

April 7, 2017

**VIA E-MAIL**

Manitoba Public Utilities Board  
400 - 330 Portage Avenue  
Winnipeg, MB R3C 0C4

Attention: Kurt Simonsen

Dear Sirs/Mesdames:

Re: Scope of Proposed 2017 General Rate Application  
Our File No. 17161 WSG

Green Action Centre ("GAC") urges the Public Utilities Board to include rate design and time-of-use issues in the scope of the proposed General Rate Application ("GRA").

GAC had expected that rate design would be included in the 2016 Cost of Service Study hearing. In the Board's letter of January 22, 2016, the Board indicated that rate design considerations for industrial time of use rates and residential conservation rates would be reviewed in the Cost of Service Study. Manitoba Hydro responded in its letter of February 5, 2016 by stating that rate re-balancing and rate design should be deferred to the next GRA.

GAC responded by letter dated February 11, 2016 as follows:

Green Action Centre would also like to respond to several items in Manitoba Hydro's letter of Feb. 5, 2016 with respect to the COSS process.

Scope of the process.

Green Action Centre supports the broadened scope of the process to include matters of rate design and extension policies. Even if extension policies are within the Hydro

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Electric Board's jurisdiction, they interact with rates. If the PUB is to decide how much to allow in power rates that, among other things, cover costs that arguably should be recovered through extension fees (and other charges), the PUB needs to understand the existing charge structure.

In short, the scope should be "matters that may affect cost allocation and rate design."

Unchallenged procrastination in initiating mandated studies and rate reform and extended intervals between PUB directives and MH new filings make the regulatory process dysfunctional on certain matters.

Board Order 7/03 stemming from Green Action Centre's first PUB intervention (as RCM in partnership with TREE) had this to say:

## 21.12 Rate Design

### 21.12.1 General

Although Hydro did not apply for any changes in rate design, the Board and the Intervenors considered the issues of rate design to be of considerable importance in this status update filing. As part of the Board's review as to whether the rates charged remain just and reasonable, the Board not only examined the overall revenue requirement, but also the cost of service methodology, and the rate structure itself.

The Board is disappointed with the inaction of Hydro to comply with the spirit of Order 51/96 with regard to undertaking a study and reporting to the Board by no later than the next GRA to develop a comprehensive rate design policy. More than six years have elapsed since that directive was issued, and Hydro stated at this hearing that it has no intention of preparing such a study in the near future. Such inaction is a disservice to the many Hydro customers, particularly those who might benefit from such a comprehensive rate design policy (101-102).

Variations of this pattern have occurred ever since.

The solution may be to work through contested issues in the PUB process itself. The PUB may pass judgment on what is agreed and settled, contested and adjudicated, or requiring more research or

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consultation to be finalized later. The PUB can also direct the creation of auxiliary processes, such as technical workshops or provision of data and models to intervenor experts, where that can facilitate the timely resolution of issues.

We are now advised that Manitoba Hydro does not intend to proceed with the rate design review at the current GRA. Manitoba Hydro may have reasons that have not yet been publicly disclosed to take this position. The history of this matter is, however, that the question of rate design has been of significant interest to the Board since 1996. There are always reasons why the present may not be a convenient time to face a challenge. In looking at the history of this matter, however, what becomes clear is that the Board is going to have to issue a mandate that requires Manitoba Hydro to provide a response to this difficult issue. As the Board stated in 2003, “such inaction is a disservice to the many Hydro customers, particularly those who might benefit from such a comprehensive rate design policy”.

Board Order 26/16 did not make a specific order that conservation rates must be considered at the next GRA. The Board did, however, accept that time-of-use rates and conservation rates “should be excluded from the scope of this hearing and be dealt with at the next GRA”.

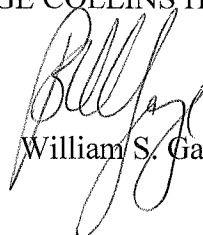
As at February, 2016, Manitoba Hydro itself made a commitment to deal with conservation rates at this GRA. The Board agreed to exclude conservation rates from the scope of the COSS on the express representation of Manitoba Hydro that the issue would be dealt with at the current GRA.

The Board ought to hold Manitoba Hydro to its commitment to consider conservation rates and time-of-use rates at the current hearing.

Yours very truly,

GANGE COLLINS HOLLOWAY

Per:



William S. Gange

WSG/lc

cc: Green Action Centre  
Attn: Peter Miller