return to Manitoba Hydro in full the cost of supplying power and ensuring a healthy utility when those costs are dramatically rising and (2) addressing customer impacts, particularly for those in energy poverty who cannot afford to pay more.<sup>2</sup>
  - b. We also note the PRA research finding in support of the Affordability Working Group that steeper rate hikes are predicted to increase the number of those in energy poverty above the 6% threshold on the order of 2%, as depicted in the graph below (Appendix 10.5, p. 91/242 of Manitoba Hydro's GRA filing).

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<sup>2</sup> [http://www.pubmanitoba.ca/v1/exhibits/mh\\_gra\\_2015/gac-6.pdf](http://www.pubmanitoba.ca/v1/exhibits/mh_gra_2015/gac-6.pdf) (p. 25).



**Figure 7:** Impact of Manitoba Hydro rate increases on proportion of LICO-125 households above 6% energy poverty threshold, 2016–36, inclusive

**Source:** PRA calculations based on survey of Manitoba Hydro customers

3. PUB directives
  - a. Introduce significant inclined conservation rates accompanied by bill mitigation for (low-income) electric heat customers.
  - b. In face of significant rate increases, identify a suite of affordability responses, including bill mitigation through rates, for consideration at the next (i.e. this) GRA as part of the determination of just and reasonable rates. Jurisdiction for PUB adjudication affirmed.
  
4. Green Action Centre recognizes that there is not sufficient time for the refinement and adoption of a bill mitigation rate design prior to an interim rate increase aimed for August 1<sup>st</sup>, but we urge that one be created and adopted prior to the 2018 increase. In the meantime, Green Action Centre urges the Board to direct Manitoba Hydro to make special efforts to target high energy users and to take steps to ascertain why the energy use is so high and to offer solutions to those users to reduce their energy consumption.

Green Action Centre also urges the Board to direct Manitoba Hydro to focus efforts on energy consumption on First Nations communities in order to reduce the energy burden that arises due to inadequate housing stock and the apparent insufficiency of DSM measures programmed for First Nations.

Green Action Centre recommends that, in the course of this GRA, Manitoba Hydro also file a strategic plan to cap and reduce energy burdens of LICO125 customers that exceed 6% (or 8% or 10%) of household income. Such a filing would be, in effect, a *Manitoba Hydro core mandate business case* for creating rates and supporting programs that (a) meet the utility's revenue requirement and (b) are affordable, so as to satisfy the requirement for just and reasonable rates.

## 5. Conclusions

Green Action Centre supports an interim rate increase effective August 1<sup>st</sup>, 2017. It does so in recognition that the costs of proceeding with the projects currently under construction are increasing the debt of Manitoba Hydro at a rate that exceeds inflation. Green Action Centre expects that there will be an intense scrutiny of Manitoba Hydro's financial position at the General Rate Application. Prior to that scrutiny, Green Action Centre recommends that, in continuation of the 2016 interim rate increase, the same 3.36% be approved as a further rate increase on an interim basis, unless the PUB's review of the evidence leads to some modification of that amount.