

# **MANITOBA HYDRO'S INTERIM APPLICATION FOR ELECTRICITY RATES**

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## **SUBMISSION OF MANITOBA KEEWATINOWI OKIMAKANAK INC.**

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## **Part 1 INTRODUCTION**

Manitoba Keewatinowi Okimakanak Inc. (MKO) has previously argued against interim increases in Hydro rates. The submission on this request for an interim rate increase is the same as in the past.

MKO's position is:

1. No urgency has been properly demonstrated that warrants the Board to make an interim order and that to do so would exceed the jurisdiction of the Board.
2. The financial information provided is insufficient to warrant an interim rate increase.

## **Part 2 ORDER 73/15**

In Board Order number 73/15 the Board approved rates for Manitoba Hydro for the April 1, 2015 to March 31, 2016 fiscal year. The Board approved a total increase of 3.95% in Manitoba Hydro consumers bill rates. The result of that rate increase was that the monthly bill of an average residential customer using electric space heat would increase by \$6.11 per month.

The Board at page 5 of its Order indicated that it did not consider new rates for April 1, 2016 at the hearing and did not expect to award any further rate increases until a Cost of Service Study (COSS) application had been filed and the Board had sufficient time to review the COSS application.

The Board also indicated that it will scrutinize all future requested rate increases and approve rates that are justified by the evidence examined. The Board stated that it would scrutinize all future requested rate increases and approve rates that are justified by the evidence examined.

The Board made those recommendations in its Order in recognition of the fact that:

***"The Board recognizes that higher electricity rates will have an impact on all Manitobans and especially lower income Manitobans."***

### **Part 3 ORDER 59/16**

Despite the Board's decision in Order 73/15 Manitoba Hydro applied for an interim rate increase for 2016. That application was opposed by MKO on legal grounds and the inadequacy of financial information to support the interim application. In reviewing the Interim Application the Board acknowledged the arguments made in regards to the availability of interim applications and the necessary financial information that were to underpin the application.

In Board Order 59/16 the Board made some very serious observations regarding what it would consider when dealing with an interim application. Specifically, the Board stated that:

1. The Board would not consider interim rate applications unless warranted by unforeseen or emergency situations.
2. Interim rate applications ought not be the norm for Manitoba Hydro.
3. Manitoba Hydro is to adjust its planning cycles to ensure required information is available on a timely basis.

The Board denied the 3.95% interim rate increase being sought and ordered a lesser and modified interim rate increase. The board also directed that Hydro was to take steps to provide certain financial information and make application for 2017 and 2018 rates by December 1, 2016. Despite these directions and cautions regarding interim applications Hydro again applies for an interim application with all of the same shortcomings recognized by the Board in Order 59/16 and without making any effort to comply with the concerns and directions made by the Board.

#### **Part 4 CURRENT APPLICATION**

The position of MKO is that an interim application is unnecessary as no urgency has been determined or proven so that the Board would have to proceed on the basis of unproven and untested information.

The Public Utilities Act sets out the duties of the Board in making an Order and how that Order is to be dealt with.

#### **ORDERS OF THE BOARD**

Power to order partial or other relief

Interim order

[47\(2\)](#) The board may, instead of making an order final in the first instance, make an interim order and reserve further directions, either for an adjourned hearing of the matter, or for further application.

Orders involving expense to parties to be after notice and hearing

[48](#) The board shall not make an order involving any outlay, loss, or deprivation to any owner of a public utility, or any person without due notice and full opportunity to all parties concerned, to produce evidence and be heard at a public hearing of the board, except in case of urgency; and in that case, as soon as practicable thereafter, the board shall, on the application of any party affected by the order, re-hear and reconsider the matter and make such order as to the board seems just.

Section 48 determines how and when the Board can make an Order. The Board must have a public hearing where all parties may be heard. If there is an urgency the Board may proceed without such a hearing but if anyone objects to the order, there must be a full re-hearing, in effect a replacement hearing with all of the formalities required being observed.

Section 47(2) which allows for an interim hearing is part of section 47 and must be read in its entirety. It allows for an interim order where in the course of a full hearing it is necessary to grant only part of the order requested. It is not a separate paragraph which gives rise to a separate type of hearing,

In conclusion, in order to anchor this application and to obtain an interim order, Hydro must show urgency. Given that an interim rate increase has already been ordered and has not been subject to a full hearing it is premature and unwarranted to impose another interim rate increase on top of the previous interim rate increase.

MKO takes the position that the jurisdiction given to the Board to hear matters on an interim basis is to be used sparingly and only in the event of urgency. The purpose of allowing interim applications is not to be a shortcut for Hydro to prevent the Board from acting with its full regulatory authority. Such a position is to the detriment of the general public.

#### **Part 4 INFORMATION PREPARED TO JUSTIFY RATE INCREASE**

MKO will not repeat the analysis of the financial information as set out in the submissions of MPUG and CAC other than to say MKO is in agreement with that analysis and is also of the opinion that the financial information to support the rate increase needs to be seriously examined before accepting that information and that there are no significant urgent circumstances that warrant an expedited interim rate increase.

Submitted this 26<sup>th</sup> day of May, 2017