



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re : MANITOBA HYDRO
2017/18 and 2018/19
GENERAL RATE APPLICATION
PUBLIC HEARING

Before Board Panel:

- Robert Gabor - Board Chairperson
- Marilyn Kapitany - Vice-Chairperson
- Larry Ring, QC - Board Member
- Shawn McCutcheon - Board Member
- Sharon McKay - Board Member
- Hugh Grant - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
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Pages 2589 to 2895

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1 --- Upon commencing at 9:01 a.m.

2

3 THE CHAIRPERSON: Good morning,
4 everyone. Ms. Steinfeld, do you want to take us
5 through today and as today is scheduled this is the
6 last day before the Christmas break, maybe we could
7 talk about the first week of January as well.

8 MS. DAYNA STEINFELD: Thank you, Mr.
9 Chair. Today we'll be continuing with cross-
10 examination of Manitoba Hydro's witness panel number
11 3. Board counsel is scheduled for two (2) hours this
12 morning although we don't expect to quite use all of
13 that time. Once we're done, the Assembly of Manitoba
14 Chiefs will commence their cross-examination. There's
15 also time for MKO scheduled there and once their
16 cross-examination is done, the Consumers Coalition
17 will start their cross-examination. We are scheduled
18 to sit until 5:30 today, if needed.

19 When we resume on January 3rd the
20 Consumers Coalition is scheduled to continue with
21 their cross-examination of this panel and this panel
22 will be sitting January 3rd and January 4th and all
23 Intervenors who are in scope on these issues will have
24 cross-examination on those days. January 5th will be
25 a public presentation day, including the Consumers

1 Coalition ratepayer panel and then registered members
2 of the public who will be presenting in the afternoon
3 of the 5th.

4 THE CHAIRPERSON: Thank you. If you
5 want to continue with your cross-examination.

6 MS. DAYNA STEINFELD: Thank you, Mr.
7 Chair.

8

9 CONTINUED MANITOBA HYDRO PANEL 3 re COST OF SERVICE,
10 RATE DESIGN AND BILL AFFORDABILITY:

11 PAUL CHARD, Previously Sworn

12 COLLEEN GALBRAITH, Previously Sworn

13 GREGORY MASON, Previously Sworn

14 LOIS MORRISON, Previously Sworn

15 GREG BARNLUND, Previously Sworn

16

17 CONTINUED CROSS-EXAMINATION BY MS. DAYNA STEINFELD:

18 MS. DAYNA STEINFELD: Good morning to
19 members of the witness panel. Ms. Morrison there was
20 a few matters that I was asked to follow-up with you
21 on today so since you're back, I'll take that
22 opportunity.

23 We had a discussion yesterday afternoon
24 about time-of-use rates, and I wanted to ask you, in
25 circumstances where Manitoba Hydro does not have a

1 time-of-use rate are there options for MIPUG
2 identities or -- or GSL customers to mitigate a 7.9
3 percent rate increase or -- or any other rate
4 increase?

5 MS. LOIS MORRISON: We have three (3)
6 programs that are offered to -- or are specifically
7 more so targeted to our larger customers or our
8 industrial customers; one being, the performance
9 optimization program, which is a demand-side
10 management program focusing on electricity savings.
11 The natural gas optimization program, which is focused
12 on natural gas -- reducing your natural gas
13 consumption. And then we also have our load
14 displacement program, which is focused on assisting
15 customers in utilizing waste stream or other options
16 for doing customer-sited generation for electricity.

17 Now those programs which are detailed
18 in our 2017/'18 demand-side management plan which was
19 included as PUB-MFR-61 have -- include a description
20 of what the offerings are. And these -- the
21 performance optimization program, I should mention,
22 has been in the market since 1993, and we've worked
23 with a large number of our industrial customers in
24 both large and small, which would include some of the
25 MIPUG membership. We -- this program encourages

1 energy efficiency through the optimization of electric
2 motor driven industrial systems such as air
3 compressors, pumps, fans and blowers; optimization
4 industrial refrigeration; process heating;
5 electrochemical process systems; and implementation of
6 plantwide energy management systems.

7 So really it's a customized approach,
8 recognizing that these customers will not have
9 homogeneous projects. So one (1) project to another
10 or one (1) customer to another will have different
11 systems, they'll have different processes. And so we
12 take a very customized approach to these customers to
13 assist them.

14 The program offers as part of -- what
15 we offer, we offer funding for feasibility studies to
16 explore whether there is energy efficiency
17 opportunities with a certain project. We offer
18 technical assistance in guiding these projects through
19 a variety of engineering staff on -- sorry,
20 engineering support on staff. We also provide
21 incentives to assist with the implementation of the
22 energy efficiency project, and then we also follow up
23 with monitoring and that to help them ensure that it's
24 being optimized and working properly.

25 So these are things that have been

1 offered since 1993, and are available to all of our
2 customers to help them improve the efficiency of their
3 operations. And in some cases what we find is, it
4 actually helps in terms of their productivity. So on
5 a unit cost of production basis, they'll actually see
6 a reduction in their unit costs to production.

7 So that's one (1) of the initiatives
8 that we have available. In addition to that, as I
9 mentioned, we do have our load displacement project --
10 program, which is available to customers and we have
11 had some engagement and discussions with some larger
12 cust -- industrial customers, where they're utilizing
13 waste product to do self generation.

14 And in this program, also, we offer
15 support in the form of financial incentives to support
16 the feasibility studies. So the analysis to see
17 whether or not the project would work, and what it
18 would deliver.

19 We provide engineering -- support for
20 engineering design, procurement, installation of the
21 actual customer service -- customer sited generation,
22 and then depending on the nature of the arrangement,
23 we may choose to provide or work with the customer to
24 determine what's the best approach for the incentive.
25 We may look at an incentive that based on supporting

1 the -- the ongoing fuel that is being used in that
2 project as opposed to an upfront capital investment.

3 So really, it's in discussion with the
4 customer as to what best fits Manitoba Hydro's
5 requirements and the customer's requirements.

6 MS. DAYNA STEINFELD: Thank you for
7 that, Ms. Morrison. Do you know what the take-up of
8 these programs has been?

9

10 (BRIEF PAUSE)

11

12 MS. LOIS MORRISON: We can get you a
13 copy of it. There has been significant savings in the
14 performance optimization program because it has been
15 running, as I mentioned, since 1993, but we would have
16 to get that number for you. I don't have that
17 immediately with me.

18 MS. DAYNA STEINFELD: We can take that
19 as an undertaking.

20 MS. LOIS MORRISON: Okay.

21 MS. DAYNA STEINFELD: I'll let Ms.
22 Morrison give it.

23 MS. LOIS MORRISON: Okay, so the
24 undertaking would be that we would provide savings to
25 date under the performance optimization program and

1 the activity under the load displacement project.

2 I should qualify that the load
3 displacement project was recently introduced in -- I
4 think it was 2015, so there's limited participation
5 because those types of projects also have very long
6 lead times because they're usually quite large in
7 size.

8
9 --- UNDERTAKING NO. 18: Manitoba Hydro to provide
10 savings to date under the
11 performance optimization
12 program and the activity
13 under the load
14 displacement project

15
16 CONTINUED BY MS. DAYNA STEINFELD:

17 MS. DAYNA STEINFELD: And, Ms.
18 Morrison, in your answer you were speaking of programs
19 going back to 1993.

20 Are there any incremental new demand-
21 side management programs for general service large
22 customers?

23 MS. LOIS MORRISON: So I should
24 probably characterize what the performance
25 optimization program is. Although it was introduced

1 in 1993, it really is an umbrella program and over the
2 years, the program started out foc -- primarily
3 focused on pumps and fans and optimizing pump and fan
4 systems. And since then, a -- every year they look
5 for new opportunities and new initiatives that can be
6 undertaken under that program, so, then it evolved
7 into looking at compressed air systems, looking at
8 commercial refrigeration systems.

9 So, although we haven't officially
10 introduced a new program, we've introduced a number of
11 new initiatives underneath that program, including
12 looking at energy management systems, and even
13 embedded in energy managers within industrial
14 operations.

15 So, these are things that have been
16 introduced over the years. So to just -- to
17 characterize it as it was introduced in '93 and hasn't
18 evolved since wouldn't be an appropriate
19 characterization. This program has evolved
20 substantially in terms of what it was initially
21 launched as to what is offered today.

22 MS. DAYNA STEINFELD: Thank you. If
23 we could turn, please, Kristen to PUB Exhibit 42-5,
24 which is Board counsels' book of documents, Volume 5,
25 page 159.

1 And, Ms. Morrison, we spent some time
2 on this yesterday. This is Manitoba Hydro's response
3 to the recommendations of the bill affordability
4 working group. And if we turn the page over to page
5 160, you'll see number 2, electric heating. Here the
6 recommendation was for Manitoba Hydro to consider the
7 development of incentive programs for qualifying lower
8 income customers to promote fuel switching.

9 And the Manitoba Hydro response was
10 that the Utility anticipates that new provide --
11 provincial climate change policy may be released in
12 2017 and -- and the Corporation will consider
13 modifications.

14 Are you able to advise as to the status
15 of the Utility considering modifications to existing
16 programs or additional program offerings in this area?

17 MS. LOIS MORRISON: So the first part
18 of that recommendation speaks to electric heating
19 systems being replaced with high-efficiency natural
20 gas furnaces and, in that case, we can say that we
21 have received clarification as to what direction the
22 provincial government is going in.

23 As we mentioned earlier, the Efficiency
24 Manitoba Act was -- did receive royal assent and in
25 that Act, they explicitly describe or define what

1 demand-side management will be and in it they define
2 demand-side management as being:

3 "A measure, action, program or
4 service or rate that encourages or
5 results in the switch from one kind
6 of fuel source to another. If the
7 switch increases greenhouse gas --
8
9 excluded. I should qualify that and
10 take a step back.] Demand-side
11 management does not include any
12 items or measures that result in a
13 switch that increases greenhouse gas
14 emissions."

15 So they have explicitly stated that
16 demand-side management will not include any measures
17 that increase the greenhouse gas emissions in the
18 province.

19 So, under that definition, we take that
20 as our measure that switching from electric heat to
21 natural gas heat will not be included as part of
22 demand-side management, because that does result in an
23 increase in local greenhouse gas emissions.

24 In addition to that, we did the prov --
25 the province did issue their Climate and Green Plan,

1 and they also state in their a focus on green energy
2 which would be not including switching from electric
3 space heat to natural gas, but including looking at
4 switching from natural gas heating to bioenergy,
5 geothermal or solar in terms of improving our
6 performance in terms of greenhouse gas emissions. So
7 for the first part of that recommendation, we do feel
8 that we have a very clear direction.

9 Now, in terms of the second part of the
10 direction related to exploring the development of
11 incentive-based programs to promote residential space
12 heating conversions to biomass, geothermal or heat
13 pump technologies, I'd like to look at that in two (2)
14 phases.

15 First off, we do have a program right
16 now that is specifically targeted to our -- to
17 Indigenous communities. I spoke to it yesterday
18 related to the community geothermal program where we
19 are working closely with Indigenous communities to
20 install geothermal heat pump systems. And as of July
21 we'd installed three hundred and forty (340) units
22 working in cooperation with those communities. And
23 more recently, I can update you that number's three
24 hundred and sixty-five (365). So we have been working
25 closely to try and promote that.

1 Now, the challenge that we are facing
2 is, as I mentioned during my testimony at the revenue
3 requirement panel, we're in a holding pattern on
4 pursuing new opportunities or expanding our DSM
5 offerings until we pass the torch effectively over to
6 Man -- Efficiency Manitoba. What I can say is that we
7 have done to date quite a bit of analysis on different
8 options in the range of bioenergy and opportunity --
9 and heat air source and cold climate air source heat
10 pumps.

11 During the last electric GRA, we
12 provided quite a bit of information on the status of
13 using wood pellet stoves and the economics behind
14 those. And we also provided quite a bit of
15 information on work that we're doing exploring or --
16 or monitoring cold climate air source heat pumps and
17 the economics behind that. That was previously
18 provided under -- a response to the Green -- Green
19 Action Centre interrogatory where we provided -- and I
20 believe that interrogatory was Green Action Centre
21 Manitoba Hydro round 1, 66E and in that, we detailed
22 all the information or all the research that we've
23 been doing related to cold climate air source heat
24 pumps and their performance.

25 And what we did find was that as of

1 today or currently wood pellets use -- the use of wood
2 pellet stoves or wood pellet boilers are still not
3 economic compared to heating with electricity, and
4 we've seen some improvement in terms of the use of
5 cold climate air source heat pumps, however, they are
6 still not performing at a level where you would
7 effectively -- essentially be replacing an electric
8 furnace because they offer more so support during the
9 shoulder heating seasons, they cannot accommodate the
10 peak part of the winter seasons, there's still that
11 requirement to have electric heat in place.

12 MS. DAYNA STEINFELD: Ms. Morrison, I
13 -- I have your point on Efficiency Manitoba. In the
14 context of this bill affordability recommendation does
15 the Utility accept that there would be an
16 affordability benefit to low-income ratepayers
17 switching to gas heating?

18 MS. LOIS MORRISON: There is
19 definitely a benefit to a customer if they have access
20 to natural gas from an affordability perspective to
21 heat with natural gas as opposed to heating with
22 electricity.

23 MS. DAYNA STEINFELD: And I took your
24 answer to be that the -- the Corporation isn't going
25 to be taking any steps in that regard be -- because of

1 what you called a holding pattern with Efficiency
2 Manitoba; is that -- is that accurate?

3 MS. LOIS MORRISON: I would say that
4 the Corporation is -- has already very heavily engaged
5 in communicating to customers about the opportunities
6 or the benefits of heating with natural gas. We offer
7 financing to help them address the upfront cost of
8 converting to natural gas.

9 But if you are asking specifically as
10 to whether or not the Corporation would be pursuing an
11 incentive-based program to help customers make that
12 conversion, those initiatives would be at the
13 responsibility of Efficiency Manitoba.

14 MS. DAYNA STEINFELD: If we could
15 turn, please, to Board counsel book of documents,
16 volume 5, page 78. And we can just scroll down a bit.
17 Thank you.

18 And we -- we discussed this to some
19 extent yesterday, Ms. Morrison, but if -- if you could
20 just confirm, the chart here is dealing with a
21 levelized marginal value, and this chart in the book
22 of documents was based on the 2015 export forecasts;
23 is that correct?

24 MS. LOIS MORRISON: That is correct.

25 MS. DAYNA STEINFELD: And without

1 getting into the -- the details of what is redacted
2 here because it's confidential information, in the
3 2015 export forecast dependable energy attracted a
4 premium, because it could be firm and there was also a
5 capacity value in that forecast; is that right?

6 MS. LOIS MORRISON: I think those
7 questions would be better reserved for Mr. Miles. I
8 can comment on what components there might be in
9 there, but I can't comment on exactly where they are.

10 Was there a capacity value for
11 generation? Yes, there was a capacity value for --
12 there was an energy value for generation, but I can't
13 go into details as to what drove those.

14 MS. DAYNA STEINFELD: I think that --
15 high-level response is --

16 MS. LOIS MORRISON: Okay.

17 MS. DAYNA STEINFELD: -- is fine for
18 our purposes today. Thank you. If we could then
19 please, Kristen, put up the Information Request
20 Response Public Utilities Board/Manitoba Hydro Round
21 2-57 revised.

22 And here the -- the chart that we just
23 looked at on page 78 was revised a couple days ago, I
24 believe, and we now have this chart. And my
25 understanding is that this chart is based on a new

1 methodology, or -- or a new calculation. Is that your
2 understanding?

3 MS. LOIS MORRISON: I understand these
4 are the updated figures. I can't comment on exactly
5 what the methodologies used, if they were different or
6 such. That would be up to Mr. Miles.

7 MS. DAYNA STEINFELD: Maybe if we
8 could put --

9 MS. ODETTE FERNANDES: Ms. -- Ms.
10 Steinfeld -- sorry. Maybe I can assist here. Mr.
11 Miles -- I checked his availability today. He's not
12 available, but I have asked that he attend when we're
13 back right after the new year in order to answer any
14 questions on this IR or any questions related to
15 marginal costs, if that assists.

16 MS. DAYNA STEINFELD: Thank you, Ms.
17 Fernandes. I think I'll go through the questions that
18 I have, and to the extent that Ms. Morrison can't
19 answer them, we may just take them as an undertaking,
20 and Ms. (sic) Miles can -- and respond to them that
21 way.

22 MS. ODETTE FERNANDES: Okay.

23

24 CONTINUED BY MS. DAYNA STEINFELD:

25 MS. DAYNA STEINFELD: Mr. Miles,

1 sorry. If we could maybe go up to page 1 of this
2 document, and just scroll down to the response. This
3 explains here that the twenty-seven (27) update
4 includes a change in the methodology for the valuation
5 of generation capacity marginal value. Are you able
6 to comment on what those changes in methodology were?

7 MS. LOIS MORRISON: No.

8 MS. DAYNA STEINFELD: So I would then
9 maybe ask that we have an undertaking for Mr. Miles to
10 -- or for Manitoba Hydro to provide an explanation of
11 the change in methodology and an explanation on why
12 the new calculation is based on the value of the
13 deferral of a generating asset and why this change was
14 made.

15

16 --- UNDERTAKING NO. 19: Manitoba Hydro to provide
17 an explanation of the
18 change in methodology, why
19 the new calculation is
20 based on the value of the
21 deferral of a generating
22 asset, and why this change
23 was made

24

25

(BRIEF PAUSE)

1 MS. DAYNA STEINFELD: Is that
2 satisfactory?

3 MS. LOIS MORRISON: That's -- thank
4 you.

5
6 CONTINUED BY MS. DAYNA STEINFELD:

7 MS. DAYNA STEINFELD: And if we can go
8 over to page 2, what we see here in the second column
9 that's labelled 2015/'16 marginal value, we see that
10 seven point eight (7.8) number that we would have seen
11 on page 78 of Volume V. Is that fair to say, Ms.
12 Morrison?

13 MS. LOIS MORRISON: Yes.

14 MS. DAYNA STEINFELD: And if we go
15 over two (2) columns from there, where it's labelled
16 2017/'18 marginal value, we see the five point seven
17 (5.7) number that we have in this updated information
18 response, correct?

19 MS. LOIS MORRISON: Yes.

20 MS. DAYNA STEINFELD: And if we follow
21 the rows through, we can see that the marginal value
22 for transmission stayed essentially the same. Is that
23 fair? It went point five-six (.56) to point five-
24 seven (.57)?

25 MS. LOIS MORRISON: Yes.

1 MS. DAYNA STEINFELD: Distribution, we
2 see for '15/'16 is point eight-seven (.87), and in the
3 updated number, it's -- it's point seven-eight (.78).
4 Do you see that?

5 MS. LOIS MORRISON: Yes.

6 MS. DAYNA STEINFELD: And you told me
7 yesterday that both transmission and -- and
8 distribution are based on the avoided cost of new
9 infrastructure. Are -- are you are you able to
10 explain why there was that shift in distribution, but
11 not in transmission?

12 MS. LOIS MORRISON: No. That would be
13 the responsibility of the areas respon -- that provide
14 that data. We are one (1) of the users of the data.
15 We don't provide the data.

16 MS. DAYNA STEINFELD: And so if I
17 could have that as an undertaking as well to provide
18 the explanation of -- of why the marginal value for
19 distribution has changed under the new methodology?

20 MS. ODETTE FERNANDES: Yes, that's
21 fine. And just -- just a note of caution. We'll have
22 to take these back to Mr. Miles, and if there is any
23 CSI related to any of the responses, we'll have to
24 deal with that.

25

1 --- UNDERTAKING NO. 20: Manitoba Hydro to provide
2 the explanation of why the
3 marginal value for
4 distribution has changed
5 under the new methodology
6

7 MS. DAYNA STEINFELD: Understood.
8 Yeah. Thank you, Ms. -- thank you, Ms. Fernandes.
9

10 CONTINUED BY MS. DAYNA STEINFELD:

11 MS. DAYNA STEINFELD: And I'll just
12 have you confirm, Ms. Morrison, that where -- where we
13 do see the biggest change , and this relates to what
14 we just discussed, is with generations, that we see
15 the old number was six point three-four (6.34), and
16 there's a drop in the revised information to four
17 point three-nine (4.39). Is that correct?

18 MS. LOIS MORRISON: That's correct.

19 MS. DAYNA STEINFELD: And I expect
20 that Mr. Miles will be able to tell us more about that
21 change in the undertaking that's already been given.

22 I'm going to stay on this topic, but go
23 to an area where I -- I think you able to -- to help.
24 If we could please go to Volume IV of Board counsels'
25 book of documents, Exhibit 42-4, page 76. And just

1 scroll down a little bit so we can see the chart.

2

3

(BRIEF PAUSE)

4

5 MS. DAYNA STEINFELD: Ms. Morrison,
6 you discussed this in your evidence on the revenue
7 requirement panel with Mr. Peters. Do you recall
8 that?

9

MS. LOIS MORRISON: Yes.

10

MS. DAYNA STEINFELD: We -- just the
11 marginal value in that chart on page 78, and we saw
12 that number of -- of seven point eight (7.8). How
13 does Manitoba Hydro use that marginal value of -- of
14 seven point eight (7.8) in this chart that depicts the
15 levelized costs of the DSM portfolio?

16

MS. LOIS MORRISON: So the line -- the
17 seven point eight (7.8) represents what the marginal
18 benefits are that we compare our DSM programs to when
19 we are looking at pursuing an opportunity or
20 initiative. And when we were undertaking our last
21 version, or -- or review of programs, which was in the
22 2016 and '17 planning cycle, we would have use the
23 marginal values to compare our program offerings to
24 each individual program offering.

25

Now, I do need to characterize that we

1 don't look at the program levelized cost to a
2 levelized cost. So although the seven point eight
3 (7.8) is higher than a number of the programs that are
4 offered there, you can't simply take the seven point
5 eight (7.8) and divide it by what the levelized cost
6 was to come up with, say, a benefit/cost ratio.

7 We use, as you noted in the IR response
8 that was provided by Mr. Miles, the confidential
9 information that looks at the -- specifically what the
10 benefits are from a capacity perspective and an energy
11 perspective over a longer period of time. We look at
12 that on an individual basis for each program.

13 So an individual program may have a
14 levelized benefit that might be higher or lower than
15 the seven point eight (7.8), depending on the shape of
16 the energy savings that we're achieving.

17 MS. DAYNA STEINFELD: And if the new
18 marginal value number is five point seven (5.7), what
19 does that do conceptually to the chart that we see
20 here with that line of seven point eight (7.8)?

21 MS. LOIS MORRISON: The blue dotted
22 line -- the dashed line will move down to five point
23 seven (5.7) was that, sorry? Okay.

24 MS. DAYNA STEINFELD: And I had
25 understood from your discussion with Mr. Peters that

1 when a program is below that seven point eight (7.8)
2 number that we see on this chart, essentially what
3 that means is that Manitoba Hydro is making money on -
4 - that there's a -- it's an economic program on the
5 demand-side management side?

6 MS. LOIS MORRISON: Yeah. I wouldn't
7 characterize so much as making money. I would
8 characterize it as economic, meaning that over the
9 long term, or over the life of that program and those
10 measures that are being promoted under that program,
11 that there's an economic return to the Corporation
12 based on how we've defined that benefit, as Mr. Miles
13 has testified to, in terms of the generation,
14 transmission, and distribution benefits that arise
15 from those energy savings.

16 MS. DAYNA STEINFELD: And so subject
17 to check, when we were using the -- the seven point
18 eight (7.8) number, Manitoba Hydro is -- was telling
19 the Board that demand-side management will save 1.2
20 percent of the total load growth in the years. Is
21 that correct?

22 MS. LOIS MORRISON: Under the plan
23 that was presented, the '16/'17 plan, the projected
24 savings are 1.2 percent of annual average load growth
25 -- of average annual load.

1 MS. DAYNA STEINFELD: And Ms.
2 Morrison, what does the change from a seven point
3 eight (7.8) marginal value to a five point seven (5.7)
4 marginal value do to that metric?

5 MS. LOIS MORRISON: It doesn't affect
6 the metric. The metric is our calculation of -- based
7 on what we've determined to be the program offerings
8 under the 2007 -- '16/'17 plan, which is the last
9 long-term plan that we've cre -- created. There are a
10 number of programs that we've put into that plan.

11 Those programs are still standing.
12 That plan still sits as it does, and it produced an
13 average reduction of 1.2 percent annually over the '15
14 year period. So that metric doesn't change. If what
15 you're asking is, what does it do to the benefit/cost
16 of individual programs, that's a different question.

17 MS. DAYNA STEINFELD: So I think what
18 you had discussed with Mr. Peters, and I think this
19 was just a coincidence, but the 1.2 percent equated to
20 a \$1.2 billion number over fifteen (15) years. And
21 there's no correlation between those one point twos
22 (1.2s)? That's just the way it works out?

23 MS. LOIS MORRISON: That's correct.

24 MS. DAYNA STEINFELD: But what happens
25 now with -- with that amount when we're looking at a

1 five point seven (5.7) value?

2 MS. LOIS MORRISON: The five point
3 seven (5.7) value would mean that if you were looking
4 at individual programs and reassessing their cost
5 effectiveness on an individual basis, some of those
6 programs would possibly no longer be cost-effective
7 under the total resource cost test.

8 But as I mentioned, we aren't looking
9 at that right now. We aren't assessing programs at
10 this point in time, because until the Efficiency
11 Manitoba begins and then the regulations that describe
12 how they will be measured and what their success
13 factors will be, we aren't reassessing programs. As I
14 mentioned, we're in care and control until they come
15 back with their plans as to how to pursue the targets
16 that have been outlined in the Act.

17

18 (BRIEF PAUSE)

19

20 MS. DAYNA STEINFELD: And Ms.
21 Morrison, are -- are there DSM program reductions that
22 would be looked at as being available to save money
23 now that we have this new information?

24 MS. LOIS MORRISON: Sorry, could you
25 repeat the question?

1 MS. DAYNA STEINFELD: Are -- are there
2 DSM program reductions that would be available, now
3 that we have this new information about the marginal
4 value, to save money or -- or perhaps promote the
5 economics of the DSM portfolio as a whole?

6 MS. LOIS MORRISON: I'm -- are you
7 looking for me to identify if there's programs that
8 would save money for who?

9 MS. DAYNA STEINFELD: For the Utility.
10 Would the Utility be looking at reducing DSM
11 programming in -- in order to have the economics of
12 the portfolio as a whole improve?

13 MS. LOIS MORRISON: No. As I
14 mentioned, Manitoba Hydro is not doing any work, or
15 any adjustments, or pursuing any changes to our
16 current DSM offering. That mandate is moving over to
17 Efficiency Manitoba. We are not making any changes
18 until that has successfully transferred. That will
19 then be the direction of Efficiency Manitoba.

20 MS. DAYNA STEINFELD: Thank you, Ms.
21 Morrison. I'd like to turn back to Volume V, and if
22 we could just initially put up page 63 of that book.

23

24

(BRIEF PAUSE)

25

1 MS. DAYNA STEINFELD: And I -- I
2 suspect that most of these questions will be for Mr.
3 Barnlund. But Mr. Barnlund, what we have here is the
4 letter of application. And if we scroll down the
5 page, we'll see the perhaps primary requests involving
6 the rate increases in numbers 1, 2 and 3 there. Is --
7 is that correct?

8 MR. GREG BARNLUND: Yes, that's
9 correct.

10 MS. DAYNA STEINFELD: I'd like to turn
11 over to page 64 and spend some time with you going
12 through these other rate issues, starting with what we
13 see in number 4. So the Utility is requesting here
14 final approval of the LED rates for the area and
15 roadway lighting class approved on an interim basis in
16 Order 79 of '14, and approval of new LED rates for the
17 area and roadway lighting class sentinel lighting, as
18 discussed in Tab 9 of the application. That's --
19 that's what you see there? That's the request?

20 MR. GREG BARNLUND: Yes. With the
21 replacement -- ongoing replacement of high-pressure
22 sodium street lights with LED lights, we initially
23 filed an application to update rate schedules to
24 reflect those categories of lights coming into -- into
25 service, and those were approved. There -- they were

1 approved on an interim basis in Order 79/'14, and we
2 are looking to get that finalized. And then since
3 then, we have added a couple of new sizes of LED light
4 to our rate schedules, and we would look -- be looking
5 to get those approved in this particular application
6 as well.

7 MS. DAYNA STEINFELD: And maybe if we
8 can turn to page 175 of this volume, and just scroll
9 down.

10 This is essentially the explanation
11 that you just provided, Mr. Barnlund, in terms of what
12 the Utility is seeking?

13 MR. GREG BARNLUND: Correct.

14 MS. DAYNA STEINFELD: And am I to
15 understand that that's the same methodology as being
16 used for these -- these rates? You're just asking the
17 Board to confirm it and give final approval for the
18 existing and apply it to the -- to the new rates?

19 MR. GREG BARNLUND: That's correct,
20 yes.

21

22 (BRIEF PAUSE)

23

24 MS. DAYNA STEINFELD: And if we go
25 back to page 64...

1 (BRIEF PAUSE)

2

3 MS. DAYNA STEINFELD: The Utility is
4 seeking to remove the area and roadway lighting
5 festoon lighting, and the area and roadway lighting
6 Christmas lighting from the rate schedule. Is that
7 correct?

8 MR. GREG BARNLUND: Yes. There's two
9 (2) categories of, really, ornamental lighting that we
10 no longer have any customers build under. Those rate
11 -- rate offerings were closed some time ago. There
12 are no customers being billed on either of those, and
13 -- and we are asking to have those removed from the
14 rate schedules almost as a housekeeping matter.

15 MS. DAYNA STEINFELD: So when I --
16 when I leave here this evening, I'm going to walk
17 across Portage Avenue, and see all the Christmas
18 lighting down the street. So can you explain to the
19 panel why there are no longer any customers being
20 billed in that category?

21 MR. GREG BARNLUND: Well, the --
22 there's two (2) answers to that. I'm going to
23 provide, you know, one (1) answer, and I think Mr.
24 Chard may -- may chime in on that.

25 There is still a -- a rates schedule

1 for decorative lighting, and that's our tariff 2018-
2 85. So there is a decorative lighting rate that we
3 still have in our rates, and that is a -- a charge at
4 a connected load of a dollar and four cents (\$1.04)
5 per kilowatt per night of scheduled use, and there's a
6 minimum monthly bill of twenty-one dollars and thirty-
7 two cents (\$21.32). So there is a rate that is
8 applicable to -- to decorative lighting, and so that -
9 - it is continued in our rate schedules.

10 MS. DAYNA STEINFELD: And maybe just -
11 - just so the panel has it, if we can just turn to
12 page 185 and just scroll down, we can see exactly what
13 you just referenced, Mr. Barnlund, the -- the
14 decorative lighting tariff and the rate there. Is --
15 is that correct?

16 MR. GREG BARNLUND: Yes, that's
17 correct. That's from a previous rate schedule than we
18 were looking at right now, though.

19 MS. DAYNA STEINFELD: Those are the
20 old rates?

21 MR. GREG BARNLUND: Yes.

22 MS. DAYNA STEINFELD: And what is
23 Manitoba's -- Hydro seeking in that regard?

24 MR. GREG BARNLUND: Well, we're
25 retaining the decorative lighting rate, which is the

1 dash-85 tariff, and we were seeking the removal of the
2 tariff above and below that one on this page.

3

4 (BRIEF PAUSE)

5

6 MS. DAYNA STEINFELD: But that rate
7 would also be going up the -- the 7.9 percent
8 increase?

9 MR. GREG BARNLUND: Yes. Essentially,
10 that would be seeing the increase as well, yeah.

11 MS. DAYNA STEINFELD: Thank you. And
12 then again on page 64, we see a few things here in --
13 in number 6 and number 7 regarding the Surplus Energy
14 Program. So, one (1) being endorsement of
15 modifications to terms and conditions of option 1 of
16 that program that were accepted on an interim basis in
17 Order 43 of '13?

18 MR. GREG BARNLUND: Correct.

19 MS. DAYNA STEINFELD: And final
20 approval of all Surplus Energy Program interim ex
21 parte rate orders that you've set forth in Tab 10 of
22 your application, as well as any additional Surplus
23 Energy Program ex parte orders that were issued
24 subsequent to the -- the date of this filing?

25 Is -- is that correct?

1 MR. GREG BARNLUND: Yes. Yes. So the
2 SEP program involves a weekly rate submission and rate
3 approval for Surplus Energy Plan rates. And so those
4 were issued on an interim basis, and at a general rate
5 application, we'd be seeking final approval of all
6 those interim orders that have been issued.

7 MS. DAYNA STEINFELD: Has Manitoba
8 Hydro proposed any changes to the program?

9 MR. GREG BARNLUND: No. Aside from
10 finalizing the change to the terms and conditions that
11 was approved on an interim basis, we are not proposing
12 any further amendments at this point.

13 MS. DAYNA STEINFELD: And can you just
14 provide a brief explanation of what the Utility is
15 seeking in terms of the endorsement of the
16 modification of those terms and conditions?

17 MR. GREG BARNLUND: Right. So we had,
18 at one point in time, understood there was an interest
19 from -- from a customer that would want to address a
20 change in the way that we would be -- it -- it's got
21 to do with the demand charge in the SEP opt -- option
22 1 rate. And -- and so we had put that forth and we
23 received interim approval on it. We haven't received
24 final approval, and we'd like to get final approval on
25 that.

1 MS. DAYNA STEINFELD: And maybe if we
2 can just turn to page 180, near the bottom of the
3 page, and this -- this continues over for a couple of
4 pages. This is the listing here, Mr. Barnlund, that
5 the panel should be aware of in terms of the orders
6 where Surplus Energy Program pricing was approved?

7 MR. GREG BARNLUND: Yes, that's
8 correct.

9 MS. DAYNA STEINFELD: And so this is
10 where the final approval is being sought in -- in
11 respect of these interim orders?

12 MR. GREG BARNLUND: Yes, that's
13 correct.

14 MS. DAYNA STEINFELD: In terms of the
15 Surplus Energy Program, are you aware of any customer
16 who has either complained or provided comments on the
17 program to the Utility?

18 MR. GREG BARNLUND: I'm not aware of
19 any, no.

20 MS. DAYNA STEINFELD: And then if --
21 if we go back to page 63, again, just to see in the
22 letter of application...

23

24 (BRIEF PAUSE)

25

1 MS. DAYNA STEINFELD: Sorry, we'll go
2 back over to page 64. And we see in number 8, final
3 approval of CRP. And -- and CRP is the Curtailable
4 Rate Program, Mr. Barnlund?

5 MR. GREG BARNLUND: Right. So what we
6 seek every year is a -- is a inflation adjustment to
7 the credit that is -- that is provided under that
8 program.

9 MS. DAYNA STEINFELD: And that's an
10 optional program through which the Utility can call on
11 participating customers to curtail a -- a portion of
12 their load? Is --

13 MR. GREG BARNLUND: Yes, that's
14 correct.

15 MS. DAYNA STEINFELD: And that helps
16 assist in maintaining, operating, and contingency
17 reserves in the event of a loss of generation or
18 transmission?

19 MR. GREG BARNLUND: That's the intent
20 of it.

21 MS. DAYNA STEINFELD: And so you've
22 just explained that you've received approval of a
23 reference discount on an interim basis and the -- and
24 you're asking this Board to -- to give final approval
25 of that?

1 MR. GREG BARNLUND: Yes.

2 MS. DAYNA STEINFELD: And the Utility
3 is not seeking any changes or revisions from the
4 interim orders?

5 MR. GREG BARNLUND: No, we're not.

6

7 (BRIEF PAUSE)

8

9 MS. DAYNA STEINFELD: And then on this
10 page in number 9, we see a request for final approval
11 of orders that relate to the diesel zone. And at the
12 bottom of that number 9, it says:

13 "Subject to confirmation that MKO
14 has provided the parties to the
15 agreement with the required
16 affidavits from representatives of
17 signatories to the agreement."

18 What is the status of that, Mr.
19 Barnlund?

20 MR. GREG BARNLUND: I will let Ms.
21 Fernandes speak to that.

22 MS. DAYNA STEINFELD: Sure.

23 MS. ODETTE FERNANDES: I can indicate
24 we have not received copies of the settlement
25 agreement to date, is my understanding.

1

2 CONTINUED BY MS. DAYNA STEINFELD:

3

MS. DAYNA STEINFELD: And so, Mr. Barnlund, is the utility still asking this Board to do what is being sought in number 9 here?

6

MR. GREG BARNLUND: I believe that until we receive copies of the settlement agreement that we would not be seeking to have those finalized.

9

MS. DAYNA STEINFELD: Do you have an indication of when you might receive that?

11

MR. GREG BARNLUND: I'm unaware of any.

13

MS. DAYNA STEINFELD: And when can the Board expect Manitoba Hydro to file a diesel cost of service study?

16

MR. GREG BARNLUND: That will be a matter which we'll have to address in the coming period after we finish up this General Rate Application. And again, it's one (1) of the matters we're going to have to look at in terms of priority and be able to find a way to be able to advance a diesel application.

23

MS. DAYNA STEINFELD: Thank you, Mr. Barnlund. We turn back to Ms. Morrison, and I believe this will be my last area of questioning for the

1 morning, subject to maybe one (1) or two (2) other
2 things. But if we could put up attachment 1 to
3 Minimum Filing Requirement 61. And I believe it might
4 be page 15. And this is just for reference, but, Ms.
5 Morrison, I'd -- I'd like to talk to you about the
6 Solar Energy Program.

7 And is it the case that Manitoba Hydro
8 has several solar demand-side management programs?

9 MS. LOIS MORRISON: Manitoba Hydro has
10 one (1) solar pilot. This is a pilot program that we
11 launched with the purpose of getting a better
12 understanding of how solar would integrate with our
13 system -- customer sided solar would integrate with
14 our system, what the market capacity was, pricing, and
15 a number of other issues to get a better understanding
16 as to how this product would work within our
17 marketplace.

18 MS. DAYNA STEINFELD: And so this
19 pilot program, am I right in understanding that it's
20 targeted at residential and small commercial
21 customers?

22 MS. LOIS MORRISON: It's targeted to
23 customers who would look to be installing less than
24 200 kW of load or solar capacity. It's available to
25 residential and commercial customers and industrial

1 customers, but the limitation is the size of what they
2 can install.

3 MS. DAYNA STEINFELD: And if I can
4 try to walk through what the pilot program consists
5 of, I understand there's a few different components.
6 One (1) is that there is an incentive provided by the
7 utility for the installation.

8 Is that correct?

9 MS. LOIS MORRISON: Yes, we offer up
10 to one dollar (\$1) per watt to offer -- offset to the
11 maximum of their -- displacing their individual load.
12 So when a customer applies, we will look at what their
13 energy consumption has been over the last couple of
14 years, and we'll do a calculation to determine what
15 would the maximum be in terms of the kilowatt -- the
16 kilowatt installation for that solar.

17 So if it was a house that used a
18 certain level of energy, the offset might be a maximum
19 4 kilowatt system could be installed, and that would
20 cover off their entire energy use for their home over
21 a year. And that's where we cap out the incentive.

22 MS. DAYNA STEINFELD: And in a -- in a
23 general sense, am I right that the incentive works out
24 to approximately one third (1/3) of the total
25 installed cost for the customer?

1 MS. LOIS MORRISON: Yes, depending on
2 the -- the quote the customer has gotten. The prices
3 can range, but on average right now we're seeing the
4 cost to be about three dollars and twenty cents
5 (\$3.20) a watt, installed.

6 MS. DAYNA STEINFELD: And the next
7 component of the program is that once there's been
8 successful system installation, Manitoba Hydro
9 installs a bidirectional meter?

10 MS. LOIS MORRISON: The customer -- as
11 part of the installation the customer is required to
12 install a bidir -- bidirectional meter. That's part
13 of the cost of the installation.

14 MS. DAYNA STEINFELD: Ms. Morrison,
15 who owns the meter?

16 MS. LOIS MORRISON: Manitoba Hydro.

17 MS. DAYNA STEINFELD: And once all of
18 that is installed, the customer is then equipped to
19 generate solar. And if the amount of energy that they
20 require for themselves is less than what they've
21 generated then they can essentially sell that solar
22 energy back to Manitoba Hydro to the grid?

23 MS. LOIS MORRISON: We look at it on a
24 -- on a net annual basis, and that's why the program
25 is characterized as a low displacement program. What

1 we're doing is we're focusing on making sure that the
2 size of the system meets their energy requirements on
3 a net basis over the year. So we're not looking to
4 incent customers to go beyond what their existing load
5 displacement requirements are. If the customer
6 chooses to put in a system that is larger that would
7 then result in a net positive at the end of the year,
8 meaning that they generated more than what they had
9 consumed, right now our current policies do allow that
10 customer to receive a credit for that energy.

11 MS. DAYNA STEINFELD: So what you're
12 saying is that the Manitoba Hydro doesn't seek to have
13 that situation occur, but where it does and the
14 customer is able to essentially sell back to Manitoba
15 Hydro some of their solar energy, then they get a
16 credit on their bill that reflects the amount that
17 they put back on the grid.

18 MS. LOIS MORRISON: That's correct.

19 MS. DAYNA STEINFELD: And when that
20 situation happens, Ms. Morrison, Manitoba Hydro pays
21 for the surplus solar at the Board approved rates for
22 the residential customer?

23 MS. LOIS MORRISON: Currently that is
24 what our policy states, is that we provide a credit to
25 the customer based upon the residential runoff rate.

1 MS. DAYNA STEINFELD: And so if this
2 Board approves a 7.9 percent rate increase, then that
3 residential rate that comes out of that calculation
4 would be the rate that's used for the solar program?

5 MS. LOIS MORRISON: That is correct.
6 But that is currently under review.

7 MS. DAYNA STEINFELD: And when you say
8 that it is currently under review, what is it that
9 you're saying to this Board?

10 MS. LOIS MORRISON: We're assessing
11 whether or not that has value, the additional energy
12 beyond what the customer would be offsetting has value
13 to the Corporation.

14 MS. DAYNA STEINFELD: So at the
15 conclusion of that review, Manitoba Hydro may
16 determine that it will no longer purchase back that
17 excess solar?

18 MS. LOIS MORRISON: I can't say what
19 the decision will be at this point, but we are
20 reviewing it.

21 MS. DAYNA STEINFELD: And currently
22 it's not just residential customers that can
23 participate in that program -- in this program, as
24 you've explained. It can be commercial and industrial
25 customers.

1 Does that residential rates apply if
2 those customers are also selling solar back to the
3 utility?

4 MS. LOIS MORRISON: Yes, that rate
5 applies to all customers that participate in the pilot
6 program.

7 MS. DAYNA STEINFELD: And so then may
8 -- the same net metering approach applies to those
9 customers as well.

10 MS. LOIS MORRISON: That's correct.

11 MS. DAYNA STEINFELD: This program, as
12 -- as we see on the screen, started in 2016.

13 And it's a two (2) program, Ms.
14 Morrison?

15 MS. LOIS MORRISON: Approximately. We
16 didn't specifically state what the end date would be.
17 We had anticipated a certain level of participation.
18 I can say that that participation has by far exceeded
19 any of our expectations, and we've definitely gotten
20 quite a bit of valuable information about how these
21 systems work in our marketplace. And so we can assess
22 whether or not we need to continue it at this point.

23 MS. DAYNA STEINFELD: And so you --
24 you can't give the Board an answer on whether or not
25 there are plans to continue it after the -- the

1 approximately two (2) year period expires. That's --
2 that's going to be under review.

3 MS. LOIS MORRISON: No, that -- this
4 program will be ending as was originally intended.

5 MS. DAYNA STEINFELD: Can you --

6 MS. LOIS MORRISON: As I said, it's a
7 pilot project and -- a pilot program and the program
8 was to gather information. The program will be
9 ending.

10 MS. DAYNA STEINFELD: And so, Ms.
11 Morrison, what happens when the pilot program ends?

12 MS. LOIS MORRISON: I'm not sure what
13 you mean. We discon -- the incentives are no longer
14 available.

15 MS. DAYNA STEINFELD: So you will no
16 longer offer the installation incentive that you're
17 currently offering?

18 MS. LOIS MORRISON: That's correct.
19 We will continue the financing that's available
20 through our Earth Power Loan, but we will no longer be
21 offering the dollar a watt incentive on the program --
22 on the pilot.

23 MS. DAYNA STEINFELD: And I think
24 you've already told me that you also may no longer be
25 offering to buy back solar power from customers.

1 MS. LOIS MORRISON: The difference is
2 that we are talking about a very small amount of
3 energy. As I said, the majority of the installations
4 we have focused on installing what would offset their
5 annual energy requirements. And so for a solar
6 installation to be doing that, to be large enough that
7 it would offset their annual energy requirements is
8 quite large and quite a substantial investment by the
9 customer.

10 And so what we're looking at is what's
11 the value of that additional kilowatt hour beyond what
12 they were using. They still at this point would be
13 offsetting their energy use, but it's that the energy
14 produced beyond what their actual average annual
15 energy requirements are that would be -- that we would
16 be reviewing at this point in time. And that's in --
17 that's excess energy that's beyond serving their load.

18 MS. DAYNA STEINFELD: So, Ms.
19 Morrison, just so I'm -- I'm clear, what will continue
20 after this pilot program is done for customers who
21 have already installed the solar capacity, is that
22 they will continue to be able to offset their own
23 Hydro bills but they may not be able to get a further
24 credit by providing the utility with the excess solar
25 they generate.

1 MS. LOIS MORRISON: Correct. It's the
2 further credit that you -- we were talking about, as
3 what is the value of that.

4 MS. DAYNA STEINFELD: And how does the
5 utility know what these customers' future annual
6 energy requirements are?

7

8 (BRIEF PAUSE)

9

10 MS. LOIS MORRISON: On an individual
11 basis, we don't forecast individual customer
12 requirements. But what we did under the pilot -- the
13 pilot terms and conditions stated that we would incent
14 them up to the value of what their average energy use
15 has been to date. And, therefore, that's what the
16 pilot allowed for them to be incented for.

17 If they chose to install more than what
18 they use, and then they grow to that, then whatever
19 policies are in place beyond into the future would --
20 would apply. At this point in time I don't think I
21 can comment on what future policies might be.

22 MS. DAYNA STEINFELD: Are you able to
23 comment at this time on -- on what Manitoba Hydro has
24 learned from the pilot program?

25 MS. LOIS MORRISON: Some of the

1 information we've learned is market-based in terms of
2 the capacity in the marketplace to deliver solar. And
3 part of it is also understanding the pricing. We've
4 also -- what I cannot comment on though is the
5 technical understanding that we've obtained in terms
6 of how these systems integrate in our system.

7 What we need to do on our side in terms
8 of some of the lessons learned are in some
9 installations, we have to upgrade transformers as a
10 result of the system going in. And I can't speak to
11 technical details as to why, but there are system
12 considerations that are distribution design and
13 operations staff have learned as part of this process.

14 Prior to the launch of this pilot
15 program there were very few solar installations in
16 Manitoba, in the range of thirty (30) in total. And
17 so in terms of that there's not a lot of opportunity
18 to have an understanding as to how these systems
19 integrate and -- and interact in our system.

20 The other part of this is an
21 understanding of how inspections, electrical
22 inspections, need to be addressed and what the
23 appropriate installations should like. And so there's
24 a learning opportunity, both on our side and on the
25 installer side, as to what the Canadian Electric Assoc

1 -- Electric Code requirements are in terms of making
2 sure that we're having systems are installed that are
3 safe.

4 MS. DAYNA STEINFELD: And regardless
5 of the pilot program ending, will the customers who
6 are already participating with their own solar, will
7 they continue into the future to -- continue to get
8 full credit for their own energy usage or consumption?

9 MS. LOIS MORRISON: At this point, as
10 far as we know, it will continue. I can't say it will
11 go on indefinitely because to make that commitment now
12 would not be reasonable.

13 MS. DAYNA STEINFELD: But we do know
14 that the -- the pilot project will continue through
15 '17/'18 test year.

16 Is that correct?

17 MS. LOIS MORRISON: We are assessing
18 when to end program now.

19 MS. DAYNA STEINFELD: So it -- it may
20 not continue through the years that are at issue in
21 this application?

22 MS. LOIS MORRISON: It will for sure
23 be completed before the end of the '17/'18 fiscal
24 year.

25 MS. DAYNA STEINFELD: And if -- if we

1 can talk a little bit more about the -- the rates that
2 Manitoba Hydro is -- is currently paying for the
3 excess solar that's put back onto the system.

4 That rate is not a cost-based rate?
5 Mr. Barnlund can answer that if he'd like.

6 MR. GREG BARNLUND: Good morning, Ms.
7 Steinfeld. As we've discussed under our non-utility
8 generation policy, we would be transacting that energy
9 at the residential runoff -- runoff rate. And so
10 we're paying for energy at the fully loaded energy
11 rate that is charged residential customers.

12 MS. DAYNA STEINFELD: And so are you
13 saying that this is a cost-based rate?

14 MR. GREG BARNLUND: I would say that--

15 MS. DAYNA STEINFELD: As applied to
16 the solar program?

17 MR. GREG BARNLUND: -- that it is --
18 it is not -- it is not -- I -- it is not -- has not
19 been assessed in terms of the cost of serving solar
20 customers on our system. As a simplification, we have
21 chosen to purchase back that energy at the rate of
22 which we're selling that energy to those customers.
23 Going forward, one (1) of the matters that we would
24 need to review is to understand, to the extent that
25 renewables were to come onto our system, what would be

1 the appropriate rate for connecting those customers to
2 the system. Because if you think of it, these are not
3 like a typical residential customer.

4 Typical residential customer, we're
5 selling their energy -- we're selling energy to them
6 whenever they need it. And we generally know what
7 their load profile is because residential customers
8 are fairly uniform in terms of how they use energy.
9 Solar -- customer that have solar systems installed,
10 though, are typically generating their own energy
11 while the sun is up, of course, then buying energy or
12 using the utility services in the off hours when sun
13 is not available. And that in itself is a -- is a
14 different service that you're providing to customers.

15 So, going further down the road, if we
16 assume that there was to be a greater proliferation of
17 solar or wind on a distributed basis it would be
18 timely at that point for us to do a further
19 examination and a cost study of what it -- was
20 involved in serving those customers, and look to
21 assessing what we would do in terms of our rate
22 structure and our customer class offerings to be able
23 to more fully reflect that type of customer in our
24 rates.

25 MS. DAYNA STEINFELD: And you

1 mentioned wind, so should the panel understand that
2 right now the solar rate is -- is more equivalent to
3 what the utility does with wind, and that it's also
4 not cost-based. It's more of a power purchase
5 agreement situation.

6 MR. GREG BARNLUND: These are really
7 power purchase under the non-utility generation
8 policy. Mr. Miles is -- is the owner of that
9 particular policy. And so it has been -- as I've
10 mentioned, it's been a fairly simplified approach
11 we've taken to transacting with customers of this
12 size, smaller customers.

13 Clearly customers that are above the
14 200 kilowatt or 200 kVA capacity level are dealt with
15 on an individual basis by Mr. Miles, and there would
16 be a separate non-utility price that would be worked
17 out with regards to serving those customers or
18 purchasing energy from those customers.

19 MS. DAYNA STEINFELD: And you -- you
20 just mentioned some of the, I don't know if we'd call
21 them challenges or -- or considerations that come with
22 this kind of program with individual customers.

23 Is one (1) aspect of that the utility's
24 ability to recover its fixed costs if a -- if a
25 customer is continually run -- running a credit on its

1 bill?

2 MR. GREG BARNLUND: That's certainly a
3 concern, and I think that we could look east to the
4 Province of Ontario as a -- as a good example of that.
5 With the very substantial incentives and credits that
6 were given in the -- in the feed-in tariff that
7 Ontario customers could participate in over the last
8 five (5) -- five (5) years or so, there was a
9 significant amount of interest in developing renewable
10 solar, in particular across the Ontario system.

11 As a result of that, there was a
12 requirement to change distribution rate design because
13 recovering most of the utility's costs on a variable
14 basis was obviously, you know, encountering
15 complications when you've got renewables that are
16 coming -- putting energy onto the system. You've got
17 your meters running bidirectionally in that regard.

18 And so the Ontario Energy Board,
19 essentially, is transitioning distribution utilities
20 to a rate design which will be a fully fixed customer
21 charge per month. So they will not have for their
22 distribution bills, will not have an energy component
23 to it, but it will be a fixed or basic monthly charge.
24 And part of the initiative behind that, then, is to be
25 able to stabilize revenues to distribution utilities

1 who are basically fixed -- are facing, you know, a large
2 component of fixed costs need to recover those fixed
3 costs.

4 MS. DAYNA STEINFELD: And is one (1)
5 other option to increase the rates of customers who
6 have not adopted solar technology, so that the utility
7 can remain whole on its fixed costs?

8 MR. GREG BARNLUND: Well, I think
9 you'd have to look at that carefully in the context of
10 what level of cross subsidy would be introduced
11 between solar and non-solar customers in that regard.
12 And -- and so that will be a matter you'd have to look
13 at quite carefully in -- in assessing that.

14 MS. DAYNA STEINFELD: And, Ms.
15 Morrison, I think one (1) last question for you on
16 this. In your discussion -- I believe it may have
17 been with Dr. Grant, you gave evidence that by the end
18 of 2035/'36 the utility expects an uptake of solar in
19 the amount of approximately 280 gigawatts hours.

20 Is that correct?

21 MS. LOIS MORRISON: Subject to check
22 on the value of the gigawatt hours. But what I was
23 characterizing is that as part of our demand-side
24 management plan, the fifteen (15) year plan that we
25 discussed earlier, we have a projection of what could

1 be achieved or what we think could be achieved through
2 the investment in solar by the utility working with
3 the customer. So it was presented as a demand-side
4 management option.

5 MS. DAYNA STEINFELD: And, subject to
6 check on the exact value, does that amount or surplus
7 reduce the load forecast? Or does it reduce the
8 utility's generation requirements?

9 MS. LOIS MORRISON: It's included as
10 part of our demand-side management plan as a whole.
11 And so, as Ms. Carriere mapped out during her whole --
12 in her introductory slides where he talked about our
13 integrated financial forecast and all the components
14 that fit in, the solar is one (1) component of the
15 demand-side management plan.

16 That demand-side management plan, which
17 has overall savings or a energy reduction target by
18 3035, that is taken against the load forecast. So the
19 load forecast is brought forward. The sa -- DSM
20 savings are netted out of that forecast. That net
21 forecast is provided to the resource planning group to
22 do their analysis.

23 MS. DAYNA STEINFELD: And, Ms.
24 Morrison, do you know what the current solar energy
25 displaced from the grid is?

1

2

(BRIEF PAUSE)

3

4

MS. LOIS MORRISON: Currently, as a
5 result of the program, we have 2.6 megawatts
6 installed, which represents a 3.47 gigawatt hours.

7

8

(BRIEF PAUSE)

9

10

MS. DAYNA STEINFELD: I'd like to
11 thank this witness panel for their assistance in
12 answering my questions. Mr. Chair, I do want to, if I
13 may, reserve the opportunity to ask one (1) or two (2)
14 more questions. The transcript from yesterday is not
15 yet available and we just need to check a few items on
16 the cost of service study. But beyond that those are
17 my questions of this panel.

18

THE CHAIRPERSON: Mr. Shefman, I -- I
19 believe you're up. Would you prefer that we take the
20 break now, so you'd be uninterrupted in your -- in
21 your cross-examination?

22

MR. COREY SHEFMAN: Yes, and I think
23 also it might give the Board staff some time to
24 collect my PDFs.

25

THE CHAIRPERSON: Okay.

1 MR. COREY SHEFMAN: Thank you.

2 THE CHAIRPERSON: So we will break for
3 -- how long are you going to need, Mr. Shefman? Or...

4 MR. COREY SHEFMAN: I'm fine in five
5 (5) or ten (10) minutes.

6 THE CHAIRPERSON: Well, Okay. We'll -
7 - we'll break for fifteen (15) minutes. Thank you.

8 MR. COREY SHEFMAN: Thank you.

9

10 --- Upon recessing at 10:06 a.m.

11 --- Upon resuming at 10:24 a.m.

12

13 THE CHAIRPERSON: Sorry, Mr.

14 Shefman...?

15 MR. COREY SHEFMAN: Thank you, Mr.

16 Chair.

17

18 CROSS-EXAMINATION BY MR. COREY SHEFMAN:

19 MR. COREY SHEFMAN: Good -- I think
20 we're still morning, yes. Good morning, panel
21 members. I -- my name is Corey Shefman. I'm counsel
22 for the Assembly of Manitoba Chiefs.

23 I want to begin by acknowledging that
24 this hearing is taking place on Treaty 1 territory,
25 and in the traditional homeland of the Metis Nation.

1 I hope that my questions to you today are in the
2 spirit of the treaties.

3 I'm going to begin -- and I'll preface
4 my questions to advise that I'm going to be jumping
5 back and forth between the panel members, and so I
6 leave it to you to sort out who's best to answer any
7 particular question.

8 I'm going to begin at round 2 IR AMC-
9 MANITOBA HYDRO 3(c). Manitoba Hydro advised that it
10 tracks or has the ability to track ratepayers with
11 status -- with Indian status under the Indian Act.

12 Can you advise whether it does so for
13 all ratepayers with status or only those on reserve?

14 MR. PAUL CHARD: We certainly have
15 information about people with status who do not live
16 on reserve, but primarily that's because they once
17 lived on reserve. So once we have the information,
18 its retained in our billing system, but we may not
19 necessarily have that information if that person has
20 not lived on reserve.

21 MR. COREY SHEFMAN: For ratepayers who
22 do live on reserve and have status, is that
23 information collected for everyone in that category;
24 and if so, how -- how does Manitoba collect that
25 information?

1 MR. PAUL CHARD: So, yes, I believe we
2 would. It's collected at account initiation, which
3 would include when a customer is moving from one (1)
4 premise to another. We retain information about
5 customers when they move from one (1) place to
6 another. So if it's already on file it would transfer
7 with the customer.

8 MR. COREY SHEFMAN: Okay, thank you.
9 That was a short line of questioning. I'm going to
10 move on now. Would the panel agree that demand-side
11 management programs, one of their purposes is to help
12 reduce energy consumption by making buildings more
13 energy efficient?

14 MS. COLLEEN GALBRAITH: That is
15 correct.

16 MR. COREY SHEFMAN: Thank you. If we
17 could go to page 562 of the transcript, lines 7
18 through 16.

19 Earlier during this hearing I spoke
20 with Mr. Shepherd, the CEO of Manitoba Hydro. We
21 spoke, among other things, about the substandard
22 condition of a lot of housing on First Nation
23 reserves. Because I couldn't put it better myself,
24 I'll just quote from something Mr. Shepherd said. He
25 said:

1 "I recognize there's a particular
2 burden on First Nations because in
3 many communities -- I won't say all
4 -- but I would say the majority of
5 First Nations communities I've got -
6 - been on the infrastructure is
7 abysmal. People are living in
8 overcrowded homes, inadequate homes.
9 Heating of electricity costs maybe
10 and probably are higher than normal
11 because of that. So I recognize
12 that as a serious concern."
13 quote]

14 Do -- does the panel agree with Mr.
15 Shepherd's view on this issue?

16 MR. GREG BARNLUND: I believe Mr.
17 Shepherd was making observation based on his
18 experience in terms what he's seen on First Nation
19 reserves that he's visited. So I don't think we'd
20 take an exception with that.

21 MR. COREY SHEFMAN: Given that
22 statement, would you agree with me that demand-side
23 management for on-reserve residential ratepayers is
24 itself a bill affordability issue?

25 MR. GREG BARNLUND: Demand-side

1 management definitely has an important role to play in
2 terms of bill affordability. I would agree to that,
3 yes.

4 MR. COREY SHEFMAN: Okay. If we can
5 go to slide 34 of the panel's direct evidence, please.

6 Manitoba Hydro offers an Indigenous
7 Power Smart Program, which is a demand-side management
8 program specifically targeted to on-reserve residents;
9 is that correct?

10 MS. COLLEEN GALBRAITH: That is
11 correct.

12 MR. COREY SHEFMAN: And yesterday, Ms.
13 Galbraith, you told us that eligibility for the
14 Indigenous Power Smart Program is determined by the
15 residential energy use study, combined with
16 information provided with the First Nations housing
17 manager; is that correct?

18 MS. COLLEEN GALBRAITH: That is
19 correct.

20 MR. COREY SHEFMAN: We were also told
21 yesterday that Manitoba Hydro has serious concerns
22 about whether the data for First Nations coming from
23 the residential energy use study -- I believe this is
24 a quote --

25 "may not be statistically valid

1 because the data is based on only
2 thirty-four (34) survey returns."

3 Is that correct?

4 I'm sorry, that wasn't yesterday that
5 we were told that that was at AMC-MANITOBA HYDRO round
6 2, 15.

7 MS. COLLEEN GALBRAITH: That is
8 correct. However, that is why we have the Indigenous
9 energy advisor who works directly with the band
10 housing manager to confirm with his feet on the ground
11 as to what homes would still be eligible for
12 installation upgrades.

13 And, again, as I mentioned yesterday,
14 all residential dwellings are eligible for the basic
15 energy efficiency upgrades.

16 MR. COREY SHEFMAN: But you would
17 agree with me that if -- and again, these are Manitoba
18 Hydro's words, there are concerns that the residential
19 energy use study may not be statistically valid in as
20 -- in so far as it concerns First Nations; that using
21 that information at all to guide the implementation of
22 the Indigenous Power Smart Program may affect the
23 usefulness of that program.

24 MS. COLLEEN GALBRAITH: I wouldn't
25 agree with that. And that is why we have somebody

1 going directly to the communities to have the band
2 housing manager identify which homes are potentially
3 eligible for upgrade.

4 We use the residential energy use
5 survey as a guideline, but it is not the ultimate
6 decision maker as to what homes would be eligible.

7 MR. COREY SHEFMAN: Thank you. Now,
8 you mentioned that you have somebody who goes right to
9 the -- the communities, to the First Nations to work
10 with the band housing manager.

11 I take it that's the Indigenous energy
12 advisor; is that correct?

13 MS. COLLEEN GALBRAITH: That is
14 correct.

15 MR. COREY SHEFMAN: Can you confirm
16 that the recommendation of the Indigenous energy
17 advisor is a necessary step before any efficiency
18 measures can be taken with respect on-reserve housing?

19 MS. COLLEEN GALBRAITH: Do you mean
20 that he gives the final say as to a home would be
21 completed or he's double-checking what the band
22 housing manager or could you perhaps rephrase the
23 question?

24 MR. COREY SHEFMAN: My understanding -
25 - perhaps we can go to AMC-MANITOBA HYDRO round 2,

1 question 22.

2 We can scroll down to the answer. No, that's not the
3 one I thought, but it's fine.

4 The -- my understanding is that the
5 Indigenous energy advisor has to sign off on the -- on
6 any upgrades to homes done under the Indigenous ener -
7 - under this program?

8 MS. COLLEEN GALBRAITH: There is no
9 official sign-off. What he's going to do is to look
10 at the number of homes that are going to be completed
11 in a particular phase. So say, for example, if in a
12 community we think that there are several hundred
13 homes that are eligible for installation. The
14 community typically doesn't undertake all of those
15 upgrades at once. We parcel them off in phases. So,
16 typically we're looking for one (1) month completion
17 time.

18 So as eight -- each phase is completed,
19 we will go up and ensure that the measures have been
20 installed to Power Smart standards, and then look at
21 the next wave of homes and then a list is provided to
22 those of us in the office per se that provide the
23 administrative work for him to complete the upgrades.

24 MR. COREY SHEFMAN: Can you confirm
25 how many Indigent -- Indigenous energy advisors

1 Manitoba Hydro employees for the sixty-three (63)
2 First Nations?

3 MS. COLLEEN GALBRAITH: As noted in
4 our interrogatory response, there is one (1) dedicated
5 energy -- Indigenous energy advisor who is the direct
6 face working with each of the sixty-three (63)
7 communities. However, there is a network of support
8 staff that do support him in this endeavour.

9 And the idea being that he is the one
10 (1) main point of contact so there's continuity across
11 all of the various First Nation communities.

12 MR. COREY SHEFMAN: Can you advise
13 whether the Indigenous energy advisor -- I'm sorry,
14 did you want to... okay.

15 Whether the -- the Indigenous energy
16 advisor is dedicated to that position on a full-time
17 basis? Is that his only responsibility or does he
18 have others?

19 MS. COLLEEN GALBRAITH: Yes, it is his
20 full-time position and he's dedicated solely to this
21 program for the residential upgrades.

22 There are others who assist in
23 commercial upgrades. While our Indigenous energy
24 advisor is the point of contact in the community, he
25 often will then connect those in the community to

1 other program specialists who complete commercial or
2 even industrial, in some cases, energy efficiency
3 upgrades or other matters related to Manitoba Hydro.

4 MR. COREY SHEFMAN: Thank you.

5 Jumping back slightly to the residential energy use
6 survey, given the concerns about its statistical
7 validity, what role does it play? I mean, you -- you
8 mentioned that the -- it's used in conjunction with
9 the band housing managers.

10 So what role does it play, the survey?
11 How is it used?

12 MS. COLLEEN GALBRAITH: It gives us a
13 general sense of an idea of what we think that are
14 available for upgrades in the marketplace,
15 particularly, on First Nation communities and perhaps
16 Ms. Morrison would like to jump in. But there are a
17 variety of other information that is provided on the
18 residential energy use survey that we can use not only
19 for the Indigenous Power Smart Program, but in
20 developing other programs or initiatives within
21 Manitoba Hydro.

22 MR. COREY SHEFMAN: With thirty-four
23 (34) survey -- I'm sorry, were you going to add
24 something?

25 MS. LOIS MORRISON: So maybe a better

1 way of contexting it is that the survey is used to
2 help with the initial discussions on what is the
3 possible size of the target market. What are we
4 looking at in terms of the number of houses, not any
5 one (1) specific house in the -- in any community, but
6 it's really to give us a feel for what do we think the
7 potential opportunity is.

8 And it's as a result of this survey
9 that we pursue opportunities. So we would have
10 identified -- although there's only thirty-four (34)
11 responses from First Nation customers in that survey,
12 it did bring to light that there was the potential for
13 additional insulation upgrades in those communities,
14 which lead then to discussions with the individual
15 committees just to find out, how many actual houses
16 need the upgrades.

17 So really, the way the survey works
18 isn't so much as defining this is specifically what
19 we're going to do, it provided the lead for us to
20 investigate further.

21 I should note that we are actually
22 infield right now with another residential energy use
23 survey and in order to increase our participation or
24 our response rates, we've actually sent the survey to
25 every household on a First Nation.

1 MR. COREY SHEFMAN: Can you clarify
2 when you say "on a First Nation"? Did you mean on all
3 First Nations or did -- was one (1) First Nation
4 selected for that purpose?

5 MS. LOIS MORRISON: All sixty-three
6 (63).

7 MR. COREY SHEFMAN: Every household on
8 eve -- on all sixty-three (63) First Nations receive
9 the survey?

10 MS. LOIS MORRISON: They should have.
11 We've sent out -- fifteen thousand three hundred and
12 seventy-five (15,375) survey booklets have been mailed
13 out to on-reserve households.

14 MR. COREY SHEFMAN: Okay. Thank you.
15 Moving on, I understand that there are some sixteen
16 thousand three hundred and forty-four (16,344) homes
17 on reserve, but only three thousand and seven hundred
18 and seventy-eight (3778) meet the criteria to qualify
19 for insulation upgrades and this was on slide 35 from
20 yesterday? Is that -- are those numbers correct, Ms.
21 Galbraith?

22 MS. COLLEEN GALBRAITH: That is our
23 estimation and, again, we always rely on the band
24 housing manager in each individual community to
25 confirm if there are additional homes that are

1 qualifying for insulation upgrades.

2 MR. COREY SHEFMAN: And so used the
3 word "qualify" there. And so I take it that there are
4 some -- that there are some criteria that a house must
5 meet in order to qualify for the Indigenous Power
6 Smart insulation program; is that correct?

7 MS. COLLEEN GALBRAITH: Yes, I believe
8 our interrogatory 1-PUB-126 (b) to (e), subject to
9 check, itemizes what all of the criteria are. As we
10 find that we're looking for homes that have no
11 insulation in the basements or crawl spaces or walls.
12 And in the attics we're looking at anything that has
13 R30 or less for insulation, otherwise we top them up.

14 MR. COREY SHEFMAN: That was the --

15 MS. COLLEEN GALBRAITH: Oh, sorry, I
16 was going to up to R50 in the attic.

17 MR. COREY SHEFMAN: That was the
18 correct number and congratulations on that. I
19 wouldn't have been able to do.

20 Out of the sixteen thousand three
21 hundred and forty-four (16,344) homes on reserve,
22 twelve thousand five hundred and sixty-six (12,566),
23 by my count, did not qualify.

24 By my calculation, that's three-
25 quarters of the homes didn't qualify for insulation

1 upgrades. Is that the proper interpretation of
2 Hydro's evid -- of Manitoba Hydro's evidence?

3 MS. COLLEEN GALBRAITH: Well, I
4 wouldn't interpret it that they don't qualify. At
5 this point that is our estimation, however, as I noted
6 that we complete each installation phase and upgrades.
7 If the band housing manager feels that there may be,
8 say, an additional sixty (60) homes to go as where our
9 estimation thought maybe in that particular community
10 there was only twenty (20), we would go in and check,
11 and if there are sixty (60) homes, we will complete
12 them. So, it's a moving target essentially.

13 MR. COREY SHEFMAN: But you'd agree
14 with me that significantly less than the majority of
15 homes appear to be eligible for this program?

16 MS. COLLEEN GALBRAITH: With regards
17 to the insulation upgrades as -- a lot of the homes we
18 found have adequate insulation or they're newer homes.
19 As the majority of the homes are less than twenty-five
20 (25) years old on reserve.

21 So when they're constructed, they are
22 built with sufficient levels of insulation that exceed
23 the minimums that meet the Indigenous Power Smart
24 Program.

25 MR. COREY SHEFMAN: And just to

1 clarify for me because I am new to this process, when
2 -- in order to determine that there is sufficient
3 insulation, that's the band housing manager or that's
4 the Indigenous energy advisor? Who goes in and
5 actually inspects the home to determine whether or not
6 there's a proper level of insulation in the home?

7 MS. COLLEEN GALBRAITH: We rely on the
8 band housing manager to identify the homes. If
9 they're ever unsure as to what would be eligible, that
10 is why the Indigenous energy advisor is there.
11 Typically what they're doing is they're picking homes
12 in a particular section of the community, so more
13 often than not, we're finding -- it's very similar
14 construction. So we may not actually go in and
15 physically inspect, say, for example, if we're going
16 to put through twenty (20) homes in a phase, all
17 twenty (20) homes but if they're all constructed the
18 same year and age, they may just check say five (5) or
19 ten (10) of them, and then on the reasonable belief
20 that all of them would be -- have the same levels of
21 insulation, as often they're constructed at the same
22 time.

23 MR. COREY SHEFMAN: Ms. Galbraith, are
24 you aware whether the Indigenous energy advisor is
25 actively engaged with all sixty-three (63) First

1 Nations? Are there any of those First Nations who --
2 which have not -- which have not participated or have
3 not engaged with the Indigenous energy advisor?

4 MS. COLLEEN GALBRAITH: So, we have
5 contacted all sixty-three (63) First Nations when the
6 program first launched. There are some communities,
7 however, that we're not actively engaged with. There
8 are some communities, unfortunately, that are still
9 dealing with flooding issues so they have -- and at
10 this point no homes for us to go in and upgrade.

11 But, I can tell you that for -- sorry,,
12 just one (1) minute.

13

14 (BRIEF PAUSE)

15

16 MS. COLLEEN GALBRAITH: I believe it's
17 Lake St. Martin, subject to check. They are in the
18 phase of rebuilding their homes and we've contacted
19 them to provide the basic energy efficiency measures,
20 as all the homes are being constructed brand-new.

21 We have had other communities that have
22 actually turned us down for our upgrades. First, the
23 insulation because the homes were newer construction;
24 then secondly, with her direct install initiative
25 where we provide the basic energy efficiency measures,

1 they felt they didn't want them. When we asked why,
2 they thought that they just really didn't need them.
3 And so they turned us down very politely.

4 Sorry. And I'd also like to add for
5 those communities that are undertaking upgrades and
6 perhaps maybe have other issues that they're dealing
7 with and not finding that insulation upgrades are
8 perhaps the basic energy efficiency measures are a top
9 priority, our dedicated energy -- Indigenous energy
10 advisor will continuously follow up with all of those
11 communities on a monthly basis to find out where
12 they're at, particularly, if they're already
13 completing upgrades or when we can next complete the
14 upgrades.

15 MR. COREY SHEFMAN: All right. Moving
16 on, I understand that Hydro also offers a Power Smart
17 program for new homes or Power Smart For New Homes
18 Program?

19 MS. COLLEEN GALBRAITH: That is
20 correct.

21 MR. COREY SHEFMAN: And I understand
22 that it provides a number of insulation improvements
23 but that there are other elements to that program as
24 well; correct?

25 MS. COLLEEN GALBRAITH: That is

1 correct.

2 MR. COREY SHEFMAN: Including testing
3 for airtightness? I believe you're looking for AMC-
4 MANITOBA HYDRO -2-8 (I).

5

6 (BRIEF PAUSE)

7

8 MR. COREY SHEFMAN: So among the
9 features of the -- that program it's testing for
10 airtightness?

11 MS. LOIS MORRISON: That's one (1) of
12 the components of the incentives and the energy
13 modelling investment that's done by the Utility
14 includes a requirement to meet a certain airtightness.

15 MR. COREY SHEFMAN: And also among the
16 program features is energy efficient windows and
17 frames; correct?

18 MS. LOIS MORRISON: Yes.

19 MR. COREY SHEFMAN: And high-
20 efficiency heat recovery ventilation?

21 MS. LOIS MORRISON: That is correct.

22 MR. COREY SHEFMAN: And I assume that
23 you would agree with me that these are all useful
24 measures for increasing the energy efficiency of a
25 home?

1 MS. LOIS MORRISON: They're all very
2 useful measures. They're also economic at the point
3 when you're building a brand-new home. When you are
4 building a brand-new home you're looking at -- when we
5 look at -- whether or not to introduce a measure to
6 promote within a new program, we look at what the
7 incremental cost is.

8 So if we're looking at a new
9 construction, there are certain costs that are already
10 being incurred. What's the incremental cost that the
11 customer and/or the Utility together would look to
12 invest in order to bring it up to that higher level of
13 performance.

14 And so when you're building a brand-new
15 home to have that home go to a high-efficiency HRV or
16 heat vent -- heat recovery ventilator, is different
17 than to install a brand-new heat recovery ventilator
18 in a home that does not have one.

19 So those are the types of assessments
20 that go into this. So the way this program is
21 designed is right now the building code for new homes
22 requires a heat recovery ventilator to be installed.
23 What we're promoting is that customers go to a high-
24 efficiency unit. Just as one (1) example of -- of the
25 measures that we're looking at here.

1 MR. COREY SHEFMAN: Your reference to
2 the requirements of the building code, just in that
3 answer, would you confirm with me that -- or for me
4 that that building code does not actually apply on
5 reserve?

6 MS. LOIS MORRISON: The building code
7 that I'm referring to is the provincial building code
8 and, as I understand, it is not a requirement in First
9 Nations. First Nation communities are under the --
10 are required to meet their code at the federal level,
11 whereas our provincial code does have additional
12 requirements in it that are specific to the Manitoba
13 marketplace.

14 MR. COREY SHEFMAN: I'm going to
15 suggest to you that, in fact, homes on First Nations
16 don't have a building code to meet and that there is
17 no federal building code that applies to First
18 Nations.

19 Would that surprise you?

20 MS. LOIS MORRISON: I'm not an expert
21 in that. So in terms of the federal government
22 requirements, but if that's, subject to check, I would
23 take that.

24 MR. COREY SHEFMAN: Now that said,
25 these features that we've just described and that you

1 -- you described as being economical at the point of
2 construction, they are available in fact to new homes
3 constructed on reserve; correct?

4 MS. LOIS MORRISON: If -- if a new
5 home, if a -- sorry, if an Indigenous communities
6 building new homes, they are eligible for all of the
7 incentives and support that is offered through the
8 Power Smart New Home Program,

9 MR. COREY SHEFMAN: And, you know, I
10 suppose the answer may be economics but am I correct
11 in understanding that these -- these efficiency
12 measures are not available for homes that are already
13 existing on reserve?

14 MS. LOIS MORRISON: Well we have, as I
15 mentioned, yesterday in my opening -- in our -- In my
16 direct testimony, we have a large number of programs
17 focusing on a number of different opportunities. Ms.
18 Galbraith's program is the most supportive for
19 Indigenous and low income -- for Indigenous
20 communities and for low-income customers in that the
21 program pays for the materials and labour to be
22 installed for energy efficiency upgrades for
23 insulation, but we also have our home insulation
24 program. We have -- we have financing offered for
25 windows and doors for -- if you want to install higher

1 efficiency windows and doors. We have a number of
2 other opportunities that are available to our -- to
3 customers and Indigenous communities also.

4 And I can say that we do have -- in our
5 Power Smart New Home Program, we do have Indigenous
6 communities that have participated and are building
7 Power Smart new homes. We have -- so we have seen
8 quite a bit of participation and we're happy to
9 continue moving forward with that.

10 MR. COREY SHEFMAN: Thank you.

11

12 (BRIEF PAUSE)

13

14 MR. COREY SHEFMAN: Moving on, Ms.
15 Galbraith, you spoke about the Neighbours Helping
16 Neighbours program yesterday, but it wasn't clear to
17 me where that program applies.

18 Can you advise as to whether that
19 program applies to First Nations living on reserve?

20 MS. COLLEEN GALBRAITH: Yes, it does.
21 So the program applies to any Manitoban in the
22 province of Manitoba. The one (1) stipulation,
23 though, is anybody receiving social assistance is not
24 eligible for a Neighbours Helping Neighbours grant.

25 MR. COREY SHEFMAN: Thank you. I take

1 it that Hy -- Manitoba Hydro offers different
2 efficiency programs to residential customers and to
3 commercial customers, general service customers; is
4 that correct?

5 MS. LOIS MORRISON: I'm sorry,
6 actually, I'd like to correct the record. It's been
7 brought to my attention that the Canadian Mortgage and
8 Housing Corporation has a code compliance that
9 requires on-reserve nonprofit housing program
10 currently requires First Nations to complete a
11 declaration to attest that all units which are
12 constructed or renovated are in conformity with the
13 plans and specifications and requirements of the
14 National Building Code for Canada.

15 So there is a code requirement for
16 houses on First Nations to meet.

17 MR. COREY SHEFMAN: Are you aware
18 whether every house on First Nations is built by CMHC,
19 the Canadian Mortgage Housing Corporation?

20 MS. LOIS MORRISON: No, they would
21 not, but there is a requirement for housing -- some of
22 the housing to be built to code.

23 MR. COREY SHEFMAN: We can return to
24 my question: I take it that Manitoba Hydro offers
25 different energy efficiency programs to residential

1 customers than to commercial customers?

2 MS. LOIS MORRISON: That is correct,
3 and those programs are based upon the opportunities
4 within those individual markets.

5 MR. COREY SHEFMAN: And if a customer
6 is classified as commercial, they would not be
7 eligible for programs directed to residential
8 customers; correct?

9 MS. LOIS MORRISON: That is correct.

10 MR. COREY SHEFMAN: And so you would
11 agree with me that it's important to classify
12 customers correctly?

13 MS. LOIS MORRISON: Yes.

14 MR. COREY SHEFMAN: When I spoke with
15 Mr. Shepherd earlier in the hearing, I took him to
16 appendix 7.1 of Manitoba Hydro's application at page 3
17 and he agreed that about 12 percent of Manitoba
18 Hydro's customers are general service customers.

19 You agree with that as well?

20 MS. LOIS MORRISON: That is correct.

21 MR. COREY SHEFMAN: I then took Mr.
22 Shepherd to AMC-MANITOBA HYDRO round 2 question 2(b)
23 where we noted that the percent of general service
24 customers on reserve is actually significantly higher
25 than Manitoba Hydro's overall proportion of general

1 service customers.

2 Would you agree with that?

3 MS. LOIS MORRISON: That is correct,
4 and I -- probably this point I should clarify that a
5 customer is -- as we define it within our system is
6 not always a building. We have a large number of
7 general service accounts that are non-buildings. So
8 we count customers as accounts. So a customer or a
9 building or if -- business may have more than one (1)
10 account. And so it would count in our system as two
11 (2).

12 MR. COREY SHEFMAN: Do you have the --
13 are you able to break out the data, which is currently
14 on the screen by building?

15 MS. LOIS MORRISON: We can -- if we
16 were to pull up one (1) community, we could look at
17 the one (1) community and try to identify which
18 accounts are non-building and which accounts are
19 building.

20 And I do believe you had referenced Fox
21 Lake specifically in your discussions with Mr.
22 Shepherd and we did bring up that one (1) account and
23 I -- or that one (1) community and I can indicate that
24 of those accounts, we do have a number of what we
25 would define as nonbuilding accounts. So it would be

1 where there's a meter providing service for a -- where
2 they require electricity, but it's not to serve a
3 building per se it's for, say, heat tape on sewer and
4 water system.

5 There are other installation instances
6 where you will see -- we'll have a meter on a -- it
7 may be a residential building, but it's a multi-unit
8 building that has one (1) common service. So there's
9 a meter for the common service and an individual
10 apartment metering or suite metering.

11 So we count that one (1) common service
12 as an account. And so it would show up as part of our
13 general service accounts, and then the individual
14 units would show up within -- within the residential
15 customer account.

16 So railway crossing, water wells,
17 metered outdoor lighting, and as I mentioned in -- in
18 a number of the -- the First Nation communities, they
19 have heat tape on their water and sewer system. Those
20 are the types of accounts that you would be seeing
21 here.

22 MR. COREY SHEFMAN: And so let's use
23 heat tape as an example. I -- I'm not sure how
24 heat tape works I have to confess, but would it be
25 fair to say that it's not commercial?

1 MS. LOIS MORRISON: It's how we
2 classify it as commercial. It's not a residential
3 customer using it so, therefore it's not residential.
4 It is a -- an account that is the responsibility of a
5 commercial customer, or a commercial operation, or an
6 office or an institution. And, therefore, in our cal
7 -- in our classification we deem it to be commercial.

8 So it's not necessarily a -- a building
9 that has people working in it and operating a business
10 out of it, but it is a function that is the
11 requirement of an institution or organization, not a
12 specific residential customer.

13 MR. COREY SHEFMAN: And that's fine.
14 And perhaps I can rephrase my question. The chart on
15 the screen breaks down general service customers into
16 industrial, commercial, health, office, and
17 recreational.

18 Heat tape, using our example, would not
19 be commercial; correct?

20 MS. LOIS MORRISON: It would be within
21 the commercial classification for those accounts.

22 MR. COREY SHEFMAN: For a commercial
23 entity?

24 MS. LOIS MORRISON: Yes.

25 MR. COREY SHEFMAN: Okay. Thank you

1 for clearing that up. And I presume that what you
2 just described for the Board, accounts being different
3 than buildings, and many buildings having more than
4 one account, that's true off reserve as well as on
5 reserve; correct?

6 MS. LOIS MORRISON: That is correct.

7 MR. COREY SHEFMAN: And, so one would
8 expect that the proportions to still be the -- the
9 same. That there wouldn't be, as a result of the
10 phenomenon that you've just described, there -- that
11 wouldn't explain why there would be more general
12 service customers on reserve than off reserve as a
13 proportion; correct?

14 MS. LOIS MORRISON: I wouldn't -- I
15 wouldn't draw the conclusion that I would expect the
16 proportions to be similar. It really depends on the
17 use of what those un -- those non-buildings are.

18 There's a large number of accounts that
19 we would have that are heat trace or heat tape in
20 northern communities. There are not going to be see -
21 - you're not going to see those types of installations
22 in southern Manitoba, or in large urban centres, but
23 you will see railway crossings in southern Manitoba, a
24 larger number of railway crossings that will have a
25 meter -- have a metered service on it.

1 So to draw the conclusion that you
2 would expect the same proportion isn't one that I
3 would draw. It -- we would really have to sit down
4 and look at each individual account, determine what
5 they are, and they're not traditionally our higher use
6 accounts. So we don't spend as much time looking at
7 their specifically -- specific energy use for those
8 individual accounts.

9 MR. COREY SHEFMAN: Could we return to
10 page 578 of the transcript please, line 7 through 19.

11 So in my discussion with Mr. Shepherd
12 about this he offered a different explanation, or
13 perhaps, I interpreted it as different in any event.

14 He -- he interpreted the discrepancy as
15 being between seven (7) and fifteen (15) as his an --
16 or fourteen (14) as his answer. Just reading a little
17 bit of that.

18 "So you're seeing the effect of the
19 smaller scale here in a community
20 that, you know, the general service
21 customers would generally be
22 administrative offices, police,
23 hospital, and those type of
24 organizations."

25 So I understood his qui -- his answer

1 to be referring to the fact that in a smaller
2 community, there's a higher concentration of
3 administrative and other general service entities.

4 Are you suggesting that that is not the
5 correct answer, but the correct answer is what you've
6 just described to us?

7 MS. LOIS MORRISON: I would have to go
8 back and look at how many administrative offices, but
9 I don't believe Mr. Shepherd was as -- obviously he's
10 not going to be in tune to the specific details of how
11 we define individual accounts and the natures of -- of
12 how that would play out.

13 We could look at -- there is probably a
14 certain proportion of that that could be generally --
15 you're going to have a larger net -- you're going to
16 have a proportionately -- if you have one
17 administrative office in a community that has, say a
18 hundred (100) accounts, that proportion will obviously
19 look higher if you have one (1) administrative office
20 in a community that has a thousand (1000) accounts.
21 That is true what he's saying there.

22 But what I'm saying is I'm further
23 refining that answer to say, there are other factors
24 in play as to terms of how we define the accounts that
25 are commercial within our system.

1 MR. COREY SHEFMAN: If we can go back
2 to the other chart, that we were just on. I -- I just
3 want to follow-up with one (1) more question before we
4 move on.

5 If we look at the first row of this
6 chart Barren Lands First Nation. Barren Lands is a
7 fly-in community in which one could expect that
8 commercial activity would generally be relatively low.
9 We see thirty-six (36) commercial accounts there out
10 of a hundred thirty eight (138) residential --
11 compared to a hundred thirty eight (138) residential
12 electric customers for a 23.8 percent general service.

13 Do I understand your answer to this
14 series of questions correctly, that you don't view
15 this as suspect and, in fact, you would attribute that
16 to what you've described before? That --

17 MS. LOIS MORRISON: Yes. We could
18 pull the data specifically on Barren Lands, but I do
19 understand that they do have -- they also would have
20 the use of heat tape, and they would have unmetered
21 services that would be included within that count of
22 commercial accounts.

23 MR. PAUL CHARD: If -- if I can just
24 interject.

25 MR. COREY SHEFMAN: Yes.

1 MR. PAUL CHARD: If I recall Mr.
2 Shepherd's testimony, he said that it was something
3 that if that were the case we would like to get the
4 information on and to the bottom of, and I would echo
5 that if there is a concern that my counts are -- are
6 misclassified, I would be more than willing to delve
7 into that and -- and ensure that things are correct.

8 MR. COREY SHEFMAN: On that basis,
9 would you agree and -- would -- would you agree that
10 there is a possibility that while the explanation
11 we've just heard may account for some of the
12 discrepancy that the proportion of general service
13 customers in many of these First Nations is higher
14 than one would expect, and that some homes may be
15 being misclassified, and that Manitoba Hydro should
16 inquire further.

17 MS. ODETTE FERNANDES: Mr. Shefman, if
18 you have anything to put to this panel which reflects
19 that, then you can post questions on that but without
20 anything in front of the witnesses that they can refer
21 to I don't think it -- that's an appropriate question.

22 MR. COREY SHEFMAN: That's fine, we
23 can move on.

24 MS. LOIS MORRISON: One item that I
25 would like to point out though, in terms of our

1 Indigenous Energy Efficiency Program. Because we work
2 directly with the band housing coordinators on those -
3 - identifying which houses need upgrades, we aren't
4 qualifying based on a rate or any -- any clarification
5 of the rate.

6 So in those cases, we would make sure
7 that all the houses that require upgrades, as
8 identified by that coordinator, would receive the
9 insulation upgrades that they need.

10

11 CONTINUED BY MR. COREY SHEFMAN:

12 MR. COREY SHEFMAN: Sorry, just to
13 clarify that. If a band housing manager identified a
14 building on reserve that they identified as a home,
15 and Manitoba Hydro's account data had that listed as
16 general service building, you would nonetheless --
17 Manitoba Hydro would nonetheless proceed with the
18 residential upgrades as identified by the housing
19 manager?

20 MS. LOIS MORRISON: Well if -- yes, we
21 would proceed with the upgrades as identified by the
22 housing manager and promptly fix any potential billing
23 errors that may be a result of them being improperly
24 classified.

25 There are instances where it's brought

1 to our attention that they would like to proceed with
2 an upgrade to what is technically a commercial
3 building, but a residential based commercial building
4 such as that multi unit that I had talked about. So
5 in cases where we have multi-unit residential home or
6 building in the community, what we do is if it's
7 brought to our attention that there's potential for
8 upgrades in that, then we immediately bring them into
9 our commercial pro -- programming offering to make
10 sure that we are taking advantage of the opportunity
11 to make the upgrade.

12 MR. COREY SHEFMAN: Thank you.

13 MS. COLLEEN GALBRAITH: Sorry, and I --

14 THE CHAIRPERSON: Sorry, Mr. Shefman.

15 Can I interrupt and ask a question? And this is for
16 either Ms. Morrison or -- or Ms. Galbraith.

17 And this is the issue of the Band
18 housing manager. If the Band housing manager
19 identifies homes on the reserve, what's the role of
20 the resident? Does the res -- does the resident have
21 to agree that somebody's going to come into their
22 house to fix the house, or is the decision solely the
23 decision of the Band housing manager as to the -- as
24 to the upgrade on the house?

25 MS. COLLEEN GALBRAITH: Typically the

1 Band hou -- in -- in our experience, the Band housing
2 manager will identify the homes. They're generally
3 knowledgeable as to whether or not residents are home
4 in the community. I'm not sure if they give them a
5 heads-up or if they just show up and knock on the
6 door. However, there would be communication between
7 the Band housing managers and residents, because it is
8 an intrusive phase, at one point, to come in and crawl
9 around in your attic, or your basement and crawlspace.

10 So I'm not privy to the exact
11 communication that would take place between a resident
12 and the Band housing manager, however, the majority of
13 the homes, if not all of them, are owned by the Band,
14 so I would assume that they would follow a similar
15 process as to any other upgrades that they're doing on
16 those homes in the community.

17 THE CHAIRPERSON: So if the -- and I
18 understand the homes are owned by the Band. But then
19 if the resident says, I don't want anybody in my home,
20 I don't, you know, I don't care if it's fixed or not,
21 I just don't want anybody in it, the Band housing
22 manager then, I assume, would have the ability to
23 still proceed with the project, because it is owned by
24 the Band versus the individual?

25 MS. COLLEEN GALBRAITH: I -- this is

1 speculation, but I've never heard of that occurring as
2 an issue. However, I'm not -- and again, I wouldn't
3 be privy to how a Band housing manager might enforce
4 that an energy efficiency upgrade is required.
5 Perhaps maybe they would have consultation to defer it
6 perhaps to a next phase.

7 THE CHAIRPERSON: Thank you. Thank
8 you, Mr. Shefman.

9

10 CONTINUED BY MR. COREY SHEFMAN:

11 MR. COREY SHEFMAN: Thank you, Mr.
12 Chair. I'm actually going to follow up on something
13 that the -- the Chair asked, and ask something of the
14 reverse.

15 Ms. Galbraith, you -- you told us that
16 there are some First Nations where the -- the First
17 Nation itself, or the housing manager has declined to
18 participate in the program, or the Band housing
19 manager has not been in -- in contact with the
20 Indigenous energy advisor. If I live in Winnipeg and
21 want my home to receive insulation upgrades, I can
22 contact Manitoba Hydro, is -- is my understanding.

23 Can an individual member of a First
24 Nation who wants their home upgraded, but whose First
25 Nations has not engaged with Manitoba Hydro in this

1 way, can they get the upgrades for their home?

2 MS. COLLEEN GALBRAITH: Absolutely.

3 What we do is we actually connect that resident
4 directly with our Indigenous energy advisor who then
5 contacts their Band on their behalf. I've never heard
6 of an instance where an individual resident was unable
7 to proceed with upgrades through our program, but that
8 is the process we take.

9 And as Ms. Morrison testified to as
10 well, there are a number of other programs that an
11 individual resident can participate on. However, we,
12 of course, encourage the Indigenous Power Smart
13 Program, as we're paying for all of the insulation
14 upgrades, including local labour to install the
15 material as it is most beneficial.

16 MR. COREY SHEFMAN: Thank you. Could
17 we turn please to Coalition/MANITOBA HYDRO Round 1
18 question 130, page 5 of 7.

19

20 (BRIEF PAUSE)

21

22 MR. COREY SHEFMAN: I'm not sure who
23 wants to answer this question, but can the panel
24 confirm that according to this chart, only 5 percent
25 of all Manitoba Hydro bills are above an average of

1 4000 kilowatt hours a month? Am I reading that
2 correctly?

3

4 (BRIEF PAUSE)

5

6 MR. COREY SHEFMAN: So in -- I -- I'm
7 looking at the bottom row, fourth column.

8 MR. GREG BARNLUND: I believe that's
9 correct, yes.

10 MR. COREY SHEFMAN: Thank you. We can
11 turn to AMC/Manitoba Hydro Round 1 question 49,
12 attachment one (1) of two (2). Thank you. This table
13 -- or sorry, this -- this graph in it -- while in a
14 different format shows the same data, but only for
15 First Nations on reserve. Is that correct?

16 MS. LOIS MORRISON: That is correct.

17 MR. COREY SHEFMAN: And one (1) more
18 switch to AMC/MANITOBA HYDRO Round 2 question 1. To
19 the response, please. Thank you.

20 This is that chart again. But again,
21 just for First -- on reserve First Nations, and broken
22 out further, to extend the chart above 4000 kilowatt
23 hours per month, am I reading this chart correctly to
24 understand that 18 percent of First Nation residential
25 ratepayers on reserve consume on average over 4000

1 kilowatt hours per month? That would be 9 percent,
2 plus 5 percent, plus 4 percent?

3 MS. LOIS MORRISON: That is correct.
4 Could you bring back the other interrogatory that
5 you're referring to, please, just for a moment? One
6 (1) more back.

7 MR. COREY SHEFMAN: The
8 Coalition/MANITOBA HYDRO--

9 MS. LOIS MORRISON: Yeah, the
10 Coalition/MANITOBA HYDRO.

11 MR. COREY SHEFMAN: -- 1-1 --

12 MS. LOIS MORRISON: Can you please
13 scroll up so that I could see how the introduction --
14 okay. So the one (1) thing that we need to
15 characterize this chart as, this chart represents all
16 residential customers in Manitoba Hydro's service
17 territory, and therefore, it will include customers
18 who heat with electricity, customers who heat with
19 natural gas or other sources, customers who live in
20 apartment blocks and have individually metered suites,
21 and therefore really being only billed for their
22 plugs, lights, and any other individual suite load.
23 So when we're looking at this comparison, and we're
24 looking at the percentage it represents, we have to
25 recognize that there will be differences in the

1 customer groups.

2 We acknowledge that the -- if we go
3 back to your other interrogatory here, yes, this is
4 representing First Nation residential accounts. And
5 as we have discussed before, the majority of those
6 customers living in First Nation communities are
7 heating their homes with electricity. So just to put
8 the two (2) into -- into comparison.

9 MR. COREY SHEFMAN: Yes, thank you.
10 That -- that's helpful. Nevertheless, you would agree
11 that 5 percent of all Manitoba home -- Manitoba
12 residential customers compared to 18 percent is a
13 significant increase?

14 MS. LOIS MORRISON: It's a significant
15 difference, but it's also going to be recognizing that
16 it's not including -- it's not a direct apples to
17 oranges comparison -- or apples to apples comparison.

18 MR. COREY SHEFMAN: When Manitoba
19 Hydro designed the rate that's before the Board, the
20 rate application that's before the Board, I take it
21 that it did so based on the average, based on that
22 first chart, or the -- the data that was within that
23 chart?

24 MR. GREG BARNLUND: I believe the data
25 in the first chart was an actual bill frequency count

1 from the '16 fiscal year, but indeed, we would
2 forecast the number of bills and the number of
3 kilowatt hours of consumption expected from customers
4 in the residential class and then set rates based upon
5 those billing determinants.

6 MR. COREY SHEFMAN: Thank you. Moving
7 back just for a moment, if we can look at the title of
8 that -- of the chart that's on the screen, on reserve
9 First Nation residential customers, both with and
10 without electric heat, you'd agree that while it may
11 not, in fact, be apples to apples, there are some
12 First Nations who receive -- who -- who heat their
13 homes without electricity, and that this isn't -- yes,
14 I mean that -- that --

15 MS. LOIS MORRISON: So in our
16 investigation, we have a large percentage of customers
17 in First Nation communities that may not be properly
18 coded as heating with electric heat because it's a tax
19 -- it's in our system as part of the tax requirements,
20 and those residing on the First Nations are not
21 subject to that tax. We have not been as diligent as
22 we should be in terms of classifying them as electric
23 heat.

24 I will state that, yes, there are a
25 number of First Nation communities which,

1 particularly, the four (4) in the diesel-supplied
2 communities that do not heat with electric heat, and
3 there will be some who may use wood, but the vast
4 majority of the other communities heat with
5 electricity.

6 MR. COREY SHEFMAN: Thank you. And
7 returning to Mr. Barnlund, I understood your -- the
8 response you just gave to be that your forecasts and
9 the -- the rate design before the Board is based on
10 the average of Manitoba as a whole? That's correct?

11 MR. GREG BARNLUND: It -- it's based
12 on the load forecast that's prepared which forecasts
13 the number of residential customers and forecasts
14 their energy consumption on a weather-normalized
15 basis, so an average weather basis. And then from the
16 number of customers, we're able to derive the number
17 of bills, and obviously from the amount of energy that
18 we're forecasting, we're able to derive the unit
19 energy rate. From the number of bills, we're able to
20 derive the basic monthly charge required.

21 MR. COREY SHEFMAN: And so would it be
22 fair to say that in designing this rate -- excuse me --
23 - in designing this rate, Manitoba Hydro did not take
24 into specific consideration the higher energy use --
25 the average higher energy use of First Nations living

1 on reserve?

2 MR. GREG BARNLUND: Well, I think it's
3 -- it is taken into consideration in terms of the load
4 forecast, because we forecast the customer class, and
5 that would include customers of low usage and
6 customers of high usage. So I think that -- that
7 customers of all of forms of energy -- or energy
8 usage, residential energy usage in all strata that you
9 see here ultimately are captured in the load forecast,
10 and would be -- the unit rates would -- would reflect
11 the total energy consumed by the residential class
12 we're seeing represented on the series of -- of tables
13 we provided in these interrogatory resp -- responses.

14 MR. COREY SHEFMAN: Well, wouldn't you
15 agree with me the fairly distinct difference as a
16 group that First Nations living on reserve show in
17 their energy usage, that the averaged number as used
18 by Manitoba Hydro don't necessarily capture the unique
19 energy patterns -- energy usage patterns of First
20 Nations living on reserve?

21 MR. GREG BARNLUND: Well, I think it's
22 more fair to say that -- that where you have customers
23 that are using greater amounts of energy than average
24 as a residence will certainly pay higher bills,
25 because the -- the unit rate, you know, with more

1 units of energy, gives you a higher -- higher monthly
2 bill.

3 But I don't believe -- like, the way
4 our rates are set takes into consideration all energy
5 consumed by residential customers, so it's -- it's
6 really sort of an outcome of how you use energy in
7 terms of the level of what your bill will be, but the
8 unit rates are set appropriately. Some customers will
9 use more. Other customers will use less, and -- and
10 the level of bills will be -- will be reflecting that.

11 Which isn't to say that -- that we
12 don't, you know, we -- we understand, obviously, that
13 there are certain residences on reserve that are very,
14 very high consumers of energy. That -- that we
15 understand. And -- but there are other residences off
16 reserve as well, too, that for whatever reason are
17 also high consumers of energy.

18 And so I guess at the end of the day,
19 what we're suggesting here is that the rates are set
20 appropriately, and how a customer uses that energy is
21 -- is, you know, going to reflect the size of the bill
22 they're going to have to pay at the end of the month.

23 MR. COREY SHEFMAN: Sure. And you've
24 -- you've told us that some -- you -- some customers
25 will pay -- will use more and pay more, and some

1 customers will use less and pay less. Would you agree
2 with me that as a group, First Nations living on
3 reserve, according to this chart, use more and pay
4 more?

5 MR. GREG BARNLUND: I think that's
6 apparent from this data, yes.

7 MR. COREY SHEFMAN: Yesterday, Mr.
8 Barnlund, you told us that one (1) of Manitoba Hydro's
9 rate-making principles is that unequals should be
10 treated unequally. Do you recall that?

11 MR. GREG BARNLUND: Yes, I do.

12 MR. COREY SHEFMAN: And would you
13 agree with me that, based on what we just discussed,
14 First Nations on reserve consume energy unequally, or
15 differently, and are faced with different obstacles to
16 controlling their energy use when compared to
17 ratepayers off reserve?

18 MR. GREG BARNLUND: Well, I think from
19 the perspective of rate making, in terms of what we're
20 talking about, of treating equals equally and unequals
21 unequally, it -- where we have -- we were talking
22 about residential customers. And all residential
23 customers essentially are treated equally in that
24 they're paying the same unit rate for service no
25 matter -- no matter where they are situated in the

1 Province.

2 Their usage characteristics, for
3 whatever reason, will determine what their bill is,
4 but I think that in terms of the treatment, that they,
5 from a rate-making perspective, are treated equally,
6 because they generally, as a group, represent, you
7 know, a load pattern that -- that we have captured in
8 our load research, and we set our rates on the basis
9 of -- of the way that those residential customers in -
10 - in aggregate use energy. And so I think that from
11 that perspective, residential customers within the
12 class, those equals are being treated equally.

13 Unequals treated unequally refers more
14 to -- and if you think of -- of the discussion we've
15 had about commercial meters versus residential meters,
16 the usage pattern on a commercial account will be, in
17 aggregate, different from what it is for the
18 residential customer class, and therefore, the general
19 service customers will see different costs allocated
20 to them, and will have different rates set than you
21 would have from a residential customer perspective.
22 And so in that regard, unequals are treated unequally.

23 MR. COREY SHEFMAN: Thank you. You
24 just used the phrase -- sorry, you just described what
25 I understood to be load patterns of First Nations on

1 reserve, and -- and I understood you to say -- and
2 please correct me if I'm wrong, because I may have
3 misunderstood, I understood you to say that Manitoba
4 Hydro has examined load -- load patterns of
5 residential ratepayers on reserve and has determined
6 that they're not sufficiently different from other
7 residential load patterns. Did I understand you
8 correctly?

9 MR. GREG BARNLUND: No, and let me
10 just clarify. In terms of our load research, we
11 sample customers across -- residential customers
12 across -- there's three hundred (300) and -- I think
13 three hundred and eighty (380) customers we responded
14 to in one (1) of the Information Requests that are the
15 sample of our load research.

16 And so those customers are metered
17 continually, and we use the data from those three
18 hundred and eighty (380) metres to be able to develop
19 this -- the -- the load curve, or the load profile for
20 the residential customer class. So that's what I'm
21 referring to in terms of sampling and developing the
22 load patterns.

23 MR. COREY SHEFMAN: Okay. Thank you.
24 Are you familiar with -- Mr. Barnlund, with the
25 concept that a policy of general application can have

1 differential impacts on subgroups?

2 MR. GREG BARNLUND: Sorry, could you
3 repeat that one?

4 MR. COREY SHEFMAN: That a policy of
5 general application -- a policy which applies to
6 everybody could affect --

7 MR. GREG BARNLUND: Okay.

8 MR. COREY SHEFMAN: -- different
9 groups within the 'everybody' differently, and in some
10 cases, can affect some or one (1) of those groups more
11 than others?

12 MR. GREG BARNLUND: That's
13 conceivable. I just don't know the specifics of what
14 you're asking about, but that's conceivable.

15 MR. GREG BARNLUND: That's fine.
16 Thank you. Moving on, Mr. Barnlund, yesterday, you
17 spoke with Ms. Stein -- Ms. -- Ms. Steinfeld about
18 conservation rates?

19 MR. GREG BARNLUND: Correct.

20 MR. COREY SHEFMAN: During that
21 discussion, you commented that -- correct me if this
22 is not a fair characterization of your comment. We --
23 I understood you to comment that a conservation rate
24 can exacerbate the effects of energy poverty. Do you
25 recall that?

1 MR. GREG BARNLUND: I think what I
2 said was that a conservation rate can exacerbate the
3 impacts on a high usage customer, and to the extent
4 that certain high usage customers are also low income
5 customers, that they would be feeling an additional
6 cost burden as a result of that particular choice of
7 rate design.

8 MR. COREY SHEFMAN: I believe the
9 words you used to describe those low income and high
10 usage customers is that they would be bearing the
11 brunt of an additional increase?

12 MR. GREG BARNLUND: Certainly, if
13 they're -- if they're looking at -- they have limited
14 incomes, they're already high-usage customers, so
15 their bills are generally higher than average, and an
16 -- and an additional increase due to a rate design
17 change is leveraged on top of that, I think that's,
18 you know, a fair statement.

19 MR. COREY SHEFMAN: And you'd agree
20 with me that one (1) of the reasons why they would
21 bear the brunt of that increase is because lower
22 income -- individuals with lower incomes generally
23 have less flex -- less flexibility when it comes to
24 their ability to reduce their own energy use; correct?

25 MR. GREG BARNLUND: I -- I'm not

1 necessarily certain about their ability to reduce
2 energy use. It depends on, you know, the
3 opportunities they would have within their -- within
4 their residence to be able to -- to do that, and if
5 they could access a program to do that, they may have
6 the ability to do that.

7 MR. COREY SHEFMAN: During your
8 discussion with Ms. Steinfeld, you commented on how
9 the high level of increase being sought in this
10 application effectively gave the whole thing a
11 conservation effect. And this is transcript page
12 2,418, lines 20 to 24. You said, and I quote:

13 "There is also a reflection or a
14 recognition at Manitoba Hydro that
15 the level of increases that we're
16 seeking were obviously going to have
17 a conservation effect to them."

18 Do you recall saying that?

19 MR. GREG BARNLUND: Yes, I do.

20 MR. COREY SHEFMAN: And so to the
21 extent that this whole application is for a de facto,
22 if not de jure conservation rate, low income people,
23 including a significant proportion of First Nations
24 living on reserve, are going to be bearing the brunt
25 of this increase, to use your words, correct?

1 MR. GREG BARNLUND: Well, I think that
2 when I was mentioning bearing the brunt, I was talking
3 about the incremental impact that would occur if you
4 had a rate design change. So we're not seeking a rate
5 design change for the residential customers in this
6 particular application. Had we been seeking a rate
7 design change to bring in a conservation rate that
8 had, you know, a fairly large increment in terms of
9 the difference of the size of the price of the second
10 block, then they would've seen, you know, a -- they
11 would have seen additional impact on their bills.

12 But we are not bringing that rate
13 design forward. We are simply going forward with our
14 -- with our standard single unit cost rate design.
15 And, you know, in that way, we're not, you know,
16 doubly inflicting any impact on those customers,
17 because we're not changing the rate design at this
18 point in time.

19 MR. COREY SHEFMAN: But to the effect
20 that you've acknowledged that the high -- that high
21 level of this rate increase being requested is, in
22 itself -- will, in itself, have conservation impacts,
23 do you not agree with me that First Nations living on
24 reserve, for the reasons we've discussed, will have --
25 be disproportionately impacted by this rate increase?

1 MR. GREG BARNLUND: Well, taking this
2 a step at a time, the 7.9 percent increase you would
3 expect would drive more consumer response in terms of
4 conservation than a 3.95 percent increase, and I think
5 that's just -- if you think of price elasticity and
6 the effects, that that is a reasonable assumption to
7 make.

8 Given that electric heat customers will
9 basically use more than average energy on a monthly
10 basis in the wintertime, yes, their bills will be
11 higher under 7.9 percent than they would have been
12 under 3.95 percent, for example.

13 But as Ms. Galbraith has -- has
14 articulated, there are a number of programs that are
15 available through the Indigenous Power Smart Program
16 that are available to people on First Nation
17 communities, and there is a lot of effort that is
18 obviously being expended in those areas to be able to
19 try and take measures to be able to reduce energy
20 consumption for those customers.

21 MR. COREY SHEFMAN: Thank you. Mr.
22 Barnlund, were you -- were you aware that prior to
23 Manitoba Hydro making this application, Boston
24 Consulting Group recommended differentiated rates as a
25 way of addressing what I believe it termed the

1 disproportionate impacts that the proposed rate
2 increase would have on a number of different groups,
3 First Nations among them?

4 MR. GREG BARNLUND: If we could bring
5 up that slide? If you'd prefer to do that, I might
6 speak to that --

7 MR. COREY SHEFMAN: Sure.

8 MR. GREG BARNLUND: -- if that's the
9 case.

10 MR. COREY SHEFMAN: It's 200 of 615
11 from MFR-72.

12 MR. GREG BARNLUND: And I would say I'm
13 generally aware of the Boston Consulting information
14 here, but if you want to speak -- ask some questions,
15 then I can try and address that.

16 MR. COREY SHEFMAN: Sure.

17

18 (BRIEF PAUSE)

19

20 MR. COREY SHEFMAN: Yes, 200. Thank
21 you. And so we're looking at the middle of the page:

22 "However, rate increases are likely
23 to impact some segments
24 disproportionately."

25 And the first bullet below that:

1 "Low income and remote First Nations
2 customers more sensitive to rate
3 increases."

4 They list some other ratepayers as
5 well. In the following section:

6 "Differentiated rating -- rate
7 increases are one (1) tool that can
8 be used to mitigate the impact of
9 rate increases for certain groups."

10 And so you'd agree with me that
11 Manitoba Hydro was first of all aware that the rate
12 increase would -- it -- disproportionately impact,
13 First Nations living on reserve, and two (2), that
14 differentiated rate increases were one (1) way of
15 addressing that disproportionate impact?

16 MR. GREG BARNLUND: That's the
17 information that Boston Consulting had provided to our
18 Board of Directors. Yes.

19 MR. COREY SHEFMAN: And so knowing
20 what it did, can you tell us why Manitoba Hydro did
21 not, in fact, propose diff -- differentiated rates,
22 which would have addressed that dis --disproportionate
23 impact?

24 MR. GREG BARNLUND: Well -- and -- and
25 I think, you know, I spoke to that to a certain extent

1 yesterday in that the work that we had been
2 undertaking to look at conservation rates, where you
3 have a lower first block, and, you know, a
4 differentiated or higher second block rate, the
5 examples in the work that we were doing was not
6 looking at differentiating rates on the basis of
7 income. And so the conservation rate that we were
8 examining was a conservation rate that would be
9 applied uniformly to all residential customers. And
10 so, you know, beyond that, that was the work that we
11 had been undertaking with respect to conservation
12 rates.

13 And then as I'd referred to yesterday
14 as well, we were very concerned that by just taking
15 that particular rate design and by simply applying it
16 across all residential customers, we recognized that
17 we were going to create an additional impact on
18 electric heat customers or high usage customers as a
19 result of making that rate design adjustment.

20 And so while, you know, there are --
21 there was work that was underway on that, we decided
22 that it was not appropriate to be advancing that
23 particular rate design at this time, and -- and we
24 find ourselves here today, Mr. Shefman.

25 MR. COREY SHEFMAN: But you'd agree

1 with me that the Boston Consulting Group, at least in
2 this -- on this slide, didn't propose conservation
3 rates. They proposed different -- or they suggested
4 differentiated rates as a tool to address the
5 disproportionate impact that the 7.9 percent increase
6 would have on First Nations and others? So I'm not,
7 at the moment, concerned about conservation rates.
8 What I'm asking is why Manitoba Hydro, knowing what it
9 did from the report here and other information, why
10 Manitoba Hydro didn't propose a differentiated rate
11 increase which would have addressed that
12 disproportionate impact?

13 MR. GREG BARNLUND: Well, again, I
14 think that, you know, we -- we look at these things
15 from a rate-making perspective, and -- and income or
16 the ability to pay is really what's being referred to
17 here. And as Dr. Mason described at some length
18 yesterday, the shortcomings that we have in terms of
19 trying to address a low income issue with respect to
20 rate design is significant. We don't have the data
21 available to settle -- okay -- to be able to -- to
22 quantify the size the problem, or to be able to
23 actually generate rates that would recover revenue
24 requirement appropriately in that regard.

25 So -- so while it may be mentioned by

1 this consultant, the practical application of that is
2 so difficult that it is not something that Manitoba
3 Hydro is in a position to be advancing, because as
4 we've described in our testimony here, we do not have
5 access to that information that would be required to
6 be able to take income into account in terms of
7 setting rates.

8 MR. COREY SHEFMAN: And I -- I just
9 want the record to be clear. So you -- when -- while
10 Manitoba Hydro may not have income information, you
11 have testified -- or the panel has testified, and we
12 have seen in the information requests that Manitoba
13 Hydro does have information related to ratepayers with
14 status under the Indian Act, correct?

15 MR. GREG BARNLUND: According to the
16 information we have here, we do have that information.
17 However, I am not aware of any basis in rate-making
18 for setting up for a rate based on that particular
19 status.

20 MR. COREY SHEFMAN: That's fine. That
21 wasn't my question. Manitoba Hydro also has
22 information for which ratepayers live on reserve and
23 which don't, correct?

24

25

(BRIEF PAUSE)

1 MR. GREG BARNLUND: Yeah. Yes, we do.

2 MR. COREY SHEFMAN: Thank you. And
3 you discussed -- what we're discussing right now, you
4 discussed it briefly with -- yesterday with Board
5 counsel, and I believe that the words you used, the --
6 the reasons why you didn't think this was the right
7 direction to go is that because such a -- a rate,
8 targeted specifically at First Nations, would be
9 discriminatory. Was that -- was that a fair
10 description of your evidence?

11 MR. GREG BARNLUND: The -- the -- I
12 think the -- the more fulsome term is unduly
13 preferential or unduly discriminatory is how we would
14 refer to something like that.

15 MR. COREY SHEFMAN: Thank you. I
16 apologize for -- for that. That -- that is fair.

17 So is it my understanding, then -- is
18 my understanding correct, rather, that even
19 considering all of the policy issues which we've
20 discussed here, poverty on reserve, substandard
21 housing on reserve, are you telling me that despite
22 all of that, it's Manitoba Hydro's position that
23 you're more concerned about discrimination and
24 preferential treatment against non-(INDISCERNIBLE) --
25 non-Indigenous people than Indigenous people?

1 MR. GREG BARNLUND: No, I wouldn't say
2 that. I think, you know, when we -- when we look at
3 this in its totality, the situation with regards to --
4 I think you've mentioned housing on reserve. That's
5 not Manitoba Hydro's responsibility. That's the
6 responsibility of other government agencies.

7 Our responsibility is the provision of
8 the supply of power to customers on reserve. But in
9 terms of a rate-making perspective, for example, we,
10 in our report on residential rate design, explored the
11 possibility of differentiating rates by end use, in
12 other words, creating a rate that had recognized
13 electric heating and passing less of the increase on
14 to that particular group of customers than customers
15 that were not using it for heating.

16 That would be an appropriate tool
17 which, from a rate-making perspective, could be used
18 to mitigate the impact on the particular group of
19 customers of which you referred.

20

21 (BRIEF PAUSE)

22

23 MR. COREY SHEFMAN: You commented, Mr.
24 Barnlund, that housing on reserve and the quality of
25 the housing stock on reserve is not Manitoba Hydro's

1 responsibility, but you would acknowledge, I take it,
2 that it is a factor in how energy is used on reserve,
3 and the -- the size of energy bills on reserve?

4 MR. GREG BARNLUND: Without doubt. I
5 mean, that's -- that's understood for sure.

6 MR. COREY SHEFMAN: And so when you
7 spoke yesterday about the ability of the Board to use
8 policy principles -- or to use policy to -- in its
9 decision, in that you didn't necessarily support
10 expanding the Bonbright definition of fairness and
11 equity, but that the policy principles which can lead
12 to those same concepts, are those the sort of factors
13 -- the quality of the housing stock, poverty levels on
14 reserve, that you envision the Board -- or that you
15 could conceivably see the Board using to make its
16 decision?

17 MR. GREG BARNLUND: Well, the Board
18 has very broad discretion in terms of what it can take
19 into consideration apart from the cost to serve. I
20 wouldn't want to put words in the Utilities Board's
21 mouth in terms of what they would choose or not to
22 choose.

23 But, you know, basically they have the
24 discretion to make that decision. And when we're
25 talking about, for example, the rate design, we -- I

1 just spoke of with you, when you were looking at an
2 end use like electric heating, and choosing to not --
3 or to allow that revenue-to-cost coverage ratio for
4 that group of customers to fall, well, that's one (1)
5 way of -- of -- you know, you would take that into
6 consideration in setting your revenue-to-cost coverage
7 targets for that particular group of customers. So
8 the Board can entertain, you know, policy
9 considerations in terms of doing that and then arrive
10 at the appropriate level of revenue-to-cost coverage
11 that they would see as being reasonable for that
12 particular group of customers.

13 It still has a basis in cost. Well, I
14 mean, we're costing -- what it costs to serve these
15 customers. All we would be saying is, we're allowing
16 other -- other customers to cross-subsidies --
17 subsidize these customers more so than we otherwise
18 would have in the past.

19 MR. COREY SHEFMAN: Thank you, Mr.
20 Barnlund, that's enlightening. I'm going to move on
21 now. My next topic, in the -- in PRAs -- or in --
22 excuse me for using the -- the acronym -- in Prairie
23 Research Associates's original analysis, it considered
24 three (3) rate scenarios, 3.95 percent for twelve (12)
25 years, 5.95 percent for six (6) years, and 7.95

1 percent for four (4) years.

2 Is my understanding correct that PRA
3 only considered the implications of Manitoba Hydro's
4 actual application, that is 7.9 percent for six (6)
5 years followed by one (1) year of 4.5 percent, after
6 AMC submitted an information request asking for it?

7 DR. GREGORY MASON: The decision of
8 what rates to use in the original simulation was based
9 upon Hydro's suggestion and the Working Group's
10 acceptance of an idea that we look at a range. And
11 then the subsequent simulations were done in response
12 to the -- to the inquiry, yes.

13 MR. COREY SHEFMAN: Thank you. Can we
14 turn to slide 57 of the direct evidence, please.

15 Would you confirm for me that this
16 slide and the slide following only show those original
17 three (3) rates and not Manitoba Hydro's actual rate
18 increase request?

19 DR. GREGORY MASON: That's correct.

20 MR. COREY SHEFMAN: If we can turn,
21 please, to AMC/MANITOBA HYDRO Round 2 23-8(c), page 6
22 of 16.

23

24 (BRIEF PAUSE)

25

1 MR. COREY SHEFMAN: Thank you. And
2 can you confirm for me, please, that the red circles
3 and the line which tracks the red circles on this
4 graph show the impact of Manitoba Hydro's actual rate
5 increase application on energy poverty.

6 Is that correct?

7 DR. GREGORY MASON: I believe that's
8 correct, yes.

9 MR. COREY SHEFMAN: Would you agree
10 with me that according to these projections, if the
11 Board were to grant Manitoba Hydro's application
12 energy poverty, that is LICO-125 customers spending 6
13 percent or more of their income on energy, will
14 increase from 9.7 percent to 15.2 percent in the next
15 eight (8) years?

16 DR. GREGORY MASON: According to the
17 simulation and the assumptions, yes.

18 MR. COREY SHEFMAN: Can you advise how
19 many households that 5.5 percent increase in energy
20 poverty represents?

21 DR. GREGORY MASON: It is buried in
22 the response. I can probably find that to you a
23 little later once I dig through my files.

24 MR. COREY SHEFMAN: If you could that
25 would be -- that would be great. I don't know if we

1 need an undertaking for that?

2 DR. GREGORY MASON: The -- just remind
3 you that this is a response, or this is a simulation
4 based upon the sample. And so if I was to project
5 that to the population that would then require a -- a
6 sample to population projection. So everything in
7 here is just the numbers of household within the
8 sample of approximately seven hundred (700) persons
9 that were in the original survey that we had
10 constructed. So all the sampling, all the simulations
11 are based upon what happens within that sample. It
12 would take me a little time to actually project that
13 up to the projected number of households this would
14 affect in Manitoba.

15 MR. COREY SHEFMAN: So that is an
16 undertaking that I would like to have given, please.

17 DR. GREGORY MASON: I will undertake
18 to do that.

19 MR. COREY SHEFMAN: To project out
20 this -- figure 7 of AMC -- of AMC/MH-II-23 to
21 represent the population of Manitoba.

22

23 --- UNDERTAKING NO. 21: Manitoba Hydro to project
24 out figure 7 of AMC/MH-II-
25 23 to represent the

1 population of Manitoba

2

3 CONTINUED BY MR. COREY SHEFMAN:

4 MR. COREY SHEFMAN: Continuing, and
5 perhaps we may -- you may tell -- tell me that this is
6 best left for -- for that undertaking.

7 But did I understand in the response
8 you just gave that you aren't confident in the
9 representative -- representativeness -- representative
10 nature of this data for the population as a whole?

11 DR. GREGORY MASON: Oh, no. This is a
12 -- this represents -- for the sample is always error
13 in surveys. And so any projection to the population
14 will have an error bound on it by virtue of the -- of
15 the sampling error that's inherent in any survey.

16 MR. COREY SHEFMAN: Sure. But the
17 sampling error is a couple of percents I take it?

18 DR. GREGORY MASON: That's right.
19 That's -- that's what we would anticipate the -- the
20 projection to the whole population to be, is within a
21 plus or minus couple percent.

22 MR. COREY SHEFMAN: So just to make
23 sure that we're on the same page, the 5.5 percent,
24 that energy poverty that you forecast energy poverty
25 to increase as a result of this rate application is

1 more or less accurate for the Province of Manitoba?

2 DR. GREGORY MASON: It should be
3 reasonably accurate, yes.

4 MR. COREY SHEFMAN: And would you
5 agree with me that those numbers mean that as a result
6 of Manitoba Hydro's requested increase, approximately
7 one (1) out of every six-point-five (6.5) Manitoba
8 households will be energy poor in eight (8) years?

9 DR. GREGORY MASON: I would like to
10 work that through and to make sure that's correct. I
11 don't like doing it on the fly like that. So I would
12 like to check that one (1) in five (5) --

13 MR. COREY SHEFMAN: Six-point-five
14 (6.5) --

15 DR. GREGORY MASON: -- one (1) in six-
16 point-five (6.5) is about -- well, yes, it's 15
17 percent, right?

18 MR. COREY SHEFMAN: Yes.

19 DR. GREGORY MASON: That -- that's
20 where you're getting the one-six-point-five (16.5)
21 from, right?

22 MR. COREY SHEFMAN: Yes.

23 DR. GREGORY MASON: Okay. Let me
24 think about that. I'm not entirely sure that's a
25 completely accurate way of portraying it.

1 MR. COREY SHEFMAN: So I'd like you to
2 take an undertaking, if you would, to respond how one
3 (1) out of every how many Manitoba households will be
4 energy poor in eight (8) years. Using the LICO-125 6
5 percent threshold.

6

7 (BRIEF PAUSE)

8

9 MR. COREY SHEFMAN: Sir, can I just
10 confirm that you will, in fact, take that undertaking?

11 DR. GREGORY MASON: I will, yes. I'll
12 undertake to do that.

13 MR. COREY SHEFMAN: Thank you.

14

15 --- UNDERTAKING NO. 22: Using the LICO-125 6
16 percent threshold,
17 Manitoba Hydro respond how
18 one (1) out of how many
19 Manitoba households will
20 be energy poor in eight
21 (8) years

22

23 CONTINUED BY MR. COREY SHEFMAN:

24 MR. COREY SHEFMAN: Moving on, PRA and
25 Manitoba Hydro have acknowledged in -- both in this IR

1 and in its re -- in PRA's report that these numbers
2 with respect to energy poverty assume that income
3 growth will be a steady 3 percent for all Manitobans
4 for every year studied.

5 Is that correct?

6 DR. GREGORY MASON: That's one (1) of
7 the assumptions, yes.

8 MR. COREY SHEFMAN: In fact, PRA
9 describes, and I quote:

10 "The assumptions regarding the
11 regularity and uniformity of
12 household income growth" --
13 -- as perhaps the most critical of the
14 assumptions used in the model.

15 Is that fair?

16 DR. GREGORY MASON: That's correct,
17 yes.

18 MR. COREY SHEFMAN: Dr. Mason, I take
19 it that you have some thoughts about income growth,
20 and in particular income growth in low income
21 households, compared to income growth in higher income
22 households.

23 Can you describe those thoughts for us,
24 please?

25 DR. GREGORY MASON: The income growth

1 is an average. In fact, across the income
2 distribution there will be different rates of growth.
3 And what we've seen over the last decade and a half in
4 North America is that the higher income population,
5 the higher incomes have tended to grow more rapidly
6 than the lower income. And so that 3 percent, as I
7 say, is an average. The low income growth -- income
8 growth is, in fact, expected to be slower.

9 But I'd really caution here because
10 within the population there will be lots of movement
11 based upon age, education, a whole range of choices.
12 So that doesn't mean the same people are going to be
13 caught in that situation. So it's a little difficult
14 to kind of extrapolate out and simply say, well over
15 the next ten (10) years people who are currently low
16 income can expect to experience low income growth over
17 the next ten (10) years.

18 For example, someone who is a law
19 student certainly would not expect to stay at that
20 income over the next ten (10) years, and so this
21 constant shuffling within the population. So you need
22 to be a little careful when talking about movements of
23 an entire distribution of income when, in fact,
24 there's lots of movements within -- along the line.

25 So I'm not sure I'd be entirely

1 comfortable to try and model this and say, Well, okay,
2 the low income group is always going to be low income.
3 And what will happen among some of the higher income
4 groups, they'll fall because they'll retire from the
5 workforce. So there's a lot of shuffling here. So
6 it's kind of hard to make a really uniform statement
7 about this.

8 MR. COREY SHEFMAN: I want to unpack
9 that answer a little bit. When you talked about
10 "movement," did I understand correctly that you're
11 talking about movement of people across the income
12 scale? So for a low income person to become high
13 income and a high income person to become low income?

14 DR. GREGORY MASON: Yeah, there is --
15 there is movement there. And it's not absolute
16 movement. There's incremental movement. That's what
17 I mean, though. There's -- there's movement along the
18 income scale as the income distribution moves forth.
19 So, on average, the mean is maybe rising, but there's
20 constant shuffling within that distribution. And
21 people don't go from low to high. They go from low to
22 medium, typically, right?

23 MR. COREY SHEFMAN: Right.

24 DR. GREGORY MASON: It's typically
25 incremental movements.

1 MR. COREY SHEFMAN: And would you
2 agree with me that in general people who start higher
3 are more likely to move further at re -- than people
4 who start lower?

5 DR. GREGORY MASON: Again, it -- you
6 know, you have to -- it's a much more complicated
7 process than just to say that. Part of the issue is,
8 it depends upon the life cycle they're in and a whole
9 range of other factors. But generally speaking, if
10 you look at someone in their 30s and they're -- have
11 moderate -- moderate to high income, they can
12 anticipate, provided they're in the right profession
13 and their occupation, they can anticipate to move
14 faster than someone who is in their 30s who has a low
15 education, right? So, I mean, that's -- those are all
16 the qualifications that goes into that kind of
17 projection.

18 MR. COREY SHEFMAN: Would you agree
19 with me that given -- sorry -- would you agree with me
20 that given employment levels on -- as an average on
21 First Nation reserves that movement of people from one
22 (1) level of income to another on reserve is going to
23 have -- is likely to happen slower and less often than
24 -- than in urban centres?

25 DR. GREGORY MASON: I think I would

1 characterize that, and I think I'd be more careful. I
2 think very generally, yes. But I would argue that the
3 First Nations communities which are closer to larger
4 centres are less likely to see that stagnation,
5 especially if people are able to get work off reserve.
6 In remote northern nation -- First Nations where there
7 is much more constrained employment opportunities,
8 then people who stay on those -- in those communities
9 are likely to experience fairly slow income growth.

10 MR. COREY SHEFMAN: Thank you. I
11 understood the thrust of the answer that you gave just
12 a couple questions ago that while there is variation
13 throughout the model, income growth for lower income
14 Manitobans is likely to be less than 3 percent on
15 average.

16 Is that fair?

17 DR. GREGORY MASON: We chose 3 percent
18 as a historical norm. It may well be. But again,
19 it's going to -- there's going to be variation. But I
20 suspect that if one were to kind of create a much more
21 complex simulation model and isolate income growth for
22 the lower income portion, and used a number of 1.5 or
23 2 percent, you would -- could well see much lower
24 growth, yes.

25 MR. COREY SHEFMAN: In your view as

1 the senior consultant on the study -- in your -- in
2 your view is it likely that low income individuals --
3 low income Manitobans will see income growth closer to
4 that 1.5 or 2 percent rather than 3 percent?

5 DR. GREGORY MASON: I would think so,
6 yes. That's a reasonable -- yes. Yes.

7 MR. COREY SHEFMAN: Thank you. And so
8 is it fair to say that energy poverty could in fact be
9 significantly higher in 2024 than the 15.2 percent,
10 which this model predicts?

11 DR. GREGORY MASON: I'm not
12 comfortable with the word "significantly." It
13 probably would be higher.

14 MR. COREY SHEFMAN: Higher.

15 DR. GREGORY MASON: It'd be higher.

16 MR. COREY SHEFMAN: Thank you. And in
17 addition to being higher would you agree with me that
18 energy poverty rates may persist longer than predicted
19 on this model?

20 DR. GREGORY MASON: It's possible,
21 too.

22 MR. COREY SHEFMAN: Would you agree
23 with me that Manitoba Hydro's proposed rate increases
24 will disproportionately impact ratepayers who are
25 classified as energy poor, and in particular, First

1 Nations living on reserve?

2 DR. GREGORY MASON: I would say, no.
3 It will in fact impact people who are lower income for
4 certain. And that's everybody. And you can include
5 in that probably a majority of First Nations persons
6 living on reserve.

7 MR. COREY SHEFMAN: Thank you. Can we
8 turn please to Coalition/MANITOBA HYDRO Round 2,
9 question 19.

10

11 (BRIEF PAUSE)

12

13 MR. COREY SHEFMAN: On this chart the
14 Board looks at what would happen if Manitoba Hydro's
15 rates went up by 4.4 percent each year from 2018/2019
16 to 2033/2034.

17 By what percentage would the number of
18 LICO-125 customers spending 6 percent or more of their
19 income on energy increase if, as described in this IR,
20 rates increase by 4.4 percent each year from '18/'19
21 to '33/'34? And if you're not able to answer that on-
22 the-fly, I would appreciate an undertaking.

23 DR. GREGORY MASON: Yeah, if I get you
24 to rephrase the question again?

25 MR. COREY SHEFMAN: Yes. So using the

1 model shown here, which is a 4.4 percent increase to
2 rates each year from 2018/'19 to 2033/'34, by what
3 percentage would the number of LICO-125 customers
4 spending 6 percent or more of their income on energy
5 increase?

6 MR. GREG BARNLUND: Mr. Shefman, is it
7 4.4 or -- it's 4.14 on this particular IFF.

8 MR. COREY SHEFMAN: Yes, I apologize.

9 MR. GREG BARNLUND: Thank you.

10 MR. COREY SHEFMAN: 4.14. And it may
11 simply be -- you may simply find that adding another
12 line to the graph that we were looking at earlier --

13 DR. GREGORY MASON: It's a difference
14 simulation. So you -- and then to be very --
15 absolutely clear on what you're asking for, you're
16 asking for a simulation of a -- at a 4.14 percent, not
17 any of the rates we've used?

18 MR. COREY SHEFMAN: Correct.

19 DR. GREGORY MASON: Over a ten (10)
20 year period? Or sorry a...

21 MR. COREY SHEFMAN: '18/'19 to
22 '33/'34.

23 DR. GREGORY MASON: A twelve (12) year
24 per -- sorry. Yes. Okay. Okay.

25 THE REPORTER: So is the undertaking

1 accepted?

2 DR. GREGORY MASON: Yes, it is.

3 MR. COREY SHEFMAN: Thank you.

4

5 --- UNDERTAKING NO. 23: Manitoba Hydro to provide
6 a simulation depicting the
7 percentage of LICO-125
8 customers spending 6
9 percent or more of their
10 income on energy increase
11 if rates increase by 4.4
12 percent each year from
13 '18/'19 to '33/'34

14

15 CONTINUED BY MR. COREY SHEFMAN:

16 MR. COREY SHEFMAN: Can we turn to
17 slide 54, please, of the direct evidence of the panel.

18

19 (BRIEF PAUSE)

20

21 MR. COREY SHEFMAN: Thank you. Dr.
22 Mason, you're familiar with this information?

23 DR. GREGORY MASON: Yes, I am.

24 MR. COREY SHEFMAN: We heard yesterday
25 from you and from others that there's not a strong

1 correlation between energy poverty and arrears.

2 Is that correct?

3 DR. GREGORY MASON: That's correct.

4 MR. COREY SHEFMAN: Now, you'll have
5 to forgive me, but I have difficulty reconciling that
6 statement with what we see on the screen here; 23
7 percent of the arrears sample, I read, had to reduce
8 the temperature in their homes to an uncomfortable
9 level in order to reduce their bills to a level that
10 they could afford.

11 Certainly my understanding, and I admit
12 that I am not as experienced with this as you or the
13 rest of the panel, but it's certainly my understanding
14 that a person who has to reduce the temperature in
15 their home in order to afford their energy bill --
16 sorry, reduce the temperature in their home to an
17 uncomfortable level in order to afford their energy
18 bill, that that person is, or certainly should be,
19 considered energy poor.

20 Would you agree with me?

21 DR. GREGORY MASON: No, I wouldn't,
22 actually, because I did some more work on the arrears
23 sample and started to look at it. And it's a special
24 over sample we'd done, so I said, Let's look at the
25 attributes. The average income of the arrears sample

1 is eighty-two thousand dollars (\$82,000), and the
2 median is sixty-five thousand dollars (\$65,000). The
3 maximum income that was reported in this group was
4 five hundred thousand dollars (\$500,000).

5 So the point I'm trying to make and
6 that I didn't make that well yesterday, is that the
7 reason why people get into arrears is not necessarily
8 just because they're poor. A small number are poor.
9 But many of the people are in fact better off. And
10 what's really happening is that their consumption is
11 outstripping their income and they're now managing a
12 portfolio of bills. So they're deciding how to manage
13 a series of bills when they don't have a sufficient
14 income to actually manage and maintain their
15 lifestyle.

16 And a lot of people -- this occurs
17 when, you know, kind of when they're moving, you know,
18 incomes around seventy (70), eight (80), ninety
19 thousand (90,000), and they start to basically assume
20 a lot more lifestyle activities. Now, my only example
21 of that is I have family members who do that, right.
22 And so that's occurring. And so it's important to
23 understand that that's one (1) of the reasons why we
24 see this apparent contradiction between income and
25 arrears.

1 So arrears is a way of -- is just a
2 pattern of bill paying. Some people clearly -- and --
3 and I would argue that people who are -- have -- are
4 in a low income position, have been in a low income
5 position for some time, perhaps on social assistance,
6 have accommodated themselves to a very constrained
7 lifestyle. As your income rises, you begin to start
8 moving up and think, Oh, I now deserve the better
9 things in life.

10 And so I think that's a psychological
11 factor that's starting to play -- be at play with
12 these this arrears sample that causes this anomaly.
13 So I think it's important not to simply say because
14 some people are, you know, reducing the heat that
15 that's necessarily a sign of poverty. No, they just -
16 - they have to deal with their cable bill this month,
17 right. And they've decided that's what they're going
18 to try and do.

19 MR. COREY SHEFMAN: Thank you.

20

21 (BRIEF PAUSE)

22

23 MR. COREY SHEFMAN: I'm sorry, Mr.

24 Chair. If I can just have a moment.

25

1 (BRIEF PAUSE)

2

3 MR. COREY SHEFMAN: Mr. Barnlund,
4 we've discussed today, and I previously discussed with
5 Mr. Shepherd, the fact that on average poverty rates
6 among First Nations living on reserve are higher on
7 average than in the rest of -- than among the rest of
8 Manitobans.

9 Do you recall that conversation?

10 MR. GREG BARNLUND: Yes, I do.

11 MR. COREY SHEFMAN: We've also
12 discussed the prevalence of energy poverty on reserve.

13 Do you recall that?

14 MR. GREG BARNLUND: Yes.

15 MR. COREY SHEFMAN: Could we turn,
16 please, to AMC/MANITOBA HYDRO Round 2, question 15.
17 Thank you. If we can scroll down to the responses.
18 So in these respond -- in -- in this IR the Assembly
19 of Mani -- Assembly of Manitoba Chiefs asked Manitoba
20 Hydro to draw certain conclusions from the residential
21 energy use survey. We talked about this a little bit
22 earlier in my questioning. In response, Manitoba
23 Hydro expressed its concern that the information, "May
24 not be statistically valid."

25 Is that still Manitoba Hydro's view?

1 MS. LOIS MORRISON: That is true,
2 although the thirty-four (34) customers responding
3 will be representative when we are comparing that
4 group to another group. To start subsecting --
5 subsectoring within that thirty-four (34), the value
6 or the -- the responses that are derived from that
7 become suspect.

8 MR. COREY SHEFMAN: But in terms of --
9 I just want to make sure I understand your response.
10 In terms of using this sample, using this data to draw
11 conclusions for First Nations living on reserve as a
12 whole, that is where Manitoba Hydro is concerned with
13 the statistical validity of the numbers; correct?

14 MS. LOIS MORRISON: If we were to say
15 as a whole how many -- and compare the percentage of
16 customer -- First Nation customers who live in single
17 detached housing compared to the general population,
18 we could draw a conclusion based on that and feel
19 comfortable that that would be -- we could stat --
20 say that that's statistically representative within
21 certain error bands to the general population.

22 But if we were then to take those
23 thirty-four (34) responses and say, Within that
24 thirty-four (34), if we are now going to start saying
25 of those people in First Nation communities what

1 percentage are within certain income groups or within
2 certain -- like, start breaking it down further and
3 trying to do deeper comparisons, basically what we're
4 doing is we're effectively creating error ranges there
5 are so large that you cannot derive -- derive
6 conclusions from them. So that's our concern.

7 MR. COREY SHEFMAN: I -- I would like
8 to be crystal clear here. So if we can look right at
9 the response on the screen, response (a). You see --
10 and I'm star -- I'll -- I'll start reading at the end
11 of the second line:

12 "In other words, approximately one-
13 third (1/3) of all on reserve First
14 Nation households spend 10 percent
15 or more of their total annual
16 household income on energy bills.
17 Caution must be used when drawing
18 any conclusions -- caution must be
19 used when drawing any conclusions
20 relating to First Nations customers.
21 First Nations results are based on
22 thirty-four (34) survey returns, and
23 therefore may not be statistically
24 valid."

25 So what I'd like to know, please, is --

1 I mean, first of all, I suppose it -- it sounds to me
2 that Manitoba Hydro may no longer be standing by that
3 answer. And if you are, then I'd like you -- I'd --
4 I'd like you to confirm that, because that's not how I
5 understood your answer.

6 MS. LOIS MORRISON: So in order for us
7 to determine LICO-125, we have to split a few
8 characteristics. It's not just income. It's the
9 income and the people per household. So once we start
10 splitting on more than one (1) variable that's what we
11 start saying that the information may not be
12 statistically representative because the error range
13 becomes that great.

14 So you are correct -- we -- the
15 statement here is correct that in terms of the
16 defining LICO for on reserve customers, we are
17 hesitant with those responses because of the fact that
18 we had to split too many variables to come up with it.

19 MR. COREY SHEFMAN: Thank you. I
20 appreciate that clarification. If this information
21 were correct that one-third (1/3) -- approximately
22 one-third (1/3) of on reserve First Nation households
23 spend 10 percent of their annual income on energy
24 bills, would you agree that that would be concerning?
25

1 (BRIEF PAUSE)

2

3 MR. COREY SHEFMAN: Sorry, let me
4 rephrase the question. Would you -- would you agree
5 with me that that number would be higher than it
6 should be?

7

8 (BRIEF PAUSE)

9

10 MS. LOIS MORRISON: I'm hesitant to --
11 to agree to any statement based on a hypothetical,
12 given that we can't say specifically whether or not
13 this is a comfortable number that we're sitting with.
14 Because, as I mentioned, the error range could be too
15 great.

16 MR. COREY SHEFMAN: Right.

17 MS. LOIS MORRISON: Statistically, it
18 may be exactly the same as the general population.
19 I'm not saying it is. But again, if we're putting
20 hypotheticals out there, that's where we're sitting.
21 That's -- that's why I'm very cautious around the
22 data.

23 MR. COREY SHEFMAN: That's a fair
24 concern. And let -- let me explain a little bit why
25 I'm asking this question. And I think that may help

1 you to answer it. The concern is, and the reason that
2 I'd like an answer to the question, is because if this
3 data is not -- if this date is incorrect, or if these
4 conclusions are incorrect, then, I mean, we would --
5 we would like to know whether Manitoba Hydro has the
6 correct information, or has plans to get the correct
7 information.

8 Because while you may not answer the
9 question, it would certainly appear to our client that
10 having a third of on reserve First Nation households
11 spending 10 percent or more of their income on energy
12 bills is in fact too high. So if you -- if those
13 numbers are concerning one would expect that Manitoba
14 Hydro would want better numbers, ones that it could
15 rely on.

16 So does Manitoba Hydro have those
17 better numbers or have plans to get them?

18

19 (BRIEF PAUSE)

20

21 MS. LOIS MORRISON: As I testified
22 earlier, we are attempting to get a better
23 representation of our customers residing in First
24 Nation communities. As I mentioned earlier, we have
25 our residential energy use survey in field, and we

1 have significantly over sampled customers residing in
2 on -- on reserve communities in an attempt to better
3 understand this relationship. We -- as Mr. Chard can
4 testify and -- and add to, we don't collect this
5 information on our billing system, so we would not
6 ever have that degree of information.

7 MR. PAUL CHARD: The other point that
8 I'd like to raise is found further down that page at
9 part C in the middle. Sorry, in the middle of the
10 paragraph there, where it talks about the number of
11 social assistance payments that were applied to First
12 Nations accounts in the month of June. That was ten
13 thousand (10,000), and that those payments range from
14 10 percent to 100 percent of the customers' energy
15 bills. So there is wide, wide range there.

16 So in the instance where 100 percent of
17 the customers' energy bill is covered by social
18 assistance, I'm not sure that the concept of energy
19 poverty actually applies because it wouldn't matter
20 what the income level is or the energy bill is. The
21 entire amount is covered by a social program that's
22 funded by another level of government as long as that
23 -- those social assistance payments are not otherwise
24 impacted.

25 So in other words, if -- if the

1 customers' social assistance payments were being
2 reduced because their energy bills were high, then
3 that would -- that would fit with the concept of
4 energy poverty. But I don't think that -- this is an
5 area where I think we need more and greater
6 understanding, is his how that's actually treated in
7 First Nations communities and in non-First Nations
8 communities.

9 MR. COREY SHEFMAN: While we're on
10 this topic, can you confirm whether Manitoba Hydro has
11 any information as to whether the social assistance
12 program will continue to reimburse or to pay bills at
13 the same levels that it's currently paying if these
14 increases are approved? If the -- the rate increases
15 are approved.

16 MR. PAUL CHARD: We have no
17 information that it will change from the current
18 policy.

19 MR. COREY SHEFMAN: To be clear, you
20 also have no information that the federal government
21 will continue to pay the bills at the levels requested
22 by Manitoba Hydro?

23 MR. PAUL CHARD: I guess that's fair.

24 MR. COREY SHEFMAN: Thank you.

25 THE CHAIRPERSON: Mr. Shefman, sorry

1 to interrupt. But can I ask you how much longer you
2 have in the --

3 MR. COREY SHEFMAN: About ten (10) to
4 fifteen (15) minutes.

5 THE CHAIRPERSON: Okay. We'll
6 continue.

7

8 CONTINUED BY MR. COREY SHEFMAN:

9 MR. COREY SHEFMAN: Thank you.

10 Returning to the question of the residential energy
11 use survey and I -- I understand that Manitoba Hydro
12 is taking steps to improve its collection of
13 information from First Nations, and in doing so you've
14 sent the survey to every -- the -- almost every
15 household on reserve in every reserve.

16 Can I ask -- or can you confirm,
17 please, who did the survey go to on reserve before?
18 How many homes on reserve did the 2014 survey go to?

19 MS. LOIS MORRISON: I don't have that
20 data available handily. I can see if we can determine
21 it. We may not be able to, if -- given that that
22 survey was issued in 2014. I'd have to back and check
23 the staff as to whether or not we can actually look
24 back at the original sample and determine whether or
25 not, of the people polled, how many were on reserve.

1 MR. COREY SHEFMAN: If we have that as
2 an undertaking, please.

3 MS. LOIS MORRISON: Well, the first
4 part of that undertaking is whether or not we can
5 determine it.

6 MR. COREY SHEFMAN: Sure.

7 MS. LOIS MORRISON: And if we can
8 determine it we'll provide it.

9 MR. COREY SHEFMAN: Thank you.

10 MS. LOIS MORRISON: One (1) item that
11 I wanted to -- sorry. Manitoba Hydro undertakes to
12 investigate whether or not -- first and foremost, if
13 we can determine the number of surveys sent out under
14 the 2014 residential energy survey that were
15 distributed to on reserve households. And if we can
16 determine that we will provide the number that were
17 sent out. Okay.

18

19 --- UNDERTAKING NO. 24: Manitoba Hydro to
20 determine if data
21 collected in the 2014
22 residential energy survey
23 is available, and if so
24 how many households
25 received the survey

1 MS. LOIS MORRISON: One (1) item I did
2 want to clarify, based on what Mr. Chard did bring up,
3 is that if you scroll up a little bit on the current
4 IR. The calculation of the LICO-125 that is here,
5 does not account for customers who are on social
6 assistance. It's simply based on the customer survey
7 responses to what their income is, how many people are
8 in the household, and what their energy consumption
9 is.

10

11 CONTINUED BY MR. COREY SHEFMAN:

12 MR. COREY SHEFMAN: Ms. Morrison, is
13 it fair to say that one of the reasons that Manitoba
14 Hydro has changed the way it has distributed the new
15 residential energy use survey is because it there was
16 an acknowledgment -- or there was a knowledge that
17 Manitoba Hydro was not doing a good enough job
18 collecting information on and from its First Nation
19 customers?

20 Sorry, let me rephrase the question.
21 Then let me rephrase the -- the question. Is it the
22 case that one (1) of the reasons for making this
23 change was because Manitoba Hydro realized that it
24 didn't have good enough information on the -- on -- on
25 First Nation customers living on reserve?

1 MS. COLLEEN GALBRAITH: I wouldn't say
2 that we didn't have good enough information for
3 customers on reserve. We had a general idea, but what
4 we found through the work with the bill affordability
5 collaborative process is that we needed a deeper
6 understanding of all of the issues that are driving
7 the variety of factors that we're discussing here
8 today, such as energy poverty.

9 So Manitoba Hydro undertook to issue an
10 omnibus survey. It was entitled "Indigenous Voices."
11 This is actually filed as one (1) of the
12 interrogatories. I believe it's AMC Round 1-4.
13 Subsequent to that, we decided that we would like to
14 have a larger set of data from on reserve, as Ms.
15 Morin's testified -- Ms. Morrison's testified, that we
16 would essentially send a residential energy use survey
17 to every residential dwelling on reserve.

18 MR. COREY SHEFMAN: Would you agree
19 that the deep information was all that Manitoba Hydro
20 had at its disposal when designing the rate and when
21 preparing the application that's before the Board
22 today? That -- would you agree that Manitoba Hydro
23 lacked deep information as Ms. Galbraith just
24 described when preparing the application before the
25 Board today?

1 MR. GREG BARNLUND: I would say no
2 from the purposes of how we prepared an application
3 for rates. I think we had sufficient information.

4

5 (BRIEF PAUSE)

6

7 MR. COREY SHEFMAN: Given what we've
8 heard today that thirty-five (35) on reserve residents
9 responded to the resi -- the 2014 residential energy
10 use survey and the concerns we've heard about the
11 reliability of the PRA data with respect to First
12 Nations on reserve, I'm going to suggest to you, Mr.
13 Barnlund, that since Manitoba -- that Manitoba Hydro
14 did in fact lack reliable infor -- data about First
15 Nation ratepayers.

16 And as a result the conclusions which
17 were reached by Manitoba Hydro on energy poverty and
18 bill affordability, and Manitoba Hydro's decisions on
19 rate designs with respect to their impact on First
20 Nations were made without fully considering the
21 impacts of the rate on First Nations living on
22 reserve.

23 MR. GREG BARNLUND: Maybe I'll answer
24 that kind of a step at a time. But I think that we
25 recognized that the work that we undertook in the bill

1 affordability working group work and the work that was
2 undertaken by PRA provided us with valuable insight
3 that has taken us this far.

4 We also recognize that there's a
5 significant amount of work that ought to be done to
6 examine the subject at more length to be able to then
7 understand what potential policy solutions might be
8 available to deal with that.

9 So I think that we are at a stage right
10 now were we would expect that the -- the steps we're
11 undertaking to be able to identify better information
12 with regards to some of these subsets of our customers
13 is important in terms of informing where we would want
14 to go as a next step from here.

15 MR. COREY SHEFMAN: Thank you for that
16 response. I'm going to follow-up briefly on that. If
17 the data which you collect as a result of these new
18 steps, as a result of the steps that Manitoba Hydro is
19 now taking to improve its data and the depth of its
20 data leads to Manitoba Hydro determining that a next
21 step, as you describe it, is needed at the next
22 General Rate Application to change the projected rates
23 that have been described in this applica -- at this
24 hearing, is that something that Manitoba Hydro would
25 consider?

1 MR. GREG BARNLUND: So let me respond
2 in this manner that -- that our president has -- has
3 put on the record that we intend to devote attention
4 to this particular topic. Overall, you also talked
5 about the level of rate that would be requested. And
6 I would suggest that -- that there is -- when we
7 prepare our next integrated financial forecast we take
8 the -- the financial factors or forecasts into -- into
9 consideration in terms of determining what we see as
10 the appropriate level of -- of revenue increase that
11 we'd be seeking.

12 But -- but -- so we would be -- we will
13 be bringing forth a rate application -- the -- the
14 rate application we currently have is for the '18/'19
15 year. And so we're going to need to bring a
16 subsequent rate application after that. It'll depend
17 on the financial circumstances that we find ourselves
18 in next year.

19 But separately there is a commitment
20 been made that we are going to continue to study this
21 work with -- with stakeholders to address this
22 particular issue and -- and determine if there is some
23 -- some solutions or some policy suggestions that --
24 that could be advanced that could help address this
25 particular issue.

1 MR. COREY SHEFMAN: Would you agree
2 with me that one (1) outcome of that study that the
3 CEO of Manitoba Hydro committed to, that one (1)
4 outcome of that study could be the proposal of either
5 a different rates than is forecast in this hearing, or
6 a differentiated rate?

7 MR. GREG BARNLUND: I would suggest
8 that -- and we've spoken in at some length about the
9 appropriateness of rate design as an instrument to be
10 able to try and to -- to address certain matters.
11 There conceivably is a role for rate design, but that
12 has to be taken in full consideration of the
13 limitations that Dr. Mason had indicated in terms of
14 the difficulties of expecting a rate design to be the
15 panacea that will cure all these problems. So there
16 may be a role for it to play. But there are other
17 policy instruments that would be required, and outside
18 of Manitoba Hydro's control would be required, to
19 assist in addressing this matter.

20 MR. COREY SHEFMAN: Thank you. Would
21 Manitoba Hydro agree that it would be appropriate for
22 the Board to order Manitoba Hydro to undertake this
23 study with results to be included in the next General
24 Rate Application?

25 MR. GREG BARNLUND: The Board has the

1 discretion to direct Manitoba Hydro to do studies as -
2 - as it determines is necessary. Our president has
3 committed to work with stakeholders to further our
4 understanding and to further some possible solutions
5 in this -- in this matter. So I think -- I'll -- I'll
6 leave it at that.

7 MR. COREY SHEFMAN: And so -- not to
8 beat a dead horse, but if your president has committed
9 to it then certainly there would be no issue with the
10 Board confirming that commitment in an order?

11 MR. GREG BARNLUND: I wouldn't -- what
12 I would say is in -- in reflecting on what we had
13 spoken of a day previous, it would be useful to get
14 policy direction from this Board in terms of if -- if
15 a solution is going to require funding, which -- which
16 pocket will that come from. And -- and is this to be
17 funded by ratepayers, or is there a recommendation
18 that it be funded by government. A

19 And I think that -- that we are -- we
20 are at a -- we have a barrier in terms of advancing
21 this discussion, if we don't have clear direction from
22 a policy perspective on that.

23 MR. COREY SHEFMAN: Thank you, Mr.
24 Barnlund, and thank you, panel members. And thank
25 you, Board members, for entertaining our questions

1 today. Those complete our questions to this panel.

2 THE CHAIRPERSON: Thank you. Before
3 we go, I have a question of Ms. Morrison and then I'll
4 ask the panel if they have questions. Ms. Morrison,
5 you were talking about the survey that's going out
6 into the field and the over sampling of First Nation
7 customers.

8 Is there a question or are there
9 questions in that survey which would identify the
10 percentage of income that goes towards energy payment?
11 I mean, the question that Mr. Shefman was talking
12 about was in relation to 10 percent -- 10 -- customers
13 spend 10 percent or more.

14 Will the survey generate any
15 information on that issue of what percentage people
16 pay on reserves for energy?

17 MS. LOIS MORRISON: Yes. The same
18 questions that were asked in the 2014 survey in order
19 for us to derive the percentage of energy burden along
20 with the LICO-125 or LICO qualification are included
21 in the 2017 survey.

22 THE CHAIRPERSON: Thank you. Does the
23 panel have any questions?

24 BOARD MEMBER GRANT: With your
25 indulgence.

1 THE CHAIRPERSON: With our indulgence.

2 BOARD MEMBER GRANT: Just this
3 discussion about trying to get a sense of the order of
4 magnitude of energy poverty, and -- and not just First
5 Nations committees but northern communities in general
6 or the north in general.

7 Dr. Mason, I come back to the comment
8 you made yesterday about the fact, I didn't fully
9 appreciate it at the time, that there's one (1) LICO
10 for all rural areas in Manitoba.

11 And so, implicitly or explicitly, it
12 assumes that the cost of living in some remote
13 northern community is the same as the cost of living
14 in, you know, a -- a southern rural area just -- you
15 know, just south of Winnipeg. And it seems to me to
16 be the stretching plausibility to think that's the
17 case.

18 So do you know anything about the -- is
19 there any research on the relative cost of living in
20 some of these northern Manitoba communities relative
21 to the province as a whole?

22 DR. GREGORY MASON: The LICO is
23 actually a composite of what it costs to survive.
24 And, generally speaking, the LICOs are lower in rural
25 areas than they are in urban areas. The one (1) -- I

1 have a -- I have an aversion to using LICO as a
2 measure for anything. I think simple energy burden --
3 burden is a much more straightforward way of looking
4 at poverty. Just what percentage of your budget is
5 going to energy because everyone understands that.

6 The concept of LICO-125 and taking that
7 group and saying which group -- which subset and how
8 large is -- within that group pay over 6 percent of
9 their budget on the energy is now, like, two (2) steps
10 -- two (2) logical steps, which I think a lot of
11 people have trouble wrapping their head around.

12 And so I think one (1) of the reasons
13 why some of the numbers that we see start to get big,
14 apparently big, in the simulations is because we're
15 using LICO-125. If we just stuck with energy burden,
16 just the percentages, just did some kind of simple
17 energy burden I don't think we'd see some of those
18 explosions.

19 But the use of LICO -- clearly the LICO
20 does vary among community size Stats Canada has --
21 publishes the numbers, so you know exactly what they
22 are. But it's for rural areas. We don't
23 differentiate it down to First Nations. We don't
24 actually look at our rural areas per -- per se. The
25 rural area of Manitoba is any area that doesn't --

1 anyone who lives in a -- I guess I can look this up on
2 Stats Canada, but my memory is anyone who lives in a
3 hamlet below a certain population size is what's cov -
4 - counted as a rural area.

5 In Manitoba we have the challenge,
6 we've got Winnipeg, you know, well over five hundred
7 thousand (500,000). It's a big chunk of the province.
8 Then there are some smaller centres for which you
9 could get LICOs, but for the majority of rural
10 Manitoba we don't have a reliable LICO and the LICO
11 does vary among rural centres within Manitoba.

12 BOARD MEMBER GRANT: So do you wince
13 when you see people referring to LICO-125 on a
14 northern reserve when you know --

15 MR. GREG BARNLUND: Well, I always
16 wince when I see LICO-125.

17 BOARD MEMBER GRANT: Just the last
18 point, and I know -- I understand, though, the desire
19 to say, you know, some millionaire spends 12 percent
20 of their income --

21 DR. GREGORY MASON: Yeah.

22 BOARD MEMBER GRANT: -- on heating
23 their palace. So I understand wanting to sort of net
24 out some of that group.

25 But is -- is any sense -- and I -- I

1 think you showed this before, but when you look at the
2 distribution of those 6 to 10 percenters by income
3 group --

4 DR. GREGORY MASON: Yeah.

5 BOARD MEMBER GRANT: -- is there a
6 cluster right above LICO-125, or is there any pattern
7 to the distribution at all?

8 DR. GREGORY MASON: I'd actually have
9 to look at that in detail. The other thing you've got
10 to be really careful about is that the income question
11 that we normally ask on surveys is not what exactly
12 was your taxable income last year for the whole
13 household. Can you get your returns and -- and get
14 your CRA statements and put them all together on --
15 while we're on the phone. That's not the way we can
16 ask that.

17 We have to ask them just, I'm not going
18 to either -- read a number of income categories.
19 Please stop me when I come to the category that
20 applies to your home. And we might have ten (10)
21 categories. This is a highly imprecise measure of
22 income. It's much better than not having anything,
23 but it sure is not an accurate reflection of the
24 income of the household.

25 So off the top we know that the income

1 that we're using here is not particularly accurate
2 because of the constraints of how we have to ask the
3 question of the phone. If we ask it any other way --
4 and we've done all sorts of testing on this -- if we
5 ask precisely what the income is people will -- the
6 non-response will just shoot through the ceiling.
7 With that kind of reading there -- you know, stopping
8 me when I come to a list in your household, we can get
9 a response rate of about 80 percent.

10 And we've been trying for -- over a
11 long time to refine that question, but that's as high
12 as we can push it. There are still 20 percent of the
13 people who are just going to say, No, go away. I
14 won't answer that question.

15 BOARD MEMBER GRANT: So, sir, if I can
16 just -- the last point. In terms of the undertaking
17 that was requested, we -- however imperfect this
18 measure is --

19 DR. GREGORY MASON: Yes.

20 BOARD MEMBER GRANT: -- would you not
21 say that it would be -- applying the measure of the
22 LICO-125 and the 6 or 10 percent of the energy burden,
23 When you apply that to a remote northern community
24 it's probably going -- it -- there's a downward bias.
25 It's going to understate the likelihood of energy

1 poverty.

2 DR. GREGORY MASON: It may well
3 understate it, yes. Yeah.

4 THE CHAIRPERSON: Sorry. Ms.
5 McKay...?

6 BOARD MEMBER MCKAY: Just on a comment
7 that was made earlier in terms of the customers on
8 social assistance. I know what's quoted in there is
9 ten thousand (10,000) payments to account, and that
10 was 58 percent of all First Nation residential
11 customers were being provided with assistance.

12 And then there was a comment about
13 whether that would even form energy poverty. I think,
14 Mr. Chard, you answered that question. I just want to
15 add to that that to consider those customers that may
16 be on social assistance and may be getting assistance
17 with their hydro, what happens when they -- if they're
18 lucky enough to find a job? I think the answer is
19 they're -- as to whether they're still suffering from
20 energy poverty at that point.

21 The -- the other one (1) I just wanted
22 to confirm, or add a perspective to, is on the housing
23 managers. Not every community has a housing manager
24 per se. There's many communities that do not have
25 housing managers. So it's usually somebody at a

1 regional area trying to provide that assistance.

2 I don't want people leaving with the
3 impression that there are sixty-three (63) First
4 Nation housing managers out there that can provide
5 assistance to Manitoba Hydro on the assessing of what
6 homes need or what homes can be assessed, is just --
7 just wanted to add that. That's it.

8 THE CHAIRPERSON: Thank you. We'll
9 adjourn until 1:30. Thank you.

10

11 --- Upon recessing at 12:26 p.m.

12 --- Upon resuming at 1:32 p.m.

13

14 THE CHAIRPERSON: Okay, if we can
15 begin, Mr. Orle....?

16

17 CROSS-EXAMINATION BY MR. GEORGE ORLE:

18 MR. GEORGE ORLE: Thank you, Mr. Chair
19 and members of the panel, members of the presenting
20 panel, good afternoon. My name is George Orle and I'm
21 here on behalf of Manitoba Keewatinowi Okimakanak. And
22 I believe I've met most of the panel in the past
23 except for Dr. Mason.

24 Dr. Mason, I represent an organization
25 of sixty-five thousand (65,000) treaty First Nation

1 citizens in northern Manitoba. They are governed by
2 the elected chiefs and are resident on thirty (30)
3 sovereign First Nations in northern Manitoba, so that
4 it -- you'll see in the context of my questions where
5 I'm coming from.

6 I -- I don't differ from anything that
7 you may have heard from Mr. Shefman or his -- or his
8 clients, but I'd like to deal with -- with the report
9 and the recommendations as it relates strictly to --
10 to my clients, the MKO communities.

11 Dr. Mason, the one (1) part that seems
12 to be touched on a few times is the -- the question of
13 the arrears in -- in Hydro payments and whether or not
14 it has a reference to ability to pay or -- or not to
15 pay.

16 And my question to you is: In the
17 survey that was done, how many First Nations, and
18 northern First Nations in particular, did you include
19 in that survey?

20 DR. GREGORY MASON: The sampling was a
21 representative sample of Manitoba customers. And so
22 there are relatively few First Nations included in
23 that. The arrears sam -- subsample would also include
24 some, but they would also be a minority of the
25 respondents.

1 MR. GEORGE ORLE: Okay. And can you
2 tell me whether or not any of them were from northern
3 First Nations?

4 DR. GREGORY MASON: Some would be.
5 I'd have to go in and actually check the data and do
6 some analysis of the demographics in order to be
7 precise about that.

8 MR. GEORGE ORLE: And in doing your
9 survey, sir, did you have an opportunity to speak to
10 any band managers or any of the Chiefs on any of the
11 First Nations in the north in regards to the ability
12 of their residents or their organizations to pay Hydro
13 rates?

14 DR. GREGORY MASON: We did a very
15 limited qualitative analysis, and that -- purpose of
16 that qualitative analysis was primarily to understand
17 the social process. It was not a survey of conditions
18 on reserve or gathering any primary data about the
19 housing conditions or the energy poverty on reserve.
20 It was primarily to enhance our understanding of the
21 social process.

22 MR. GEORGE ORLE: Did you ask any of
23 the band managers or Chiefs whether or not they had
24 information regarding income available to pr -- to
25 give to you?

1 DR. GREGORY MASON: No, we didn't.

2 MR. GEORGE ORLE: Are you aware of a
3 process called third-party management?

4 DR. GREGORY MASON: Yes, I am.

5 MR. GEORGE ORLE: A number of the
6 northern First Nations are in third-party management,
7 which involves a manager looking after all of their
8 financial affairs.

9 Did you speak to any of the third-party
10 managers in regards to the manner in which they are
11 able to deal with Hydro rates, or Hydro increases?

12 DR. GREGORY MASON: And that was
13 really not in scope of that particular aspect of the
14 study we did. As I said, it was solely confined to
15 understanding the social process not gathering data on
16 the ability to pay or the nature of energy poverty on
17 -- in First Nations communities.

18 MR. GEORGE ORLE: You'd agree with me,
19 though, that that's an important consideration when
20 you're talking about a program to al -- to make
21 affordability -- or make affordable rates?

22 DR. GREGORY MASON: I would agree. I
23 would just like to remind the Board that the purpose
24 and the focus of the study, it was governed by a
25 working group. It was a collaborative process and we

1 responded in terms of what we did to the direction of
2 that working group. So we were not kind of
3 independently designing a survey.

4 The other thing I'd like to point out
5 is that you have to start somewhere, and I think, as
6 has been acknowledged by myself and others here that
7 the next step would be a much more focused study on --
8 with respect to First Nations communities. But, as a
9 first step that was the only place we could begin,
10 certainly, given the time constraints and the
11 financial constraints of the study we were working
12 with.

13 MR. GEORGE ORLE: Okay. Did you at
14 all consider taking a look at transcripts from either
15 the NFAT or any of the other GRA hearings where
16 ratepayer panels presented to the Board?

17 DR. GREGORY MASON: Yeah, we -- we
18 certainly used that as background and in forming how
19 we should frame the survey, but it was not used
20 directly in the formation of the conclusions of the
21 report. It was primarily background and I recall
22 reviewing it, essentially, to make sure our questions
23 were relevant.

24 But again, this was a general Manitoba
25 study, not a study specifically to First Nations.

1 MR. GEORGE ORLE: Were you aware, Dr.
2 Mason, that the -- the initiative for this study came
3 from the Board wanting to have a program that dealt
4 with low income ratepayers, First Nations ratepayers;
5 that that was part of what was being requested of the
6 Board, not just general Manitoba, but First Nations,
7 in particular?

8 DR. GREGORY MASON: Well, I took -- I
9 mean, I certainly understood that was the direction.
10 But again, that direction was interpreted through the
11 working group and, essentially, it was the working
12 group that refined and gave us our direction for what
13 research they wanted us to do to support their
14 deliberations.

15 MR. GEORGE ORLE: Okay, if I could
16 refer to MKO-MH-1-3(b), page 19, please.

17 Dr. Mason, this is an answer to a
18 request to provide a list of residential First Nation
19 accounts in arrears.

20 Have you seen this document before?

21 DR. GREGORY MASON: I believe I have,
22 yes.

23 MR. GEORGE ORLE: And I won't go
24 through each one (1) of them with you, but you'll
25 note, sir, that the percentages of accounts in arrears

1 is quite substantial?

2 DR. GREGORY MASON: Yes.

3 MR. GEORGE ORLE: And they range from
4 a low of, I believe, 26 percent to a high of 83
5 percent and that -- and that's the percentage of
6 accounts that are in arrears in that particular
7 community.

8 DR. GREGORY MASON: Yes, I see that.

9 MR. GEORGE ORLE: Those, sir, are all
10 MKO First Nations communities, just so that you're --
11 you're aware of the context of this.

12 At the time that you -- you saw this or
13 -- or when you had an opportunity to view it, did you
14 add up what the actual value of the arrears
15 outstanding were?

16 DR. GREGORY MASON: No, I mean, this
17 is a -- this information would certainly be in after
18 we designed and executed the study. So this is more
19 recent information and we wouldn't have actually been
20 able to account for this in our study.

21 And again, this was neither a study on
22 arrears or -- nor was it a study specifically on
23 arrears on First Nations. So in some sense, it's
24 background, but it really didn't inform the direction
25 we were taking with the research that we were asked to

1 do.

2 MR. GEORGE ORLE: Okay. I had asked,
3 as part of the question, that the total of the -- of
4 the arrears be provided to me. The answer I got back
5 on the answer was "add up column number H." So I --
6 the number that I have, and this is subject to check,
7 is I come up with a total arrears of \$7,689,000.

8 And, Mr. Barnlund, if, subject to check
9 again, would you be prepared to accept that is the
10 amount that's shown on arrears from the information
11 provided by Manitoba Hydro?

12 MR. GREG BARNLUND: I'll accept that.

13 MR. GEORGE ORLE: And Dr. Mason, these
14 would have been arrears that were accumulated prior to
15 the proposed 7.9 percent increase in rates.

16 Would you have an opinion as to what a
17 7.9 percent increase in rates might have in terms of
18 the numbers shown on this particular graph?

19 DR. GREGORY MASON: Well, I've said
20 that energy poverty and arrears are not correlated for
21 the entire sample. I would be prepared to accept that
22 they are probably more correlated for a First Nations
23 -- northern First Nations subsample. So, going on the
24 basis of that logic, I would imagine that there would
25 be increased difficulty to pay within the MKO

1 communities as a result of a Hydro rate increase.

2 MR. GEORGE ORLE: Okay. And following
3 up on some of the numbers Mr. Shefman put forward, the
4 2016 census indicated that 96 percent of northern
5 reserves live below the poverty line.

6 Did -- do you recall that statistic,
7 sir?

8 DR. GREGORY MASON: I'm prepared to
9 accept it. I don't recall it but I'm prepared to
10 accept it.

11 MR. GEORGE ORLE: And that over 60
12 percent of First Nations children live in poverty?

13 DR. GREGORY MASON: That sounds
14 credible to me.

15 MR. GEORGE ORLE: And it would not be
16 likely, sir, that if the children were living under
17 the poverty line that their parents would be in a --
18 any better position than they are?

19 DR. GREGORY MASON: That's usually the
20 case.

21 MR. GEORGE ORLE: Can you tell me,
22 sir, how many further studies or time you think would
23 be necessary before an actual program would be in
24 place to -- to alleviate some of this affordability?

25 DR. GREGORY MASON: I cannot speculate

1 on what government might do in terms of anti-poverty
2 programs. There's many initiatives out there. So, to
3 suggest that there's going to be a new initiative, I
4 wouldn't be able to speculate when that would be.

5 MR. GEORGE ORLE: Did you know, sir,
6 that at least since the NFAT in 2014 that the Public
7 Utilities Board has been talking about the need to
8 find a way to ameliorate the rate increases,
9 particularly as it relates to First Nations?

10 DR. GREGORY MASON: Yes, I would
11 accept that too.

12 MR. GEORGE ORLE: If I could go to
13 page 21. On the screen, sir, is an answer to the same
14 question of the amount of arrears, but dealing with
15 general service First Nations accounts in arrears.

16 And you'll see, sir, that other than
17 one (1) First Nation in the MKO communities, all of
18 them are in some level of arrears in their accounts?

19 DR. GREGORY MASON: Yes.

20 MR. GEORGE ORLE: Go to page 24,
21 please. Mr. Barnlund, I'm not sure if this question
22 goes to you or to another member of the panel but I'll
23 ask the question.

24 In -- in a question regarding the --
25 the -- sorry, could you go a page earlier. The

1 question being to identify the mitigation costs paid
2 to MKO First Nations which appear in the present
3 application. And you'll see that the answer under (a)
4 is mitigation totals approximately \$58 million,
5 included in the generation costs?

6 MR. GREG BARNLUND: To clarify, that
7 \$58 million is the total of mitigation interest,
8 operating and amortization expense that's reflected in
9 rates. The question was asking for MKO First Nations
10 and we're not able to segregate that out in terms of
11 the MKO First Nations, but it is to say -- safe to say
12 that the reflection of mitigation costs would total
13 \$58 million that are being paid for customers in our
14 rates.

15 MR. GEORGE ORLE: Okay. And it will
16 be correct to say, sir, that a large portion of those
17 mitigation relates to MKO First Nations?

18 MR. GREG BARNLUND: I'm not aware of
19 the particular breakdown of mitigation payments
20 amongst various communities. I'm sorry.

21 MR. GEORGE ORLE: Okay. If you'll
22 just scroll down, please. And then in answer to the
23 question of what the removal of mitigation costs from
24 residential costs would result in. And the question
25 was: What would that result in MKO residential costs?

1 Am I correct in assuming that your
2 answer of 2.6 percent is a reduction in the entire
3 residential class?

4 MR. GREG BARNLUND: That's correct,
5 yes.

6 MR. GEORGE ORLE: And is there any way
7 of being able to either quantify that number or that
8 percentage specifically with respect to MKO First
9 Nations?

10 MR. GREG BARNLUND: Well, I think if
11 we look at it from the perspective that MKO --
12 customers in the MKO First Nations are paying the
13 exact identical residential rates as any other
14 customer on the system, that had those costs not been
15 included in residential rates that the cost coverage
16 would reflect that there is a 2.6 percent reduction in
17 the total amount of cost that would be borne by the
18 residential customer class, therefore, a customer in -
19 - in -- in an MKO First Nation would, you know, would
20 -- would see that level of -- of cost in their rate.

21 MR. GEORGE ORLE: Okay, I'm sorry, but
22 I'm -- I'm getting confused. I thought my question
23 was fairly easy to answer; either "yes" or "no."

24 Can you quantify the amount of the
25 mitigation fee, what that would do just to the MKO

1 residential rates?

2 MR. GREG BARNLUND: Well, I -- I can't
3 identify the amount of mitigation that is attributed
4 only to MKO customers in MKO communities -- or to MKO
5 communities, I should say, therefore, I'm not able to
6 quantify the answer being in -- in -- in question be -
7 - beyond what we have here already.

8 MR. GEORGE ORLE: How do you calculate
9 the \$58 million?

10 MR. GREG BARNLUND: Well, that would
11 be the amount that is amortized annually, plus other
12 related expenses that are then functionalized to
13 generation in the cost of service study.

14 MR. GEORGE ORLE: Okay but those
15 numbers come from someplace. You don't pull them out
16 of the air. So what -- what makes up that \$58
17 million?

18 MR. GREG BARNLUND: Well as --

19 MR. GEORGE ORLE: Specifically, the
20 mitigation costs portion of it.

21 MR. GREG BARNLUND: So mitigation
22 costs are recorded and are basically deferred and so
23 than every year there's a -- there's a portion of the
24 mitigation expense -- or mitigation costs that is --
25 that is expensed into rates, and when we look at that

1 and the associated other cost with that it's \$58
2 million.

3 MR. GEORGE ORLE: Okay, well, where
4 does that 58 million go to? I know it appears as an
5 expense on your sheet, but where does that money go
6 to?

7 MR. GREG BARNLUND: That forms part of
8 the revenue requirement for the residential customer
9 class.

10 MR. GEORGE ORLE: Okay. Maybe I can
11 ask you this way: Is that \$58 million paid to First
12 Nations in regards to mitigation or remedial work done
13 within their communities?

14 MR. GREG BARNLUND: Well, the \$58
15 million as -- we have several hundred million dollars
16 of mitigation payments that have been made over time
17 to affected communities. And the way we recover those
18 costs in rates is to be able to amortize that into our
19 revenue requirement on an annual basis. And that's
20 what the \$58 million is -- is reflective of.

21 MR. GEORGE ORLE: Okay. But you would
22 be able if there was an acknowledgement that these are
23 funds paid to specific communities to be able to
24 calculate out what that amount is so that those
25 communities are not paying back the payments made to

1 them on account of remedial or mediation?

2 MR. GREG BARNLUND: Well, I think what
3 we'd have to do to do that is to be able to find the
4 energy consumption of all customers situated in the
5 territory that you're describing, and then assume a
6 2.6 percent cost adjustment to those -- to that amount
7 of revenue that has been obtained from those
8 customers.

9 MR. GEORGE ORLE: Okay. So it is
10 possible?

11 MR. GREG BARNLUND: I -- I don't know
12 how easy it is to acquire that information, sir, but
13 it would take some time to do it.

14 MR. GEORGE ORLE: I appreciate that.
15 I'm not asking you to do it right now, Mr. Barnlund,
16 or do it in your head. I just want to know that that
17 is information that's available, and with some work,
18 it can be broken down.

19 MR. GREG BARNLUND: We'd have to take
20 that subject to check but it's possible.

21 MR. GEORGE ORLE: Okay, page 24 --
22 page 12.

23 Mr. Barnlund, on the screen right now
24 is an answer to a question from MKO to Manitoba Hydro.
25 And scroll down a little more. You'll see that there

1 is a table there showing residential First Nation
2 revenue.

3 The question was with respect MKO
4 communities and I believe that all of the numbers
5 shown on there are MKO communities.

6 And would be correct, sir, that this
7 represents the amount of revenue collected from those
8 communities as part of the revenue obtained from
9 electrical rates?

10 MR. GREG BARNLUND: Subject to check,
11 in terms of looking at the reference in the -- in the
12 Information Request, this might be a source of that
13 information.

14 MR. GEORGE ORLE: Okay. And again, it
15 wasn't totalled but I've totalled it, and subject to
16 check, would you accept that it adds up to \$21 million
17 a year in revenue that's received from MKO First
18 Nations?

19 MR. GREG BARNLUND: Well, I would
20 accept that subject to check. But again, we'd -- I'd
21 want to take a look at the source of this and make
22 sure that I was giving you an apples-to-apples
23 comparisons, sir.

24 MR. GEORGE ORLE: Okay. If -- if it
25 turns out that it's wrong, could you please let me

1 know?

2 MR. GREG BARNLUND: Okay, will do.

3 MR. GEORGE ORLE: Yes, I would have
4 that as an undertaking, please.

5 MR. GREG BARNLUND: To provide the
6 total revenue from the MKO First Nations as reflected
7 in which -- MKO-MANITOBA HYDRO, round 1, F-G.

8

9 --- UNDERTAKING NO. 25: Manitoba Hydro to provide
10 the total revenue from the
11 MKO First Nations as
12 reflected in MKO-MH-1-1fg.

13

14 CONTINUED BY MR. GEORGE ORLE:

15 MR. GEORGE ORLE: And again, Mr.
16 Barnlund, subject to check, if I take a 7.9 percent
17 increase, my numbers give me an amount of \$1.69
18 million in the first year of any rate increase that
19 would be paid in addition to this revenue.

20 MR. GREG BARNLUND: That -- that's an
21 approximation because these would be actual revenues
22 and so they're not weather adjusted. So it -- these -
23 - the amount of revenue we're talking about here is
24 dependent on the weather conditions that we
25 experienced in the '16/'17 year. And so that's the

1 caveat that I would provide to you, sir.

2 MR. GEORGE ORLE: Okay. But we do
3 have the amounts available, and it's easily calculable
4 what that -- that 7.9 percent would be at any given
5 time, once you have that information available.

6 MR. GREG BARNLUND: It could be that
7 we could weather adjust this, but that's -- you know,
8 that -- that we could do, yes.

9 MR. GEORGE ORLE: Okay. Mr. Barnlund,
10 would you agree with me that by having this list of
11 communities and the list of -- of revenue that we have
12 a group that is easily identifiable.

13 MR. GREG BARNLUND: I think that
14 that's, you know, and depending on -- I think that
15 that's not an unfair statement, yes.

16 MR. GEORGE ORLE: Okay. And you're
17 aware, sir, that all MKO First Nations are all
18 electric. There's no gas and other than the diesel
19 communities, all heat comes from electric sources?

20 MR. GREG BARNLUND: Yes, sir.

21 MR. GEORGE ORLE: And you'll agree
22 with me, sir, that subject to -- to any weather
23 adjustments, we have an identifiable amount of revenue
24 that comes from this community -- or these
25 communities?

1 MR. GREG BARNLUND: Yes, sir.

2 MR. GEORGE ORLE: Mr. Barnlund, with -
3 - with this information that we have, would you be
4 able to set a rate for MKO that would offset the rate
5 increase that's being proposed?

6 MR. GREG BARNLUND: Could you repeat
7 the question, please?

8 MR. GEORGE ORLE: With the information
9 that's available here, the amount or the -- the
10 community, the group that we're talking about, the
11 amount of electricity that they would be consuming and
12 what the amount of the increase would be, is it
13 possible you -- in an arithmetical fashion to
14 calculate what rate would be paid by this group to
15 offset the increased rates?

16 MR. GREG BARNLUND: You know, I'm not
17 sure I grasp the question. I'm sorry.

18 MR. GEORGE ORLE: Could you set a rate
19 for this group that did not include the 7.9 percent
20 increase?

21 MR. GREG BARNLUND: That would be the
22 rates they're currently paying.

23 MR. GEORGE ORLE: That's correct,
24 which is known at this time?

25 MR. GREG BARNLUND: Yes.

1 MR. GEORGE ORLE: And in terms of --
2 of the revenue that might be lost, what we're talking
3 about here is \$1.6 million the first year that would
4 be foregone by Manitoba Hydro in the event that MKO
5 First Nations did not have to pay the increase?

6 MR. GREG BARNLUND: I'd have to check
7 the math, but we'd have to -- you're talking about a
8 7.9 percent increase on existing rates?

9 MR. GEORGE ORLE: Correct.

10 MR. GREG BARNLUND: We could -- we
11 could -- we could provide that.

12 Yes, it will be -- it will be added on
13 to the previous undertaking, I think. So we would be
14 undertaking to determine the level of incremental
15 revenues obtained from MKO communities with a 7.9
16 percent rate increase.

17

18 --- UNDERTAKING NO. 26: Manitoba Hydro to
19 determine the level of
20 incremental revenues
21 obtained from MKO
22 communities with a 7.9
23 percent rate increase

24

25 CONTINUED BY MR. GEORGE ORLE:

1 MR. GEORGE ORLE: And would it also be
2 possible, sir, that if there was not a rate increase
3 that the number that we've used of the \$1.6 million is
4 an identifiable amount that could be used for a
5 program to alleviate the -- the increased costs for
6 persons that may not have the ability to afford the
7 increase in rates?

8 MR. GREG BARNLUND: Mr. Orle, could
9 you remind me again how we derived the \$1.6 million?

10 MR. GEORGE ORLE: The 21 million,
11 which is the amount of revenue shown as being paid by
12 the communities. And what a 7.9 percent increase in
13 rates would affect on that number.

14 MR. GREG BARNLUND: Okay. And then
15 what are we doing with 1.6 million?

16 MR. GEORGE ORLE: We're saying that by
17 identifying and knowing what the number is of \$1.6
18 million that that could be a number that could be used
19 for affordability programs directly affecting MKO
20 First Nations.

21

22 (BRIEF PAUSE)

23

24 MR. GREG BARNLUND: So if I understand
25 this, Mr. Orle, 1.6 million is what you've calculated

1 to be the amount of increased revenue to Manitoba
2 Hydro with a 7.9 percent increase; is that -- is that
3 what we're referring to?

4 MR. GEORGE ORLE: Yes.

5 MR. GREG BARNLUND: Okay, so now -- so
6 now if we -- we put this increase through and we have
7 \$1.6 million worth of incremental revenue for Manitoba
8 Hydro.

9 What was the question -- what were you
10 asking --

11 MR. GEORGE ORLE: The question is that
12 we -- we have a number that we can identify as being
13 the specific amount relating to the MKO First Nations,
14 and that if a fund was set up, a rebate program, or
15 any sort of program that deals with affordability, we
16 would know what amount of the rate increase is
17 attributable to MKO and to be able to designate those
18 funds to MKO communities.

19 MR. GREG BARNLUND: So if I understand
20 what you're asking me than is, the entire amount of
21 incremental revenue generated by a 7.9 percent
22 increase would not accrue to Manitoba Hydro but would
23 be used to provide a bill subsidy to some customers.

24 Is that what you're asking me?

25 MR. GEORGE ORLE: Not some customers,

1 MKO customers.

2 MS. ODETTE FERNANDES: Mr. Orle, I
3 think what -- we're getting into an area where you're
4 proposing hypotheticals that at some point would
5 require a legal opinion from Manitoba Hydro's legal
6 division in terms of what we are able to do in terms
7 of that revenue.

8

9 CONTINUED BY MR. GEORGE ORLE:

10 MR. GEORGE ORLE: Okay, well, let me
11 put it then as a hypothetical so that you're not held
12 to anything.

13 If a program was set up specifically
14 for MKO communities, and based upon the increase in
15 rates to MKO communities, that number is identifiable?

16 MS. ODETTE FERNANDES: Mr. Orle, I
17 think we have the same issue.

18 MR. GEORGE ORLE: Okay.

19 THE CHAIRPERSON: Sorry, I'm -- I'm
20 feeling a little bit here, if I could clarify this.
21 My understanding is, according to you Mr. Orle, that
22 \$21 million is the amount that comes from MKO
23 residential revenue; is that correct?

24 MR. GEORGE ORLE: Correct.

25 THE CHAIRPERSON: And that 7.9 percent

1 of that is 1.6 million; is that correct? That's how I
2 thought you arr -- how you arrived at 1.6 million?

3 MR. GEORGE ORLE: Yes.

4 THE CHAIRPERSON: And you have an
5 undertaking that says: How much revenue is lost if
6 MKO First Nations don't pay the 7.9 percent; isn't
7 that --

8 MR. GEORGE ORLE: Yeah.

9 THE CHAIRPERSON: -- but that's the
10 same answer. If -- if you say at point 7.9 percent of
11 21 million is 1.6; and then you ask how much revenue
12 will Manitoba Hydro lose if the First Nations don't
13 pay 7.9 percent, the answer's 1.6; isn't it?

14 MR. GEORGE ORLE: Yes, it is, Mr.
15 Chair. The -- the undertaking was because it was
16 subject to check that the arithmetic was correct and
17 that there were no other numbers that have to be done
18 to it.

19 I'm -- I'm going under the assumption
20 that it's 1.6 million, unless I'm told otherwise by
21 Manitoba Hydro.

22 THE CHAIRPERSON: Okay, thank you.

23

24 CONTINUED BY MR. GEORGE ORLE:

25 MR. GEORGE ORLE: And Mr. Barnlund, I

1 believe that barlane -- sorry, that you've already
2 indicated that there is a manner in which particular
3 residential customers can be identified by a treaty
4 number?

5 MR. PAUL CHARD: First Nations
6 residential customers living on reserve, we can do
7 that for today, yes.

8 MR. GEORGE ORLE: And if all of the
9 MKO communities consist of First Nations treaty
10 members, then they are identifiable by you?

11 MR. PAUL CHARD: If that information
12 has been provided to us, yes.

13 MR. GEORGE ORLE: Yes, okay. And I
14 believe that the evidence thus far was that with that
15 identification you are able to make modifications to
16 bills sent to First Nations residences by making -- by
17 being able to make adjustments and things such as
18 sales tax.

19 MR. PAUL CHARD: That is correct.

20

21 (BRIEF PAUSE)

22

23 MR. GEORGE ORLE: If I could have
24 slide 10. Mr. Barnlund, I'm going to refer you to
25 part of the initial presentation, and it's page 10 of

1 your presentation. And I'm looking at the second
2 bullet, sir, where it sets out Manitoba Hydro's
3 general rate making objectives and the -- the bolded
4 part of it is "fairness and equity."

5 MR. GREG BARNLUND: Yes, sir, I have
6 that.

7 MR. GEORGE ORLE: And would you agree
8 with me, sir, that the word "equity" does not
9 necessarily mean equal?

10 MR. GREG BARNLUND: "Equity" has a --
11 has a fairly defined meaning in ratemaking, and I
12 believe I've spoken to that several times where equity
13 is either horizontal equity, vertical equity or
14 anonymous equity.

15 And horizontal equity is where you
16 treat equals equally. Vertical equity is where you
17 treat unequals unequally.

18 MR. GEORGE ORLE: Okay. But it may
19 not always be equitable to treat equally.

20 MR. GREG BARNLUND: I'm not sure I
21 understand that one, but...

22 MR. GEORGE ORLE: Well, let me put it
23 to this way. If you believe that it's fair and
24 equitable that all rates ought to be the same within a
25 class, do you think that the effect upon the MKO First

1 Nations of the destruction of their lands, of part of
2 their lifestyle, and the damage to the environment
3 within their communities has been fairly and equitably
4 distributed among all the ratepayers in Manitoba?

5 MS. ODETTE FERNANDES: I don't think
6 Mr. Barnlund is in a position to answer that question,
7 Mr. Orle.

8

9 CONTINUED BY MR. GEORGE ORLE:

10 MR. GEORGE ORLE: It's -- I'm just
11 asking for an opinion. Is it his opinion that he
12 believes the rates should be equal all the way along.
13 I'm asking him if he feels that the repercussions from
14 the Hydro developments have been shared fairly and
15 equitably.

16 MR. GREG BARNLUND: I am not an
17 expert. I have no opinion with respect to mitigation
18 or the impacts of various developments.

19 I am speaking only to the treatment of
20 rates and the definitions that we use in terms of
21 discussing rate setting.

22 MR. GEORGE ORLE: Okay, one (1) last
23 question, Mr. Barnlund. If we accept that the number
24 we're talking about for mitigation, affordability for
25 MKO First Nations is a matter of \$1.6 million, can you

1 tell me how that might compare to the money that we've
2 already spent on lawyers, accountants --

3 MS. ODETTE FERNANDES: Mr. Orle, I'm
4 not even going to allow you to finish that question.

5 MR. GEORGE ORLE: Well, Mr. Barnlund,
6 was quite concerned about where funds would come from
7 to deal with these revenue shortfalls. And I'm just
8 asking if he can make a comparison to what's already
9 been spent on surveys where we haven't gotten to any
10 plan whatsoever.

11 MR. GREG BARNLUND: Sir, I -- I -- I
12 don't have any reference to draw to in terms of
13 providing that answer, I'm sorry.

14 MR. GEORGE ORLE: Thank you. Those
15 are all the questions I have for the panel. Thank
16 you, Mr. Chair.

17 THE CHAIRPERSON: Mr. Orle, I've got a
18 question that arose from this morning's cross-
19 examination, and it relates to the settlement
20 agreements. I've asked somebody to pull the
21 transcript of the prehearing conference, but my
22 understanding was the settlement agreement was signed
23 and was about to be given to Manitoba Hydro. The
24 prehearing conference was five (5) or six (6) months
25 ago now, I guess on the record, we've been told

1 they've never received it.

2 And I'm just wondering what the status
3 is of it? This is a matter that arose well before my
4 time and I had gone on the basis of statements made at
5 the prehearing conference. Where is it at?

6 MR. GEORGE ORLE: It's -- it's
7 available. I had mentioned to My Learned Friends from
8 Hydro that I have it; that was just before we were
9 starting the hearings, and it was not the time to get
10 into the discussion of it, but I --

11 THE CHAIRPERSON: Okay. Well, when
12 will you be providing it to Hydro?

13 MR. GEORGE ORLE: Well, I can provide
14 it within the next several days.

15 THE CHAIRPERSON: Okay. Thank you.
16 Okay. Dr. Williams -- or Ms. Dilay, sorry, Ms. Dilay
17 it's --

18 MS. KATRINE DILAY: No problem.

19 THE CHAIRPERSON: It's like a magnet.

20 MS. KATRINE DILAY: It's no problem at
21 all.

22 THE CHAIRPERSON: Please -- please
23 start, thank you.

24 MS. KATRINE DILAY: Good afternoon.
25 So before I start, I'd just like to acknowledge that

1 our client Gloria DeSorcy, who is the executive
2 director of the Consumers Association of Canada, the
3 Manitoba branch is here today.

4 So before -- so I'll be doing part of
5 the cross-examination today regarding energy poverty
6 and My Friend Dr. Williams will be doing the balance
7 of the cross-examination.

8 Before starting, I'd like to file two
9 (2) documents on the record, and they have been
10 distributed electronically already. The first one is
11 the Coalition's book of documents 3, Prairie Research
12 Associates sources. And we would mark that as Exhibit
13 CC-32-3.

14 And the second one would be figures
15 that were provided as well and that document would be
16 32-3-1.

17 THE CHAIRPERSON: Thank you.

18

19 --- EXHIBIT NO. CC-32-3: Coalition's book of
20 documents 3, Prairie
21 Research Associates
22 sources

23

24 --- Exhibit No. CC-32-3-1: Figures.

25

1 MS. KATRINE DILAY: I'll now pass the
2 mic to Mr. -- to Dr. Williams just for a few minutes.

3

4 CROSS-EXAMINATION BY DR. BYRON WILLIAMS:

5 DR. BYRON WILLIAMS: Good afternoon,
6 members of the -- the panel and -- and I'm under a lot
7 of pressure to ask this question early from M.
8 Hacault, just in case I forget.

9 So, Ms. Morrison, you'll recall that
10 Manitoba Hydro was kind enough to file the revised
11 version of PUB-Manitoba Hydro Information Response 2-
12 57 yesterday, relating to marginal costs?

13 MS. LOIS MORRISON: Yes, thank you.

14 DR. BYRON WILLIAMS: And, Ms.
15 Morrison, you'll -- you'll be aware as well that the -
16 - that information provided a 30 year levelized
17 marginal values, an estimate by Manitoba Hydro?

18 MS. LOIS MORRISON: Yes, that is
19 correct.

20 DR. BYRON WILLIAMS: And by way of
21 undertaking we're asking Manitoba Hydro to provide the
22 estimate of 20 year levelized marginal values.

23 Are you prepared to take that
24 undertaking, Ms. Morrison?

25 MS. LOIS MORRISON: Yes.

1 --- UNDERTAKING NO. 27: Manitoba Hydro to provide
2 the estimate of 20 year
3 levelized marginal values
4

5 DR. BYRON WILLIAMS: Okay. Is that
6 satisfactory for the court reporter?
7

8 CONTINUED BY DR. BYRON WILLIAMS:

9 DR. BYRON WILLIAMS: And just finally,
10 I'll note further to a conversation with My Learned
11 Friend, Ms. Fernandez, the val -- that we have some
12 additional questions on this specific undertaking.

13 Mr. Miles is not -- is not available
14 today, so we'll reserve that for January 3rd per our
15 conversation with Hydro?

16 THE CHAIRPERSON: Understood. Thank
17 you.

18 MS. ODETTE FERNANDES: And I can
19 confirm that I have spoken with Mr. Miles and he will
20 make himself available.
21

22 CROSS-EXAMINATION BY MS. KATRINE DILAY:

23 MS. KATRINE DILAY: So I expect that
24 most of my questions for the panel this afternoon will
25 be to Mr. Barnlund and Dr. Mason, but if anyone else

1 on the panel is better suited to -- to answer, please
2 let me know and please jump in.

3 Dr. Mason, I'd like to start by asking
4 you a few questions. So I'd like to start by taking
5 you to two (2) articles that were cited in the report
6 from Prairie Research Associates on bill affordability
7 and they're both included in the book of documents
8 that we prepared and that we just filed.

9 Do you have a copy of the book of
10 documents?

11 DR. GREGORY MASON: I do.

12 MS. KATRINE DILAY: So I'll be
13 referring to tabs 1 and 2 to start with.

14 And can you confirm that both articles
15 at tabs 1 and 2 were referenced in the report prepared
16 by Prairie Research Associates?

17 DR. GREGORY MASON: I believe so, yes.

18 MS. KATRINE DILAY: And can you
19 confirm that we provided these two (2) articles to
20 your legal counsel in advance of the cross-examination
21 today?

22 DR. GREGORY MASON: That's correct.

23 MS. KATRINE DILAY: So if we turn to
24 tab 1 of the documents, which is the first article,
25 and it's entitled -- If we just go back to the first

1 page of that article and it's entitled Fuel Poverty,
2 Excess Winter Deaths and Energy Costs in Vermont
3 Burden Some For Whom.

4 Is that right?

5 DR. GREGORY MASON: Yes.

6 MS. KATRINE DILAY: So I'd like to
7 turn to page 82 of this article, which is at page 6 of
8 the book of documents. If we just go down lower on
9 the page. So you'll see there is a marked passage
10 there in the left-hand column of that page.

11 Do you see that?

12 DR. GREGORY MASON: Yes, I do.

13 MS. KATRINE DILAY: So I'll just give
14 you a few seconds to familiarize yourself with this
15 passage.

16

17 (BRIEF PAUSE)

18

19 MS. KATRINE DILAY: So you -- you'll
20 confirm here that this study revealed how one (1)
21 particular household energy security concern, which is
22 affordable warmth, is also a significant public health
23 issue; is that right?

24 DR. GREGORY MASON: That's correct.

25 MS. KATRINE DILAY: You'll agree that

1 this study found that people who lack sufficient
2 energy to keep warm in winter face serious, if
3 sometimes subtle, health risks.

4 Is that right?

5 DR. GREGORY MASON: That's correct.

6 MS. KATRINE DILAY: And you have no
7 reason to disagree with these findings?

8 DR. GREGORY MASON: Not particularly,
9 no.

10 MS. KATRINE DILAY: If we now go back
11 to the top of the page and we look at the right-hand
12 column. It's the first full paragraph in that column.

13 You'll agree that this study suggests
14 that co-benefits of investing in energy efficiency,
15 especially among the poor, can become quite large?

16 DR. GREGORY MASON: M-hm. That's
17 correct, yes.

18 MS. KATRINE DILAY: Thank you. And
19 this study finds that eradicating fuel poverty
20 produces huge savings and avoided mortality and
21 morbidity; is that correct?

22 DR. GREGORY MASON: That's what the
23 article says, yes.

24 MS. KATRINE DILAY: And it goes on to
25 say that low income energy efficiency programs can pay

1 for themselves quickly in producing measurable
2 benefits that can far exceed costs; is that right?

3 DR. GREGORY MASON: That's what the
4 article says, yes.

5 MS. KATRINE DILAY: And you have no
6 reason to disagree with these findings in this
7 article?

8 DR. GREGORY MASON: I'm going to pause
9 there because I do have a caution at this point.

10 Extrapolating to public health outcomes
11 and extrapolating to the financial consequences of
12 public health policy is extremely tricky. And so I
13 would be very cautious to say that this study has
14 actually found that. This is a very frequent source
15 of overestimating the benefits of health initiatives.

16 And so I'm quite familiar with the
17 literature on public health since I also do work in
18 that area. So you have to be extraordinarily careful
19 about extrapolating those out. Sometimes they can be
20 extremely large, but valuing life and valuing the
21 impact -- the financial impact of an injury or an
22 illness is very difficult.

23 So I would be -- say this is possibly
24 one (1) piece of evidence, but I would not be prepared
25 to validate the results or extrapolate them to

1 Manitoba.

2 MS. KATRINE DILAY: Understood. Thank
3 you, Dr. Mason. So if we now turn to the section of
4 this article on conclusions and implications which is
5 at page 91 of the article or page 15 of this book of
6 documents.

7 So if we take a look at the marked
8 passage, which is on the left-hand side towards the
9 middle of the page. And I'll just read out part -- so
10 you'll agree that this study states:

11 "When it doesn't kill and sicken
12 people directly fuel poverty forces
13 households to cope by resorting to
14 wearing coats and outdoor clothing
15 indoors, sleeping together with pets
16 or in one room to keep warm, relying
17 on hot drinks or even staying with
18 relatives. Actions that can all
19 negatively impact mental health."

20 Is that right.

21 DR. GREGORY MASON: That's what the
22 article says, yes.

23 MS. KATRINE DILAY: And you have no
24 reason to disagree with this?

25 DR. GREGORY MASON: Again, I would

1 just draw your attention. This is a wonderful
2 polemical collusion -- conclusion, but I'm not sure
3 it's a scientific basis for the conclusion. I don't
4 think there's any direct evidence in here that would
5 say this -- it's plausible, but I can't confirm that
6 this is, in fact, reality. So I'd be very cautious to
7 endorse that conclusion.

8 MS. KATRINE DILAY: And that point is
9 taken about the caution, thank you very much.

10 So I'd like to turn out to Tab 2 of
11 this book of documents, page 104 of the article, or
12 page 27 of the book of documents. And we can take a
13 look once again at the marked passage on the left-hand
14 side of the screen.

15 DR. GREGORY MASON: Okay.

16 MS. KATRINE DILAY: Do you see that --
17 the reference there?

18 DR. GREGORY MASON: Yes.

19 MS. KATRINE DILAY: So you'll agree
20 that this article refers to a connection between
21 energy bills and health costs, correct?

22 DR. GREGORY MASON: That's correct,
23 yes.

24 MS. KATRINE DILAY: And this article
25 also refers to poor households reducing their caloric

1 intake when energy bills rise due to weather extremes
2 to the detriment of their health, correct?

3 DR. GREGORY MASON: M-hm. Yeah. Yes.

4 MS. KATRINE DILAY: And in this
5 article, the authors refer to research which shows a
6 relationship between health costs and energy price
7 increases, correct?

8 DR. GREGORY MASON: That's what the
9 article says, yes.

10 MS. KATRINE DILAY: And I'll ask the
11 same question. You have no reason to disagree with
12 these findings?

13 DR. GREGORY MASON: Again, I would
14 issue the caution that whenever researchers take one
15 (1) kind of cost control area and look at a savings in
16 one (1) area, and then -- it's what I call in
17 economics the Hail Mary pass to actually show there's
18 huge benefits on another side of the public health
19 cost ledger.

20 So I mean, if we're drawing the
21 conclusion that mitigating energy cost is going to
22 have a public health outcome that is, to my mind, a --
23 a long stretch, that we don't have the data to do
24 that. And I say it's a plausible idea, but I don't
25 think it's one that's been confirmed in research.

1 This is -- I'd -- I don't think this is the -- the
2 nature of the research that would be needed to do
3 that. I can speculate what would be needed to do
4 that, but I don't think this would do that.

5 MS. KATRINE DILAY: Okay. Thank you.
6 Mr. Barnlund, I'd like to turn to you for a few
7 questions. Mr. Barnlund, you do not dispute that
8 there is such a thing as energy poverty?

9 MR. GREG BARNLUND: No, I don't.

10 MS. KATRINE DILAY: And you will agree
11 that for some consumers, energy poverty means making
12 difficult choices in terms of household budgets,
13 correct?

14 MR. GREG BARNLUND: I would agree with
15 that, yes.

16 MS. KATRINE DILAY: You are aware that
17 the Public Utilities Board sought comments from
18 Manitobans regarding the proposed rate increases by
19 Manitoba Hydro?

20 MR. GREG BARNLUND: Yes.

21 MS. KATRINE DILAY: And you are aware
22 that the Public Utilities Board received over twenty-
23 three hundred (2,300) comments to date?

24 MR. GREG BARNLUND: Yes, I'm aware of
25 that.

1 MS. KATRINE DILAY: Have you reviewed
2 any or all of these comments?

3 MR. GREG BARNLUND: I haven't reviewed
4 them all, but I've looked at a few of them.

5 MS. KATRINE DILAY: Thank you. So
6 given that you've reviewed some of them, you'll agree
7 that in some cases, consumers may have to choose
8 whether to take money from their food budgets to pay
9 their electricity bills?

10 MR. GREG BARNLUND: Yes. I read some
11 people reporting some -- some hardship circumstances,
12 yes.

13 MS. KATRINE DILAY: Specifically
14 relating to food budgets to pay energy bills?

15 MR. GREG BARNLUND: Yes.

16 MS. KATRINE DILAY: And you'll agree
17 that some consumers suggest that rate increases of
18 this magnitude may mean keeping their thermostats at
19 an uncomfortable temperature in the winter?

20 MR. GREG BARNLUND: I've read that,
21 yes.

22 MS. KATRINE DILAY: You'll agree that
23 some consumers suggest that this excessive rate
24 increases may mean considering going on or going back
25 on social assistance?

1 MR. GREG BARNLUND: Yes.

2 MS. KATRINE DILAY: And you would
3 agree that the Public Utility -- Utilities Board's
4 invitation for consumers to send in their comments
5 provide useful inputs to the rate-making
6 deliberations?

7 MR. GREG BARNLUND: I agree. I would
8 just add, you know, in terms of these comments, too,
9 that I would also expect to see the same type of
10 comments potentially under a 3.95 percent rate -- rate
11 increase or other rate increase, because I would
12 expect that there are some customers that experience
13 these levels of -- of concern paying existing rates,
14 and so I -- I can appreciate that -- that there are
15 customers that are experiencing these particular
16 circumstances, yes.

17

18 (BRIEF PAUSE)

19

20 MS. KATRINE DILAY: But you would
21 agree that 7.9 percent is twice as high as 3.95
22 percent, agreed?

23 MR. GREG BARNLUND: It is, yes.

24 MS. KATRINE DILAY: Is Manitoba Hydro
25 contemplating a similar exercise in terms of inviting

1 comments from the public for the next General Rate
2 Application?

3 MR. GREG BARNLUND: The question is:
4 Is Manitoba Hydro?

5 MS. KATRINE DILAY: Yes.

6 MR. GREG BARNLUND: I'm not aware of
7 what -- what we might be entertaining to do prior to
8 the next application we make in terms of -- in terms
9 of that particular matter.

10 MS. KATRINE DILAY: Okay. Thank you.
11 A few more questions on -- on this topic. You'll
12 agree that as a society, we should want consumers to
13 have the ability to make healthy energy choices?

14

15 (BRIEF PAUSE)

16

17 MS. KATRINE DILAY: And if you can't
18 speak to what society might desire, are you able to
19 speak to Manitoba Hydro?

20 MR. GREG BARNLUND: If you could
21 rephrase the question, I'll -- I'll attempt to answer.

22 MS. KATRINE DILAY: Sure. You will
23 agree that Manitoba Hydro should want consumers to
24 have the ability to make healthy energy choices?

25 MS. ODETTE FERNANDES: Sorry, Ms. --

1 Manitoba Hydro is in the bil -- business of selling
2 electricity, and, you know, I don't think we can speak
3 to that.

4

5 (BRIEF PAUSE)

6

7 CONTINUED BY MS. KATRINE DILAY:

8 MS. KATRINE DILAY: Would you agree
9 that the purpose of the -- the Manitoba Health -- the
10 Manitoba Hydro Act is to assist consumers in making
11 healthy energy choices?

12

13 (BRIEF PAUSE)

14

15 MS. KATRINE DILAY: Sorry, the
16 Affordable Energy Program that Manitoba Hydro offers.

17 MR. GREG BARNLUND: Okay, sorry.

18 Could you repeat that question, then?

19 MS. KATRINE DILAY: Yeah.

20 MR. GREG BARNLUND: Thank you.

21 MS. KATRINE DILAY: You'll agree that
22 the purpose of the Affordable Energy Prog -- Program
23 that is offered by Manitoba Hydro is to -- to give the
24 option to consumers to make healthy energy choices?

25 MR. GREG BARNLUND: It certainly

1 provides them programming and incentives with which to
2 assist in reducing their energy consumption, which in
3 turn can result in lower bills for those particular
4 consumers.

5

6 (BRIEF PAUSE)

7

8 MS. KATRINE DILAY: Thank you.

9

10 (BRIEF PAUSE)

11

12 MS. KATRINE DILAY: So the -- the next
13 section of questions could go to either Mr. Barnlund
14 or Dr. Mason. You'll agree generally that some
15 governments and utilities have adopted programs to
16 address energy poverty?

17 DR. GREGORY MASON: That is correct.

18 MS. KATRINE DILAY: And without going
19 into detail, you will also agree that two (2) of the
20 categories of programs aimed at reducing energy
21 poverty include low income energy efficiency programs
22 as well as affordable rates programs?

23 DR. GREGORY MASON: That's correct.

24 MS. KATRINE DILAY: And again, without
25 going into details, you will agree that low income

1 energy efficiency programs can be defined as upgrades
2 which improve participants' quality of life by helping
3 them invest in their homes and enhance the comfort and
4 functionality of their living environments?

5 DR. GREGORY MASON: That's correct.

6 MS. KATRINE DILAY: And you will also
7 agree that one (1) result of energy efficiency
8 upgrades can often be reduced energy consumption and
9 as -- as a result, lower electricity bills?

10 DR. GREGORY MASON: That's correct.

11

12 (BRIEF PAUSE)

13

14 DR. GREGORY MASON: That's correct.

15 MS. KATRINE DILAY: And you will agree
16 that there is value in a low income energy efficiency
17 program as a sustainable long-term tool of reducing
18 energy poverty?

19 DR. GREGORY MASON: Yes, I would agree
20 with

21 MS. KATRINE DILAY: And turning back
22 to the affordable rate programs, you'll agree that
23 these types of programs are aimed at making energy
24 more affordable for low-income households?

25 DR. GREGORY MASON: That is correct,

1 yes.

2 MS. KATRINE DILAY: And affordable
3 rate programs also strive to make it easier for low-
4 income households to pay their energy bills on an
5 ongoing basis?

6 DR. GREGORY MASON: That's correct.

7 MS. KATRINE DILAY: So I think that
8 these next questions will be better suited to Mr.
9 Barnlund. Mr. Barnlund, you will agree that one (1)
10 core elements of rate setting is fairness?

11 MR. GREG BARNLUND: Yes.

12 MS. KATRINE DILAY: And one (1)
13 element of fairness is setting rates that are
14 reasonably reflective of the customer's costs to the
15 system?

16 MR. GREG BARNLUND: That's correct.

17 MS. KATRINE DILAY: And you are aware
18 that there are different types of affordable rate or
19 bill assistance programs that have been implemented in
20 various jurisdictions?

21 MR. GREG BARNLUND: Yes.

22 MS. KATRINE DILAY: And that some
23 programs are offered and funded by utilities?

24 MR. GREG BARNLUND: Some are, yes.

25 MS. KATRINE DILAY: And some programs

1 are offered and funded by government, correct?

2 MR. GREG BARNLUND: That's correct,
3 yes.

4 MS. KATRINE DILAY: To the extent that
5 rates are based upon a consideration of the ability to
6 pay, you will agree that this may be considered a
7 departure from cost-of-service principles?

8 MR. GREG BARNLUND: I would agree with
9 that, yes.

10 MS. KATRINE DILAY: And to a certain
11 degree, a consideration of a good bill assistance
12 program design is consideration of good social policy
13 design?

14 MR. GREG BARNLUND: Sorry, can you
15 repeat that one (1) -- one (1) more time?

16 MS. KATRINE DILAY: Certainly. To a
17 certain degree, a consideration of a good bill
18 assistance program design is consideration of good
19 social policy design?

20 MR. GREG BARNLUND: I think I'd agree
21 with that. And I'd also say that there should be a --
22 a very close coordination between the design of a
23 program and the existence of any social programs that
24 perhaps the government may offer to those customers
25 that are in the same low-income circumstance.

1 MS. KATRINE DILAY: Thank you for
2 that. And Manitoba Hydro would not suggest that it is
3 an expert in good social policy design, correct?

4 MR. GREG BARNLUND: That is not our
5 field of expertise.

6 MS. KATRINE DILAY: Thank you. Now
7 I'll turn back to Dr. Mason. And I'd like to turn to
8 page 58 of Appendix 10.5 of the -- of the application.

9

10 (BRIEF PAUSE)

11

12 MS. KATRINE DILAY: And if we look
13 towards the top of the page, the first full paragraph
14 says, "Full program uptake."

15 So if we read this paragraph, Dr.
16 Mason, can you confirm that in the context of the
17 simulation of bill affordability options in this
18 report, the report assumes 100 percent participation
19 rate?

20 DR. GREGORY MASON: That's correct.

21 MS. KATRINE DILAY: However, if we
22 look at this paragraph, your report also finds that in
23 reality, it appears uncommon for bill affordability
24 programs to reach more than half of those who might
25 benefit from participation, correct?

1 DR. GREGORY MASON: That's correct.

2 MS. KATRINE DILAY: And in this
3 report, Prairie Research Associates examines two (2)
4 states in the United States, which are Colorado and
5 Pennsylvania, correct?

6 DR. GREGORY MASON: Correct.

7 MS. KATRINE DILAY: And those States
8 are recognized as leading jurisdictions in terms of
9 bill assistance programs?

10 DR. GREGORY MASON: Yes, they're among
11 the leaders, yes.

12 MS. KATRINE DILAY: So I'd like to
13 take you now to Tab 3 of the book of documents that we
14 just filed today. So the third book of documents,
15 which is Exhibit CC-32-3.

16 And so you'll see at Tab 3 that it is a
17 report by Apprise, which is spelled A-P-P-R-I-S-E, and
18 this is the report that was referenced in PRA's
19 report. Is that right?

20 DR. GREGORY MASON: That's correct.

21 MS. KATRINE DILAY: And can you
22 confirm that this is an evaluation of Pennsylvania
23 Energy Company's Universal Services Program?

24 DR. GREGORY MASON: It is.

25 MS. KATRINE DILAY: And if we turn to

1 page 13 of this report, which is page 39 of the book
2 of documents, so I'd like to go a little bit lower
3 down on the page, under the heading CAP participation
4 rates. Can you confirm that CAP is the Customer
5 Assistance Program rate?

6 DR. GREGORY MASON: It is, yes.

7 MS. KATRINE DILAY: And that is the
8 Pennsylvania Energy Company's affordable rate design?

9 DR. GREGORY MASON: It is, yes.

10 MS. KATRINE DILAY: And so if we look
11 at the first paragraph under the heading, you'll agree
12 that this evaluation found that only 46 percent of
13 eligible households participated in Pennsylvania
14 Energy Company's Customer Assistance Program rates in
15 2009, correct?

16 DR. GREGORY MASON: Correct.

17 MS. KATRINE DILAY: And of the 46
18 percent of eligible households that participated,
19 you'll agree that this study also finds that the level
20 of participation was lowest among the lowest income
21 customers?

22 DR. GREGORY MASON: That's correct.

23 MS. KATRINE DILAY: And I'd like to
24 just walk through the table in a little bit more
25 detail. Kristen, I don't know if we're able to go

1 down a little bit lower so that the table that spans
2 the two (2) pages would be able to show? That would
3 be fine for now. Thank you.

4 So you'll see here, if we just walk our
5 way through this table, that the left-hand side column
6 has the poverty level, which is measured in tiers. Is
7 that right?

8 DR. GREGORY MASON: Yes.

9 MS. KATRINE DILAY: And the lowest
10 level that we see there is the -- is zero percent to
11 25 percent, correct?

12 DR. GREGORY MASON: That's correct.

13 MS. KATRINE DILAY: And that would
14 represent households with annual incomes below 25
15 percent of the federal poverty guidelines, correct?

16 DR. GREGORY MASON: Correct.

17 MS. KATRINE DILAY: And if we move our
18 -- to -- towards the right, if we go to the third
19 column, we'll see that at that level, there were
20 forty-five thousand five hundred and five (45,505)
21 eligible households. Is that correct?

22 DR. GREGORY MASON: Correct, yes.

23 MS. KATRINE DILAY: And if we go back
24 to the second column, we'll see that eleven thousand
25 four hundred and seventy-five (11,475), participated.

1 Is that right?

2 DR. GREGORY MASON: That's correct.

3 MS. KATRINE DILAY: And if we now look
4 to the last column, that equals to a 25 percent
5 participation rate? Is that right?

6 DR. GREGORY MASON: That's right.

7 MS. KATRINE DILAY: And if we move our
8 way down the table, we can see that the -- for the
9 income levels of 26 percent to 50 percent, there was
10 approximately a 65 percent participation rate?

11 DR. GREGORY MASON: That's correct,
12 yes.

13 MS. KATRINE DILAY: And if we walk our
14 way down, the next two (2) tiers had 63 percent
15 participation rates?

16 DR. GREGORY MASON: Yes.

17 MS. KATRINE DILAY: And the last two
18 (2) tiers had 34 percent participation rate?

19 DR. GREGORY MASON: That's right.

20 MS. KATRINE DILAY: So we'll agree
21 that overall, the lowest income consumers had the
22 lowest participation rate, at 25 percent?

23 DR. GREGORY MASON: That's correct.

24 MS. KATRINE DILAY: So I'd like to
25 turn now to Tab 4 of this book of documents. And this

1 is the Pennsylvania Energy Company Second Amended
2 Universal Services Three Year Plan 2013 to 2015. Do
3 you see that?

4 DR. GREGORY MASON: Yes, I do.

5 MS. KATRINE DILAY: And I'd like to
6 turn to page 6 of this report, which is page 50 of the
7 book of documents. And if we just look at the marked
8 passage towards the top of the page, you'll agree that
9 we see here that according to the most recent 2010 US
10 census data, approximately three hundred and twenty
11 thousand (320,000) households who live in PECO's --
12 Pennsylvania Energy Company's -- service territory
13 have income at or below 150 percent of the federal
14 poverty level?

15 DR. GREGORY MASON: That's correct,
16 yes.

17 MS. KATRINE DILAY: If we now go to
18 page 13 of this report, which is page 57 of the book
19 of documents, we'll see here the eligibility criteria.
20 Is that right?

21 DR. GREGORY MASON: That's correct.

22 MS. KATRINE DILAY: So you will agree
23 that the report states that a customer with a verified
24 household gross income at or below 150 percent of the
25 FPL, which is the federal poverty line, is eligible

1 for PECO's CAP rate program? Is that right?

2 DR. GREGORY MASON: That's correct.

3 MS. KATRINE DILAY: And if we now go
4 to page 17, which I promise is the last page of this
5 report we'll look at, at the top of the page, we can
6 see the projected enrollment levels. Is that right?

7 DR. GREGORY MASON: That's correct,
8 yes.

9 MS. KATRINE DILAY: And so you'll
10 agree that for 2013, the projected enrollment was a
11 hundred and forty-two thousand (142,000)?

12 DR. GREGORY MASON: Yes.

13 MS. KATRINE DILAY: For 2014, the
14 projected enrolment level was at a hundred and forty-
15 four thousand (144,000) customers?

16 DR. GREGORY MASON: That's correct.

17 MS. KATRINE DILAY: And for 2015, the
18 projected enrollment level was a hundred and forty-six
19 thousand (146,000) customers. Is that right?

20 DR. GREGORY MASON: That's correct,
21 yes.

22 MS. KATRINE DILAY: So there's nothing
23 to suggest from these numbers that we just looked at
24 that the Pennsylvania Energy Company program has
25 reached 50 percent of participation rate?

1 DR. GREGORY MASON: That's correct.

2

3

(BRIEF PAUSE)

4

5 MS. KATRINE DILAY: Dr. Mason, are you
6 aware whether or not re-enrollment in bill
7 affordability programs is a challenge?

8

9 DR. GREGORY MASON: I'm going to defer
10 that question here, but I will point out that the
11 evidence you're bringing forward speaks to the point I
12 made yesterday, namely, the complexity of running
13 these programs and the amount of effort that goes in
14 even to get 50 percent enrollment.

15 So if you read through this, you'll see
16 that they have a minimal -- of a staff of ten (10),
17 and they do a tremendous amount. The energy company
18 has a very comprehensive outreach program. It manages
19 several programs. It has a call centre. So now we're
20 talking about building very significant infrastructure
21 within the organization to manage this program, and
22 they still are not getting to full enrollment.

23 So I would encourage the Board to read
24 through this, because it's an eloquent statement about
25 how complex running a social assistance program is,
and how embedding that within an energy program is a

1 significant financial undertaking.

2 MS. KATRINE DILAY: And I think in
3 terms of my question about re-enrollment -- and thank
4 you -- thank you for those comments. I'd like to --
5 to ask in the context of that PRA report whether re-
6 enrollment in bill affordability programs is an issue
7 that came up in the research.

8 DR. GREGORY MASON: No, we never
9 looked at that. And just to clarify why we assumed a
10 hundred percent enrollment, it was actually to take it
11 to the maximum possible financial implications for
12 Hydro. So that's what the Working Group wanted us to
13 do was to look at the full cost, and we never actually
14 discussed simulating or modelling enrollment levels
15 less than a hundred percent. Again, we were, in fact,
16 working with the Working Group and having their
17 direction in -- in designing that simulation.

18 MS. KATRINE DILAY: And can you
19 confirm that if the assumption had been closer to a 50
20 percent participation rate in the stimulations, the
21 expenditure for the program would have been lower?

22 DR. GREGORY MASON: Of course.

23 MS. KATRINE DILAY: So I'd like now to
24 take you, Dr. Mason, to page 122 of Appendix 10.5 of
25 the application. So this is part of the PRA report.

1 And I'd like to look at footnote 74 at the bottom of
2 that page, because I think it really -- it adds more
3 information to the point we're talking about.

4 So the critical point you're making
5 here with you -- and I'll just read it out:

6 "It is critical to acknowledge that
7 receipt of benefits is likely to
8 require participating in a formal
9 application process, and that
10 customers who are unaware such
11 assistance exists, or who are unable
12 or unwilling to participate in the
13 process, could not only fail to
14 enjoy rate assistance for which they
15 might otherwise be eligible, but may
16 also be required to finance
17 households that do take advantage of
18 bill affordability programming."

19 So you'll confirm that's footnote 74
20 there?

21 DR. GREGORY MASON: That's correct.

22 MS. KATRINE DILAY: And to confirm
23 this point, you'll agree that the point here is that
24 there are eligible customers who may not participate
25 in a rate assistance program?

1 DR. GREGORY MASON: Absolutely.

2 MS. KATRINE DILAY: And those same
3 customers could end up contributing to subsidizing
4 lower rates for eligible customers who are
5 participating?

6 DR. GREGORY MASON: Precisely, yes.

7 MS. KATRINE DILAY: Thank you.

8

9 (BRIEF PAUSE)

10

11 MS. KATRINE DILAY: So the next few
12 questions could go to either Mr. Barnlund or Dr.
13 Mason. You'll agree that an important consideration
14 of designing any social policy program is defining the
15 eligible population that will receive the benefit?

16 DR. GREGORY MASON: That's correct.

17 MS. KATRINE DILAY: And by doing this
18 exercise, you will also agree that the population who
19 will not be eligible to receive the benefit is also
20 being defined, correct?

21 DR. GREGORY MASON: That's correct.

22 MS. KATRINE DILAY: And you'll agree
23 that those who do not participate in the program are
24 called upon to pay for those who do participate?

25 DR. GREGORY MASON: In this instance,

1 that would be the case, yes. It's not the case in all
2 instances, but let's give an illustration of people
3 who choose not to participate in social assistance,
4 but could qualify, through the provincial income tax,
5 when they buy something, they are, in fact, paying for
6 the people who are participating in social assistance.
7 So in that sense, yes, they are subsidizing those who
8 participate.

9 MS. KATRINE DILAY: Thank you. So if
10 we assume for a second that the cut-off for an energy
11 poverty program would be LIC0125, that would suggest
12 that if a customer is at LIC0126, that customer would
13 not qualify for the program, correct?

14 DR. GREGORY MASON: That's the cut-
15 off, yes.

16 MS. KATRINE DILAY: As with all line-
17 drawing exercises, we cannot say with confidence that
18 someone at LIC0126 is not living in energy poverty,
19 correct?

20 DR. GREGORY MASON: That's for sure,
21 yes.

22

23 (BRIEF PAUSE)

24

25 MS. KATRINE DILAY: So I've already

1 asked these questions, but just to confirm with both
2 Dr. Mason and Mr. Barnlund, you'll agree generally
3 that there exists bill affordability programs that are
4 funded by ratepayers?

5 DR. GREGORY MASON: Yes, there are.

6 MS. KATRINE DILAY: And you'll agree
7 generally that there exists bill affordability
8 programs that are funded by government?

9 DR. GREGORY MASON: That's correct. I
10 think they're called social assistance programs.
11 That's what -- I mean, a social assistance program is,
12 in fact, designed to help people with all their bills.

13 MS. KATRINE DILAY: So -- so I'd like
14 to confirm that there are some bill affordability
15 programs funded by governments that are specifically
16 for energy bills.

17 DR. GREGORY MASON: Yes, there are.
18 Ontario has one, for example.

19 MS. KATRINE DILAY: Thank you. So Dr.
20 Mason, just a few points about the Prairie Research
21 Associates report. So in that report, you'll agree
22 that the Canadian jurisdictions that you studied were
23 Ontario, British Columbia and Quebec, correct?

24 DR. GREGORY MASON: Okay. Yes.

25 MS. KATRINE DILAY: And at the time

1 you prepared this study, Quebec did not have a bill
2 assistance program, correct?

3 DR. GREGORY MASON: That's my
4 understanding, yes.

5 MS. KATRINE DILAY: And that is still
6 the case as far as you know?

7 DR. GREGORY MASON: I believe so, yes.

8 MS. KATRINE DILAY: And at the time
9 you prepared the report, British Columbia did not have
10 a bill assistance program in place, correct?

11 DR. GREGORY MASON: That's my
12 understanding, yes.

13 MS. KATRINE DILAY: And are you aware
14 whether or not the British Columbia Utilities
15 Commission found that it did not have jurisdiction to
16 order BC Hydro to implement low income rates unless
17 there is an economic or cost-of-service justification?

18 DR. GREGORY MASON: I'll let Greg
19 handle that.

20 MS. KATRINE DILAY: Sure.

21 DR. GREGORY MASON: I'm going to let
22 Greg Barnlund -- Barnlund handle it.

23 MR. GREG BARNLUND: Yes, I'm aware of
24 that.

25 MS. KATRINE DILAY: Thank you. And

1 Dr. Mason, at the time you prepared this report,
2 Ontario had an affordable rate design that was
3 ratepayer-funded, correct?

4 DR. GREGORY MASON: That's correct.

5 MS. KATRINE DILAY: And yesterday, you
6 spoke with my friend Ms. Steinfeld about Ontario's
7 current bill assistance program. And so you'll agree
8 that in the spring of 2017, the Ontario Affordable
9 Rate Program became taxpayer-funded?

10 DR. GREGORY MASON: That's correct,
11 yes.

12 MS. KATRINE DILAY: And Dr. Mason,
13 you'll agree that another example of a bill
14 affordability program funded by government is in the
15 United Kingdom?

16 DR. GREGORY MASON: I believe they
17 have one, yes.

18 MS. KATRINE DILAY: One (1) example
19 would be the warm hou -- the Warm Home Discount
20 Scheme? Is that right?

21 DR. GREGORY MASON: That's correct. I
22 would like to point out that the rent assist program
23 in Manitoba is designed to cover utilities, and so it
24 actually is -- that does, in fact, cover energy costs
25 as well, so just to be clear that -- on terms of what

1 that is intended to do.

2 MS. KATRINE DILAY: Thank you. And I
3 -- I have a few questions about that in a few minutes.
4 And another example of a low-income energy efficiency
5 program funded by government would be the Low Income
6 Home Energy Assistance Program at the federal level in
7 the United States, agreed?

8 DR. GREGORY MASON: Yes.

9 MS. KATRINE DILAY: And this question
10 will probably be better for Mr. Barnlund. Are you
11 aware whether or not the Nova Scotia Utility Review
12 Board found it didn't -- it does not have jurisdiction
13 to order or adopt a rate assistance program for low-
14 income con -- consumers?

15 MR. GREG BARNLUND: I believe that to
16 be the case, yes.

17 MS. KATRINE DILAY: Thank you. And
18 this will be a question for Dr. Mason and Mr.
19 Barnlund.

20 Going back to Ontario briefly, I know
21 you discussed that jurisdiction yesterday with My
22 Friend, Ms. Steinfeld, but I'm wondering if you have
23 sought to identify the reasons articulated by the
24 Ontario government for moving to a taxpayer-funded
25 model of bill assistance program?

1 DR. GREGORY MASON: I could venture an
2 opinion. And -- and as I said yesterday, it's not so
3 much my opinion as an economist more that they found
4 it politically expedient to move those bills far into
5 the future. And I thank -- I think it was a political
6 decision for short-term political reasons, not
7 necessarily economic reasons.

8 MS. KATRINE DILAY: Thank you. So
9 I'll move on to a little bit of a different topic, but
10 again, Dr. Mason or Mr. Barnlund, you can feel free to
11 answer.

12 You will agree that energy poverty is
13 driven by a multitude of factors?

14 DR. GREGORY MASON: I would agree that
15 poverty is driven by multitude of factors. I mean, I
16 think energy poverty is primarily driven by increases
17 in costs, so I mean, if you want to isolate energy
18 poverty, but poverty is driven by multiple factors,
19 income deficiency, and rising prices across a spectrum
20 of things that consumers need to pay for.

21 MS. KATRINE DILAY: Thank you. So
22 without necessarily naming all the possible factors,
23 I'd just like to walk through some of the factors with
24 you. You'll agree that income realities are a factor
25 affecting energy poverty?

1 DR. GREGORY MASON: Well, income
2 constraints. You -- usually unemployment, that's a
3 significant factor.

4 MS. KATRINE DILAY: And you'll agree
5 that housing quality is a factor that would affect
6 energy poverty?

7 DR. GREGORY MASON: Yes. Well, it --
8 housing quality affects energy efficiency, which
9 affects price, the -- the total cost of your energy.
10 So, yes, you -- you walk through that chain, that's
11 the chain you get to creating poverty issues or income
12 insufficiency issues for households.

13 MS. KATRINE DILAY: And you'll agree
14 that climate could be a factor affecting energy
15 poverty?

16 DR. GREGORY MASON: It's one (1) of
17 the reasons why it's so important in Canada.

18 MS. KATRINE DILAY: You'll agree that
19 one (1) factor affecting energy poverty would be the
20 interplay between social programming and utility
21 operations?

22 DR. GREGORY MASON: Well, again,
23 you're getting into some long, like, fairly complex
24 relationships, here. And to kind of isolate that
25 particular interplay as a factor, I think it's

1 possibly a contributing factor. The interplay of
2 social programs, and if you want to stretch that out a
3 little bit, one (1) of the most direct ways of
4 managing energy poverty is to have social assistance
5 rates indexed to energy prices, the way we do cost-of-
6 living. So the power to deal with this is directly
7 with the social assistance rates, and that's the most
8 direct way to manage this issue.

9 MS. KATRINE DILAY: And you'll agree
10 that there also exists other non-economic barriers
11 that marginalized populations face?

12 DR. GREGORY MASON: Like -- yeah. I -
13 - I don't like words being put in my mouth that I
14 would not normally -- would use myself, right? So
15 marginalization comes as a result of isolation and
16 exclusion that usually is a result of being cut off
17 from society, and a lot of times, poverty is a major
18 factor in that exclusion. And so that's the way I
19 prefer to talk about it. I find 'marginalized' --
20 'marginalization' to be a buzzword which is very, very
21 common, and applied in lot of dimensions.

22

23 (BRIEF PAUSE)

24

25 MS. KATRINE DILAY: Thank you for that

1 answer. I'd like to turn now to the information
2 response AMC/Manitoba Hydro Second Round 23, (a) to
3 (c), page 6, which Kristen has helpfully pulled up.

4 DR. GREGORY MASON: Okay.

5

6 (BRIEF PAUSE)

7

8 MS. KATRINE DILAY: And I do
9 acknowledge that My Friend Mr. Shefman has already
10 pulled up this information request, but I'd like to --
11 to touch upon some different points of this.

12 And so if we just go down a little bit,
13 I just want to confirm again the four (4) scenarios
14 that are represented here. So if we go down a little
15 bit on the page.

16 So Dr. Mason, you'll agree that this
17 figure shows that scenario 1 is the 3.95 percent
18 electricity rate increases for twelve (12) years? Is
19 that right?

20 DR. GREGORY MASON: That's correct,
21 yes.

22 MS. KATRINE DILAY: Scenario 2 is 5.95
23 percent electricity rate increases for six (6) years?

24 DR. GREGORY MASON: Yes.

25 MS. KATRINE DILAY: Scenario 3 is 7.95

1 percent electricity rate increases for four (4) years?

2 DR. GREGORY MASON: M-hm.

3 MS. KATRINE DILAY: And scenario 4
4 would be 3.36 percent in 2017, followed by 7.9 percent
5 rate increases for six (6) years, and one (1) rate
6 increase for one (1) year at 4.54 percent?

7 DR. GREGORY MASON: That's correct,
8 yes.

9 MS. KATRINE DILAY: And so if we go
10 back up a little bit so that the table is on the page,
11 you'll agree that these scenarios focus primarily on
12 price and income, correct?

13 DR. GREGORY MASON: That's correct,
14 yes.

15 MS. KATRINE DILAY: And this figure
16 shows us that all other things being equal, the higher
17 the price of electricity, the greater the risk of
18 energy poverty, correct?

19 DR. GREGORY MASON: That's correct,
20 yes.

21 MS. KATRINE DILAY: And as we get
22 towards the end of the period represented here, we see
23 that scenarios 1, 2, and 3 three level off towards the
24 end --

25 DR. GREGORY MASON: M-hm.

1 MS. KATRINE DILAY: -- correct?

2 DR. GREGORY MASON: That's correct.

3 MS. KATRINE DILAY: And you'll agree
4 that this is due to steady growth in household
5 incomes?

6 DR. GREGORY MASON: That's correct,
7 yes.

8 MS. KATRINE DILAY: And you'll agree
9 that to extent -- to the extent that incomes of low-
10 income people do not achieve this steady growth,
11 closing the gap in terms of energy poverty reduction
12 may not happen?

13 DR. GREGORY MASON: For the lower
14 income people, depending upon growth rates of income,
15 you're right, yes. They won't.

16 MS. KATRINE DILAY: Thank you. And
17 Dr. Mason or Mr. Barnlund, you'll agree that giving
18 (sic) the multitude of factors that affect energy
19 poverty, there is likely no one (1) program that will
20 solve the energy poverty?

21 DR. GREGORY MASON: I'll leap in
22 there. I would not argue necessarily that. I've
23 spent a lifetime championing the basic income, so I
24 would not say that a multitude of interventions are
25 what you need. There are more direct ways to get to

1 the end goal.

2 MS. KATRINE DILAY: Thank you.

3

4 (BRIEF PAUSE)

5

6 MS. KATRINE DILAY: So I'd like to
7 turn to, again, in the PRA report, to page 19. And
8 actually, this is not the PRA report, but it's the
9 bill affordability working group report.

10

11 (BRIEF PAUSE)

12

13 MS. KATRINE DILAY: And so if we go
14 down a little bit on the page, and I'm not sure if
15 this will be better for Dr. Mason or Mr. Barnlund, but
16 you'll agree that this report on this page outlined
17 the existing programs for lower income customers as it
18 relates to bill affordability? And this might be Ms.
19 Galbraith as well.

20 MS. COLLEEN GALBRAITH: That is
21 correct.

22 MS. KATRINE DILAY: And you'll agree
23 that this page highlights the programs that are
24 offered by Manitoba Hydro, correct?

25 MS. COLLEEN GALBRAITH: That is

1 correct, at the present time.

2 MS. KATRINE DILAY: And you'll agree
3 that at that time, the programs included Power Smart
4 Affordable Energy Program?

5 MS. COLLEEN GALBRAITH: That is
6 correct.

7 MS. KATRINE DILAY: The Neighbours
8 Helping Neighbours, the Equal Payment Plan, the
9 deferred payment plans, arrears management, and
10 community outreach?

11 MS. COLLEEN GALBRAITH: That is
12 correct.

13 MS. KATRINE DILAY: And this might be
14 a question for Ms. Morrison. Is it Manitoba Hydro's
15 expectation that the Power Smart Program will be moved
16 to Efficiency Manitoba?

17 MS. LOIS MORRISON: As outlined in the
18 Efficiency Manitoba Act, all responsibility for all
19 demand-side management initiatives will move to
20 Efficiency Manitoba.

21 MS. KATRINE DILAY: And so in effect,
22 once Power Smart is moved to Efficiency Manitoba,
23 Manitoba Hydro will no longer have control of this
24 important tool of energy poverty mitigation?

25 MS. LOIS MORRISON: Ms. Galbraith will

1 build on this, but it is our intent to continue to
2 have our bill affordability working groups, and once
3 Efficiency Manitoba is established, they would be a
4 partner in that group. That would be our expectation.

5 MS. COLLEEN GALBRAITH: So I mentioned
6 earlier today that we had our affordable energy
7 advisory committee, and we've renamed it the bill
8 affordability advisory committee. The intent is once
9 Efficiency Manitoba is established, we would have
10 representation from Efficiency Manitoba on that so we
11 can continue to further integrate and offer as much
12 assistance as available to those customers that are
13 struggling with energy bills.

14 MS. KATRINE DILAY: Thank you. So if
15 we turn to the next page, page 20 of the report, in
16 terms of other assistance options that are not
17 provided by Manitoba Hydro that are listed on page 20
18 and 21, and these would include Employment and Income
19 Assistance, Manitoba Housing, and Indigenous and
20 Northern Affairs Canada. Is that right?

21 MS. COLLEEN GALBRAITH: That is
22 correct.

23

24

(BRIEF PAUSE)

25

1 MS. KATRINE DILAY: And a question on
2 that for Dr. Mason. Would you agree that social
3 assistance rates in Manitoba are unlikely to assist
4 full-time working poor?

5 DR. GREGORY MASON: I -- I'm not going
6 to actually answer that one way or the other. I have
7 not actually looked at the rates. There's a common
8 claim that they do lag and that they're insufficient,
9 but there are a lot of times people look at just the
10 social assistance system by themselves and not at the
11 ancillary programs which are available to social
12 assistance recipients to help them with other portions
13 of their bill or their -- their income and their
14 expenditures.

15 So since I haven't studied the social
16 assistance system in Manitoba or looked at its
17 coverage in detail, I can't say one way or the other
18 whether that's the case.

19 MS. KATRINE DILAY: And is your answer
20 the same in terms of the working poor, people who
21 might be working full-time?

22 DR. GREGORY MASON: There actually --
23 there are no programs which are specifically -- that I
24 know of that are specifically targeted for the working
25 poor except what will eventually become the Basic

1 Income Pilot Project in Ontario. They've tried to
2 encompass the working poor there.

3 The working poor is a fairly undefined
4 concept, but in most estimation that I've started to
5 see recently, it exceeds the numbers on social
6 assistance.

7 MS. KATRINE DILAY: And Dr. Mason, can
8 you identify any provincial program that assists the
9 working poor with energy costs?

10 DR. GREGORY MASON: Well, as I said,
11 rent assist in -- by implication, does that. It
12 includes that in there. So the rent assist program
13 does incorporate support for utilities.

14 MS. KATRINE DILAY: Thank you. And
15 this question might be better for Manitoba Hydro. I'm
16 not sure who; maybe Mr. Barnlund.

17 The -- the programs that we just went
18 through, the Employment and Income Assistance,
19 Manitoba Housing, and Indigenous and Northern Affairs
20 Canada. You'll agree that they provide important
21 assistance for consumers to meet energy bills --
22 energy bill payments?

23 MR. GREG BARNLUND: I would -- I would
24 agree with that.

25 MS. KATRINE DILAY: And you'll agree

1 that the oversight of these programs is not under
2 Manitoba Hydro control, correct?

3 MR. GREG BARNLUND: That's correct.

4 MS. KATRINE DILAY: So in essence,
5 once the Power Smart Program moves to Efficiency
6 Manitoba, the oversight of key energy poverty tools
7 will be split between Manitoba Hydro, Efficiency
8 Manitoba, the Government of Manitoba, and the
9 Government of Canada, correct?

10 MR. GREG BARNLUND: Yes, I think that
11 will be the situation, and -- and I think that
12 potentially contributes to an issue of -- of possible
13 either overlap or -- or gaps emerging in terms of
14 programming.

15 MS. KATRINE DILAY: And it's fair to
16 say that there is no coordinating body in terms of
17 efforts to address energy poverty?

18 MR. GREG BARNLUND: I'm unaware of
19 any.

20 MS. KATRINE DILAY: Thank you. And
21 going back to Dr. Mason, just a few questions. Going
22 back to the social assistance programs, is it under --
23 your understanding that for persons receiving social
24 assistance in Manitoba, some have their electricity
25 bills paid directly by Employment and Income

1 Assistance?

2 DR. GREGORY MASON: My belief is that
3 Employment and Income Assistance is attempting to get
4 out of that, and there's been a process of now
5 shifting the responsibility for paying all bills onto
6 the recipient. There still may be some people who are
7 under the old system, but I think the intent is to
8 move everybody into a status where they pay their own
9 bills directly.

10 MR. PAUL CHARD: I can actually assist
11 with that.

12

13 (BRIEF PAUSE)

14

15 MR. PAUL CHARD: So certainly, that
16 was mentioned in the report, and that was the
17 indication that we had been given from Employment and
18 Income Assistance, but we've actually seen a very low
19 reduction of customers who receive EIA who are on
20 direct billing with Manitoba Hydro.

21 So in May of 2015, before the
22 transition, there was five thousand three hundred
23 (5,300) customers approximately on direct billing, and
24 in August of 2017, there were four thousand eight
25 hundred and seventy (4,870). So it has gone down, but

1 it's not been as dramatic as we'd anticipated.

2 MS. KATRINE DILAY: And so the move is
3 then towards recipients receiving an amount each month
4 from Employment and Income Assistance to pay their
5 utilities bills themselves?

6 MR. PAUL CHARD: That is the policy
7 direction that was provided to the working group, yes.

8 MS. KATRINE DILAY: And going back to
9 Dr. Mason, in Prairie Research Associates's simulation
10 exercise, which estimated the costs of bill
11 affordability programs, can you confirm once again
12 that PRA assumed a hundred percent participation rates
13 in the program?

14 DR. GREGORY MASON: That's correct.

15 MS. KATRINE DILAY: And so you'll
16 agree that this led to an assumption that bill
17 assistance benefits would be paid to social assistance
18 recipients who may already be receiving compensation
19 for utility bills?

20 DR. GREGORY MASON: We didn't model in
21 our simulation any of the kind of specific
22 institutional factors that would filter the benefits
23 through to end users or end beneficiaries. That would
24 have raised the compli -- complication of the
25 simulation considerably, and so that was not done. So

1 we have made no assumptions in that regard.

2

3

(BRIEF PAUSE)

4

5 MS. KATRINE DILAY: And so to confirm,
6 to the extent that there would be any overlap in
7 benefits -- the benefits provided by a bill
8 affordability program would be smaller?

9

10 DR. GREGORY MASON: They may be. I
11 would point out there's only one (1) system in Canada
12 that actually does simulations of policy, and that's
13 the Canadian -- Statistics Canada policy simulation
14 tool. And that's a fairly complex tool to use, and I
15 don't believe it works for all the programs, because
16 the programs are constantly shifting.

17 So what you're asking is a -- a very
18 sophi -- sophisticated piece of work that requires
19 complex microdata. I'm not saying it couldn't be done
20 or shouldn't be done. I'm just saying it's a
21 complicated piece of work.

21

22

(BRIEF PAUSE)

23

24 MS. KATRINE DILAY: And so you have
25 already confirmed that Ontario has an affordable rate

1 program, correct?

2 DR. GREGORY MASON: That's correct.

3 MS. KATRINE DILAY: And you'll agree
4 that Manitoba Hydro consumers, given that we've just
5 gone through the programs available to them, currently
6 do not have access to an affordable rate program such
7 as is in place in Ontario, correct?

8 DR. GREGORY MASON: That's correct,
9 yes.

10

11 (BRIEF PAUSE)

12

13 MS. KATRINE DILAY: So my next
14 questions -- the next topic will be directed to Mr.
15 Barnlund. So I'd like to turn back to the book of
16 documents and Tab 2, and specifically page 99 of the
17 report, which is at page 22 of the book of documents.

18

19 (BRIEF PAUSE)

20

21 MS. KATRINE DILAY: So we have there a
22 -- a section that is marked at the top of the page.

23

24 (BRIEF PAUSE)

25

1 MS. KATRINE DILAY: And so you'll
2 agree here that the -- the article says that one (1)
3 extreme are Utilities that argue, for example, that
4 social programming is the responsibility -- the
5 responsibility of government and not within Manitoba
6 Hydro's mandate, and that poverty programs are the
7 responsibility of government. Is that right? Do you
8 see that there?

9 MR. GREG BARNLUND: I read that, yes.
10 I see that there. Yeah.

11 MS. KATRINE DILAY: And if we just go
12 down to the footnote number 28 to see where that is
13 from, you'll agree this is from an information
14 response in the last General Rate Application?

15 MR. GREG BARNLUND: I see that, yes.

16 MS. KATRINE DILAY: So you'll agree
17 that this article characterizes Manitoba Hydro at one
18 (1) extreme in terms of Utility's response to energy
19 poverty?

20 MR. GREG BARNLUND: Could you scroll
21 that back up again? I -- I must admit, I did not read
22 this report. I thought that this was going to be
23 addressed by Mr. -- by Dr. Mason.

24 MS. KATRINE DILAY: That -- and that's
25 no problem, and I -- if you wanted to just take -- it

1 was just that sentence.

2

3

(BRIEF PAUSE)

4

5 MR. GREG BARNLUND: That's the way the
6 sentence is written, yeah.

7

8 MS. KATRINE DILAY: And would you
9 agree with this characterization of Manitoba Hydro as
10 being at an extreme?

11

12 MR. GREG BARNLUND: Well, I wouldn't
13 say that it's an extreme, because if I think of many
14 utilities, certainly many shareholder-owned utilities
15 would share the same opinion or -- or same position, I
16 would say, with respect to the statement made here
17 that social programming is the responsibility of
18 government and not within the Utility's mandate. So I
19 think that could be widely attributed to a -- a large
20 number of utilities in Canada.

21

22 MS. KATRINE DILAY: Thank you. If we
23 turn to page 106 of this article, which is at page 29
24 of the book of documents.

25

26

(BRIEF PAUSE)

27

28

29 MS. COLLEEN GALBRAITH: Sorry, can I

1 actually add to Mr. Barnlund's comment?

2 MS. KATRINE DILAY: Sorry?

3 MS. COLLEEN GALBRAITH: Can I add to
4 Mr. Barnlund's comment?

5 MS. KATRINE DILAY: Sure.

6 MS. COLLEEN GALBRAITH: If you can
7 bring back the page 99, if you don't mind. Thank you.
8 On -- while the article is written as that -- they're
9 -- Manitoba Hydro is characterized as one (1) extreme,
10 if you follow along in the sentence in the paragraph
11 in there, they do say on the other spectrum that there
12 are other expansive approaches to address energy
13 poverty, including rate discounts, arrears program,
14 shut-off protections, and comprehensive no-cost to
15 energy efficiency installations.

16 Manitoba Hydro has an arrears
17 forgiveness program that has been in place for some
18 time, and if Mr. Chard would like to add to that, he
19 can. But we also have shut-off protections and
20 comprehensive no-cost to energy efficiency
21 installations. So I think it's unfair that the
22 article characterizes Manitoba Hydro at one (1)
23 extreme.

24 MS. KATRINE DILAY: And would you
25 agree, perhaps, that the -- the rate discount might be

1 the -- the difference there?

2 MS. COLLEEN GALBRAITH: I would agree
3 with that.

4 MS. KATRINE DILAY: Thank you. So if
5 we go back to -- to page 106 of this article, page 29
6 of the book of documents -- and again, I'm not going
7 to ask you to elaborate on this article. So if we go
8 back a little bit towards the top of -- just a little
9 bit on the page, so you'll see that there is a marked
10 section on the left-hand side of the page, and that
11 full paragraph starts out by saying:

12 "It should also be borne in mind
13 that other developments will
14 threaten affordability for low-
15 income households, and will
16 therefore also need to be
17 addressed."

18 Do you see that there? Mr.
19 Barnlund...?

20 MR. GREG BARNLUND: I see that.
21 Again, I have not read this document, so I don't know
22 the context of the rest of the document and how this
23 being put before me. I'm sorry.

24 MS. KATRINE DILAY: And that's fine.
25 I think I'm just looking for acknowledgment that those

1 sentences are there.

2 MR. GREG BARNLUND: Those sentences
3 are there.

4 MS. KATRINE DILAY: And you'll agree
5 that, later in the same paragraph, this article cites
6 Manitoba Hydro's previous rate plan of 3.95 percent
7 rate increases for each of -- most of the next twenty
8 (20) years, at the end of the paragraph.

9 Is that right? The last paragraph of
10 that -- the last sentence of that paragraph.

11 MR. GREG BARNLUND: Again, I don't
12 understand -- I'm sorry, I don't -- it says Manitoba
13 Hydro projects increase of 3.95 percent for each of
14 most of the next twenty (20) years, which will more
15 than double rates. And -- and I -- compared to our
16 rate trajectory in the past, I wouldn't agree with
17 that statement. I see it written, but I don't agree
18 with it.

19 MS. KATRINE DILAY: No problem. We'll
20 move on.

21 So the next few questions will be
22 directed to Dr. Mason. And I'd like to turn to
23 Appendix 10.5 -- pages -- page 55.

24 And so you'll agree that this is where
25 the survey of Manitobans undertaken by Prairie

1 Research Associates is described?

2 DR. GREGORY MASON: Yes, I see that.

3 MS. KATRINE DILAY: And, if we go down
4 a little bit towards the bottom of the page, the
5 second last paragraph, you'll agree that the objective
6 of the survey, as listed on this page, was to gather
7 income information in order to support analysis of the
8 likely impact of various bill affordability measures
9 on low income consumers?

10 DR. GREGORY MASON: That was not the
11 sole purpose, but certainly that was a primary purpose
12 in doing the surveys, to make sure we were able to
13 link income to energy consumption.

14 MS. KATRINE DILAY: And can you
15 confirm that Prairie Research Associates has not
16 surveyed Manitobans through focus groups or polls with
17 regard to merits of different approaches to addressing
18 energy poverty?

19 DR. GREGORY MASON: That's correct.

20 MS. KATRINE DILAY: And, Mr. Barnlund,
21 can you confirm that Manitoba Hydro has not surveyed
22 Manitobans through focus groups or polls with regard
23 to the merits of different approaches to addressing
24 energy poverty?

25 MS. LOIS MORRISON: No, we have not

1 specifically polled or surveyed customers for that
2 purpose.

3 MS. KATRINE DILAY: And, Dr. Mason or
4 Mr. Barnlund, you'll agree that polls are type of
5 quantitative methodology?

6 DR. GREGORY MASON: Yes, they are.

7 MS. KATRINE DILAY: And you'll agree
8 that focus groups are a type of qualitative
9 methodology?

10 DR. GREGORY MASON: I'm going to draw
11 the distinction here and just stop. I personally do
12 not see a big distinction because in the process of
13 designing a poll or a survey, I've always used
14 qualitative work, and I've always basically also fed
15 back quantitative information into qualitative.
16 Therefore, I don't take the position, as a researcher,
17 of a distinction, necessarily, a hard distinction
18 between qualitative and quantitative research. I see
19 them as intertwined.

20 MS. KATRINE DILAY: And you'll agree
21 that both quantitative and qualitative methodologies
22 are important insights in designing social programs?

23 DR. GREGORY MASON: Yes, but you use
24 them to varying degrees for the purpose of the
25 research project.

1 MS. KATRINE DILAY: And, Mr. Chair, I
2 probably have another about five (5) minutes on this
3 particular topic, and if we wanted to take a break
4 after that that could be an appropriate time.

5 MR. CHAIRPERSON: That's fine. Thank
6 you.

7

8 CONTINUED BY MS. KATRINE DILAY:

9 MS. KATRINE DILAY: And so these
10 questions will be to Dr. Mason and to Manitoba Hydro.

11 So you'll agree that neither Manitoba
12 Hydro nor Prairie Research Associates have surveyed
13 Manitobans to ask households if they believe that they
14 are energy poor?

15 DR. GREGORY MASON: I'm going to
16 answer that again as a researcher. The -- those kinds
17 of questions, in a long history of doing research, I
18 don't have -- I've not found as particularly
19 informative. They're kind of like throwing a ball and
20 catching it yourself. You kind of know the answer,
21 that if you talk to low-income people they will
22 typically say that anyone of their bills will be a
23 problem. And depending upon what's occurring now in
24 the winter, they will typically say energy bills are a
25 problem because they rise.

1 So I'm not a big fan of asking
2 questions. I'm not a lawyer, so I don't ask questions
3 I know the answer to; I'm a researcher.

4 MS. KATRINE DILAY: We'll give you a
5 couple of stars for that answer.

6 MR. CHAIRPERSON: I was going to say
7 it sounds like you'd be a pretty good lawyer.

8

9 CONTINUED BY MS. KATRINE DILAY:

10 MS. KATRINE DILAY: And can I confirm
11 that Manitoba Hydro has not surveyed Manitobans to ask
12 households if they believe that they are energy poor?

13 MS. LOIS MORRISON: I believe Dr.
14 Mason has answered that on our behalf, quite
15 eloquently.

16 MS. KATRINE DILAY: Thank you. Thank
17 you. And you'll agree that neither Manitoba Hydro nor
18 Prairie Research Associates have surveyed Manitobans
19 with regard to how they would define being energy
20 poor?

21 DR. GREGORY MASON: That's correct.

22 MS. KATRINE DILAY: And you'll agree
23 that neither Manitoba Hydro nor Prairie Research
24 Associates have surveyed Manitobans with regard to
25 whether they believe there are regional differences in

1 energy poverty?

2 DR. GREGORY MASON: That's correct.

3 MS. KATRINE DILAY: And you'll agree
4 that neither Manitoba Hydro nor Prairie Research
5 Associates have surveyed Manitobans with regard to how
6 much maximum income Manitobans should spend on their
7 electricity bills?

8 DR. GREGORY MASON: That's correct.

9 MS. KATRINE DILAY: And again, you'll
10 agree that neither Manitoba Hydro nor Prairie Research
11 Associates have surveyed Manitobans with regard to
12 whether there should be a program to assist low-income
13 Manitobans in paying their energy bills?

14 DR. GREGORY MASON: That's correct.

15 MS. KATRINE DILAY: And that
16 Manitobans have not been surveyed by either Manitoba
17 Hydro or Prairie Research Associates with regard to
18 whether they would be willing to pay more to support
19 low-income customers? And if so, how much more?

20 DR. GREGORY MASON: That's correct.

21 MS. KATRINE DILAY: You'll agree that
22 neither Manitoba Hydro nor Prairie Research Associates
23 have surveyed Manitobans with regard to whether they
24 would consider participating in energy affordability
25 programming?

1 DR. GREGORY MASON: PRA hasn't, but
2 I'm not sure...

3 MS. LOIS MORRISON: Perhaps, you could
4 define 'energy affordability programming' in your
5 question please.

6 MS. KATRINE DILAY: Bill assistance or
7 rate-discount programs.

8 MS. LOIS MORRISON: No, we have not
9 surveyed for that purpose.

10 MS. KATRINE DILAY: And you'll agree
11 that neither Manitoba Hydro nor Prairie Research
12 Associates have surveyed Manitobans with regard to the
13 factors which would make it easier to participate in
14 energy-affordability programming?

15 DR. GREGORY MASON: That's correct.

16 MS. KATRINE DILAY: Mr. Chair, I'm
17 going to be moving on to a different topic. If the --
18 the Board would like to, we could take a -- a break.

19 MR. CHAIRPERSON: How long you'll be,
20 Ms. Dilay, after the break?

21 MS. KATRINE DILAY: I would say
22 between thirty (30) and forty-five (45) minutes for
23 myself, and then Dr. Williams.

24 DR. BYRON WILLIAMS: I'm going to
25 estimate somewhere between an hour and a half to two

1 (2) hours for -- for mine.

2 MR. CHAIRPERSON: Okay. I'm looking
3 at the clock. It's going to be difficult to get both
4 of you completed today. So, Dr. Williams, is it
5 possible to carry over part of your cross-examination
6 to January 3rd?

7 DR. BYRON WILLIAMS: Absolutely. And
8 I think that was in the original schedule. We -- we--

9 MR. CHAIRPERSON: Yes. And that was
10 what was stated. I just didn't know how far --

11 DR. BYRON WILLIAMS: And we'll stay
12 within our -- our time estimates.

13 MR. CHAIRPERSON: Okay. We'll break
14 for -- we'll break till 3:30. Thank you.

15

16 --- Upon recessing at 3:12 p.m.

17 --- Upon resuming at 3:34 p.m.

18

19 THE CHAIRPERSON: Sorry, about that.

20 Ms. Dilay...?

21

22 CONTINUED BY MS. KATRINE DILAY:

23 MS. KATRINE DILAY: Thank you. So,
24 I'd like to turn to Mr. Barnlund for the next few
25 questions, and if we could pull up PUB-MANITOBA HYDRO,

1 first round IRs, 124.

2 And so, Mr. Barnlund, you'll confirm
3 that in 2013/2014 Manitoba Hydro conducted research
4 regarding Manitobans' perception of the need to
5 reinvest in Manitoba's electric?

6 MR. GREG BARNLUND: Yes, I recall
7 that.

8 MS. KATRINE DILAY: And some of the
9 key findings from the March 2014 survey research are
10 illustrated in the figures in this Information Request
11 response.

12 Are you agree -- are you agreeing with
13 that?

14 MR. GREG BARNLUND: Yes.

15 MS. KATRINE DILAY: So if we turn to
16 pages 4 -- page 4 of this response and you'll see at
17 the bottom there there's figure 5?

18 MR. GREG BARNLUND: I see that, yes.

19 MS. KATRINE DILAY: And that's
20 entitled Perceptions of Investing -- on Investing In
21 Electric Infrastructure.

22 So you'll agree that 59 percent of the
23 respondents thought that some kind of annual rate
24 increases in their electricity bills in the next five
25 (5) to ten (10) years would be reasonable? If we go

1 up a little bit -- sorry, actually, if we go to the
2 next page it will give you that number.

3 MR. GREG BARNLUND: Yes, that's
4 correct.

5 MS. KATRINE DILAY: And if we stay on
6 page 5 and we look at figures 6, you'll agree that 18
7 percent of respondents in the March 2014 survey
8 somewhat opposed the 4 percent rate increases to their
9 bills each year for the next five (5) to ten (10)
10 years to invest in improvements.

11 MR. GREG BARNLUND: Yes, that's shown
12 here.

13 MS. KATRINE DILAY: And you'll agree
14 that 50 percent of the respondents strongly opposed
15 such rate increases.

16 MR. GREG BARNLUND: Yes, that's shown
17 here too.

18 MS. KATRINE DILAY: Mr. Barnlund, it
19 would be reasonable to assume from these survey
20 results that the majority of respondents would have
21 also opposed rate increases of a greater magnitude
22 than 4 percent over five (5) to ten (10) years;
23 agreed?

24 MR. GREG BARNLUND: I think that's
25 logical.

1 MS. KATRINE DILAY: Can you confirm
2 that Manitoba Hydro has not done a survey of this type
3 more recently than 2014?

4 MR. GREG BARNLUND: I would ask Ms.
5 Morrison to respond to that.

6 MS. LOIS MORRISON: Yes, we have not
7 done another survey since. The purpose of this survey
8 was actually to measure customers' understanding and
9 perceptions after we ran an ad cam -- campaign. So
10 really the purpose of that survey at that time was to
11 measure the performance of an ad campaign.

12 MS. KATRINE DILAY: Thank you. So,
13 Mr. Barnlund, I'd like to turn -- sorry, just one (1)
14 second.

15

16 (BRIEF PAUSE)

17

18 MS. KATRINE DILAY: Sorry, about that.
19 I'd like to turn now to PUB minimum filing requirement
20 71.

21 And you'll agree that in response to
22 the MFR Manitoba Hydro included two (2) presentations
23 that were delivered at four (4) public information
24 sessions held in October and November 2016?

25 MR. GREG BARNLUND: Yes, that's

1 correct.

2 MS. KATRINE DILAY: And these
3 presentations were delivered by Mr. Sandy Riley, chair
4 of the Manitoba Hydro Electric Board and Mr. Kelvin
5 Shepherd, president and CEO of Manitoba Hydro?

6 MR. GREG BARNLUND: I believe that's
7 correct, yes.

8 MS. KATRINE DILAY: And we can pull
9 the -- the presentations themselves but you'll agree
10 that in these presentations delivered in public
11 information sessions at the end of 2016, there was no
12 mention of 7.9 percent rate increases?

13 MR. GREG BARNLUND: No, at that
14 particular time there had been no conclusion made in
15 terms of the level of the rate increase.

16 MS. KATRINE DILAY: Thank you. Now,
17 I'd like to turn to the second exhibit that we filed
18 today, Exhibit CC-32-3-1, which is two (2) figure that
19 were prepared by Mr. Bill Harper for the purposes of
20 the cross-examination today.

21 Can you confirm that we provided this
22 table to Manitoba Hydro in advance of today?

23 MR. GREG BARNLUND: Yes. I would just
24 -- I would say we -- should proceed with the
25 questioning, I will have Ms. Carriere review this

1 exhibit, though, and -- and just to confirm, but
2 subject to check, we'll take this as being
3 appropriately represented here.

4 MS. KATRINE DILAY: Thank you. If
5 there are any issues, you'll let us know?

6 MR. GREG BARNLUND: Yes, we will.

7 MS. KATRINE DILAY: And you've had a
8 chance to review these two (2) figures?

9 MR. GREG BARNLUND: Yes.

10 MS. KATRINE DILAY: So you'll agree
11 that figure 1 is -- that this graph shows Manitoba
12 Hydro's actual and projected domestic revenues from
13 2017 to 2034?

14 MR. GREG BARNLUND: I believe that's
15 what -- what it presents here, yes.

16 MS. KATRINE DILAY: And the blue solid
17 line represents the rate path in MH16 Update with
18 interim?

19 MR. GREG BARNLUND: Yes.

20 MS. KATRINE DILAY: And that rate path
21 is 7.9 percent rate increases for six (6) years
22 followed by one (1) rate increase of 5.54 -- sorry,
23 4.54 percent; agreed?

24 MR. GREG BARNLUND: Yes, that's
25 correct.

1 MS. KATRINE DILAY: And the red dotted
2 line represents MH16 Update with interim, but with
3 MH15 rates?

4 MR. GREG BARNLUND: Yes.

5 MS. KATRINE DILAY: And that's taken
6 from PUB-MANITOBA HYDRO, first round Information
7 Requests, number 34, attachment 2?

8 MR. GREG BARNLUND: I see that here,
9 yes.

10 MS. KATRINE DILAY: And in that
11 attachment the MH15 rates are 3.95 percent until 2029;
12 agreed?

13 MR. GREG BARNLUND: I believe so.

14 MS. KATRINE DILAY: And so if we look
15 at the difference between the blue solid line and the
16 red dotted line, you'll agree that that's the
17 difference in revenues that Manitoba Hydro will
18 receive from domestic customers between the two (2)
19 rate plans?

20 MR. GREG BARNLUND: That I believe is
21 being represented on this graph, yes.

22 MS. KATRINE DILAY: And you'll agree
23 that if we look starting around 2024, the difference
24 is approximately half a billion dollars per year?

25 MR. GREG BARNLUND: It would appear

1 from the distance between the two (2) lines that that
2 would be roughly half -- half a million -- \$500
3 million, yes.

4 MS. KATRINE DILAY: Thank you. So I'd
5 to turn to a little bit of a different topic. If we
6 turn to appendix 9.5 of this application and we look
7 at page 1 of 7.

8 And you'll agree that the first table
9 we see there shows the monthly impacts in dollars and
10 in percentages of the rate increase proposed by
11 Manitoba Hydro for August 1st, 2017 for the
12 residential class of consumers; correct?

13 MR. GREG BARNLUND: Just subject to
14 check. If this is 9.5 updated I believe this would be
15 reflecting the approval of the 3.36 percent rate
16 increase on an interim basis, which took effect August
17 1 of 2017.

18 MS. KATRINE DILAY: Thank you. Yes.
19 And you'll agree that in this table there is no line
20 for more than 5,000 kilowatt hours per month of
21 consumption; agreed?

22 MR. GREG BARNLUND: That's correct.
23 This is typically the categories of usage that we
24 would represent in our bill comparison tables we file
25 with each rate case and they do -- for this particular

1 class of customers are limited to 5,000 kilowatt hours
2 per month.

3 MS. KATRINE DILAY: And if we turn now
4 to AMC Manitoba Hydro, round 2, Information Request 1.
5 And if we look at page 2. Are we able to get the
6 whole table in there? Perfect.

7 So you'll agree that -- and I'll
8 acknowledge that you went through this Information
9 Request with My Friend Mr. Shefman this morning and I
10 just want to make a couple of points here.

11 So you'll agree that as shown in this
12 IR response some of Manitoba Hydro's customers consume
13 more than 5,000 kilowatt hours per month. Agreed?

14 MR. GREG BARNLUND: That's correct,
15 yes.

16 MS. KATRINE DILAY: And you'll agree
17 that some of Manitoba Hydro's customers consume more
18 than 6,000 kilowatt hours per month?

19 MR. GREG BARNLUND: Yes.

20 MS. KATRINE DILAY: And it's not shown
21 in this table, but you'll agree that some of Manitoba
22 Hydro's customers consume up to 10,000 kilowatt hours
23 per month in some months of the year?

24 MR. GREG BARNLUND: I'd have to check
25 that but I'm sure we have filed an IR that provides a

1 even further breakdown of the bill strata and may
2 indicate that. I don't have that reference handy.

3 Subject to check, unless you can
4 provide me the reference but...

5 MS. KATRINE DILAY: Subject to check
6 would be -- be good.

7 MR. GREG BARNLUND: Essentially this
8 information here would show you that -- that, you
9 know, there is -- of those bills, what, 5 plus 4 -- 9
10 percent of those are consuming more than 5,000
11 kilowatt hours per month.

12 MS. KATRINE DILAY: Thank you. Mr.
13 Barnlund, I'd like to take you now to -- I can take
14 you to a reference in the transcript, if you need, but
15 would you confirm that on December 12th you indicated
16 to My Friend Dr. Williams that 7.9 percent is not
17 considered rate shock?

18 MR. GREG BARNLUND: I'd like you to
19 take me to the transcript so I could review that, but
20 I believe so.

21 MS. KATRINE DILAY: Certainly. It is
22 at page 1469 of the transcript. And you'll see there
23 lines 5 to 7.

24 MR. GREG BARNLUND: That's correct.

25 MS. KATRINE DILAY: Mr. Barnlund,

1 you'll agree that Manitoba Hydro was granted an
2 interim rate increase of 3.36 percent effective August
3 1st, 2017?

4 MR. GREG BARNLUND: That's correct.

5 MS. KATRINE DILAY: And you'll also
6 agree that Man -- that if Manitoba Hydro is granted
7 the rate increase it seeks customers will face a rate
8 increase of 7.9 percent effective April 1st, 2018?

9 MR. GREG BARNLUND: Yes, that's our
10 request.

11 MS. KATRINE DILAY: And you'll agree
12 that this means customers will face two (2) rate
13 increases in an eight (8) month?

14 MR. GREG BARNLUND: That's correct.

15 MS. KATRINE DILAY: And you agree that
16 cumulatively these two (2) rate increases amount to
17 11.26 percent in eight (8) months?

18 MR. GREG BARNLUND: Yes, that will be
19 the effect of it.

20 MS. KATRINE DILAY: And you will also
21 agree that cumulatively by 2025 if the rate increases
22 projected by Manitoba Hydro in MH16 Update with
23 interim were approved by the Public Utilities Board,
24 rates would cumulatively increase by 17.52 percent?

25 MR. GREG BARNLUND: So if you have a

1 reference for that, I would appreciate it.

2 MS. KATRINE DILAY: Absolutely. We
3 can turn to appendix 3.8, which is MH16 Update with
4 interim. And if we go down a little bit on the page -
5 - about five (5) lines from the bottom line there's
6 the line of cumulative percent increase?

7 MR. GREG BARNLUND: Yes, I see that.

8 MS. KATRINE DILAY: And you'll see
9 that if we go to the year 2025, we have the percentage
10 of 70.52 percent?

11 MR. GREG BARNLUND: Yes, I agree.

12 MS. KATRINE DILAY: Thank you. So now
13 I'll turn to Dr. Mason for a few questions. If we
14 turn to appendix 10.5 of the application, at page 57.

15 So Dr. Mason, this is a table that
16 compares Manitoba Hydro rate increases to inflation,
17 correct?

18 DR. GREGORY MASON: That's correct.

19 MS. KATRINE DILAY: And it includes
20 both annual increases and cumulative increases?

21 DR. GREGORY MASON: That's correct.

22 MS. KATRINE DILAY: So if we look at
23 the fourth column from the left, this table shows that
24 from 2007/2008 to 2016/2017 rate increase has
25 cumulatively increased 35.13 percent?

1 DR. GREGORY MASON: Yes, that's
2 correct.

3 MS. KATRINE DILAY: And that's the
4 very last line in the middle of the table essentially;
5 correct?

6 DR. GREGORY MASON: Yes.

7 MS. KATRINE DILAY: And if we now go
8 to the last column of the table and the very last
9 line, you'll agree this table shows that during the
10 same time period from 2007/'08 to 2016/'17, inflation
11 amounted to 16.3 percent?

12 DR. GREGORY MASON: Oh, I see --

13 MS. KATRINE DILAY: So the very last--

14 DR. GREGORY MASON: Yes, that's true,
15 yes.

16 MS. KATRINE DILAY: Thanks. And going
17 back now to Mr. Barnlund I'd like to take you back to
18 Exhibit CC-32-3-1 which is the exhibit we just filed
19 earlier today. And if we go to figure 2 on page 2.

20 So this is another table comparing
21 Hydro rate increases to inflation, agreed?

22 MR. GREG BARNLUND: Yes.

23 MS. KATRINE DILAY: And you can
24 confirm that we provided this table as well to
25 Manitoba Hydro in advance of today?

1 MR. GREG BARNLUND: Yes.

2 MS. KATRINE DILAY: And that you had a
3 chance to review?

4 MR. GREG BARNLUND: Yes.

5 MS. KATRINE DILAY: So you'll agree
6 that on this table from 2008 to 2017/'18 rate
7 increases have cumulatively amounted to 40 percent?

8 MR. GREG BARNLUND: That's what --
9 that's what's reflected here, yes.

10 MS. KATRINE DILAY: And you'll also
11 agree that in the same period from 2008 to 2017/'18
12 inflation has cumulatively amounted to 18 percent?

13 MR. GREG BARNLUND: That's correct.

14 MS. KATRINE DILAY: And looking at the
15 forecast period, so after 2017/'18, you'll agree that
16 rate increases are projected to increase cumulatively
17 from 40 percent to 140 percent?

18 MR. GREG BARNLUND: Until -- from the
19 start at '08/'09 to the completion at '26/'27, it's
20 140 percent, yes.

21 MS. KATRINE DILAY: And that if we
22 look from -- at 2017/'18 which is 40 percent to
23 2026/'27 it increases from 40 percent to 140 percent,
24 correct?

25 MR. GREG BARNLUND: That's correct.

1 MS. KATRINE DILAY: And that during
2 the same period from 2017/'18 to 2026/'27, inflation
3 is projected to increase cumulatively from 18 percent
4 42 percent?

5 MR. GREG BARNLUND: Correct.

6 MS. KATRINE DILAY: So I'd like to
7 turn back to Dr. Mason for just a few short questions.
8 So if we go back to AMC-MANITOBA HYDRO, second round
9 information requests 23, at page 6 which is figure 7.

10 And we've already established that this
11 was a figure provided by Prairie Research Associates
12 as a response to an IR by the Assembly of Manitoba
13 Chiefs?

14 DR. GREGORY MASON: That's correct.

15 MS. KATRINE DILAY: And that it shows
16 four (4) different scenarios of rate increases,
17 correct?

18 DR. GREGORY MASON: That's correct.

19 MS. KATRINE DILAY: And just to
20 confirm what this figure shows us, it shows the
21 percentage of LICO125 households with energy burdens
22 of more than 6 percent; agreed?

23 DR. GREGORY MASON: That's correct.

24 MS. KATRINE DILAY: And an energy
25 burden of more than 6 percent means that those

1 customers allocate 6 percent of more -- or more of
2 their income to energy bills; correct?

3 DR. GREGORY MASON: That's correct.

4 MS. KATRINE DILAY: And you'll agree
5 that the scenario 4 on this figure represents the rate
6 increases currently projected in Manitoba Hydro's most
7 recent integrated financial forecast?

8 DR. GREGORY MASON: They're close.
9 They are not exact but they are close.

10 MS. KATRINE DILAY: And you'll agree
11 that looking at this figure, scenario 4 results in the
12 highest rate of energy poverty at 15.2 percent in
13 2024/2025?

14 DR. GREGORY MASON: That's correct.

15 MS. KATRINE DILAY: And that at the
16 end of the period represented on this graph, the rate
17 of poverty in scenario 4 is higher than the other
18 three (3) scenarios, and it remains at 7 -- sorry,
19 13.0 percent in 2036?

20 DR. GREGORY MASON: That's correct.

21 MS. KATRINE DILAY: And, Dr. Mason,
22 I'd just like to clarify some aspects of the Prairie
23 Research Associates report.

24 You'll agree that in terms of the
25 jurisdictional review that was undertaken, the report

1 focused on three (3) Canadian provinces and two (2)
2 states; correct?

3 DR. GREGORY MASON: That's correct,
4 yes.

5 MS. KATRINE DILAY: And you'll agree
6 that the jurisdictional review conducted by Prairie
7 Research Associates described the programs in place in
8 those jurisdictions?

9 DR. GREGORY MASON: That's correct.

10 MS. KATRINE DILAY: And you'll also
11 agree that the reports does not include a review of
12 evaluation of these programs?

13 DR. GREGORY MASON: That's correct.

14 MS. KATRINE DILAY: And you'll agree
15 that the report from Prairie Research Associates did
16 not review the 2007 report by APPRISE entitled
17 Ratepayer Funded Low Income Energy Programs,
18 Performance and Possibilities?

19 DR. GREGORY MASON: That's correct.

20 MS. KATRINE DILAY: And I just have a
21 few more questions which will be directed to Mr.
22 Barnlund. And I'd like to turn back to Coalition
23 Exhibit 32-2, which was our second book of documents.

24 And if we turn to pages -- to page 62
25 and 63, which is -- you'll agree it's a portion of the

1 Public Utilities Board report on the Need For and
2 Alternatives To?

3 DR. GREGORY MASON: It is.

4 MS. KATRINE DILAY: And so you'll
5 agree that this portion here from the NFAT report:

6 "The Public Utilities Board stated
7 that the government of Manitoba
8 could use a portion of the
9 incremental capital tax and water
10 rental fees from the development of
11 the Keeyask project to mitigate the
12 impact of rate increases on lower
13 income, northern and Aboriginal
14 communities."

15 MR. GREG BARNLUND: Yes.

16 MS. KATRINE DILAY: And if we turn to
17 page 65 of the book of documents.

18 You'll agree that the Public Utilities
19 Board there is making a recommendation that the
20 government of Manitoba direct a portion of the
21 incremental capital tax and water rental fees from the
22 development of the Keeyask project to be used to
23 mitigate the impact of rate increases on lower income,
24 northern and Aboriginal communities?

25 MR. GREG BARNLUND: Yes, that was a

1 recommendation that the PUB panel made to government.

2 MS. KATRINE DILAY: And for my last
3 few questions I'd like to turn to PUB-MFR-44, page 2
4 of 2.

5 And you'll agree that this is a
6 schedule of actual and forecast payments made to the
7 province and municipalities for five (5) historical
8 years, and for the twenty (20) year forecast period?

9 MR. GREG BARNLUND: I believe so, yes.

10 MS. KATRINE DILAY: And if you'd like,
11 we can go back to the -- the question on the page
12 above.

13 MR. GREG BARNLUND: Yes, that's fine.

14 MS. KATRINE DILAY: So I'd like us to
15 look at the ten (10) year period between 2012 and
16 2022.

17 MR. GREG BARNLUND: Yes.

18 MS. KATRINE DILAY: Which is the first
19 ten (10) years of this table?

20 MR. GREG BARNLUND: Yes.

21 MS. KATRINE DILAY: And you'll agree
22 that it -- in the ten (10) year period between 2012
23 and 2022, the capital taxes paid by Manitoba Hydro to
24 the province more than double from 52 million to 122
25 million?

1 MR. GREG BARNLUND: Yes, that's
2 correct.

3 MS. KATRINE DILAY: And capital taxes
4 are the fifth column from the left.

5 MR. GREG BARNLUND: They are -- that
6 is that column, yes.

7 MS. KATRINE DILAY: And if we look at
8 the provincial debt guarantee fee, which is the third
9 column from the left and, again, during the same ten
10 (10) year period from 2020 -- 2012 to 2022, you'll
11 agree that the provincial debt guarantee fee paid for
12 Manitoba Hydro to the province also more than doubles
13 from 82 million to 234 million?

14 MR. GREG BARNLUND: Yes, it does.

15 MS. KATRINE DILAY: And if we look at
16 the water rental fees, which is the second column from
17 the left, you'll agree that those -- that those fees
18 paid by Manitoba Hydro to the province remained
19 relatively constant during the period of 2012 to 2022,
20 with a high of 122 million in 2017 and a low of 103 in
21 2019?

22 MR. GREG BARNLUND: Yes, I see that.

23 MS. KATRINE DILAY: Mr. Chair, those
24 are all my questions for my portion of the cross-
25 examination. If the Board is okay with it, I will

1 pass the mic to --

2 THE CHAIRPERSON: Yes, Ms. Dilay, I
3 have a question for you if you could assist.
4 Actually, I want to ask a question, but I need your
5 assistance.

6 What's the exhibit number for the
7 table that you referred to that said, by 2025 rates
8 would increase by 70.25 percent?

9 MS. KATRINE DILAY: So that's in
10 appendix 3.8, which is MH16 Update with interim.

11 THE CHAIRPERSON: Kristen, if you
12 could pull that. And can you scroll down please.
13 Yeah, right there.

14 And I'll just put this to Mr. Barnlund.
15 Mr. Barnlund, here's the problem I have with this --
16 with this table and My Colleague Ms. McKay raised it.
17 We've got a number of -- we've got a number of charts
18 and everything that show later on in the presentation,
19 there was the -- the table that showed the -- you
20 know, the four (4) different lines showing increases
21 based on different percentages.

22 The problem I have is I don't think
23 that -- this reflects that because of a problem Ms.
24 McKay raised which is, this hearing is to deal with a
25 number of things, including an early -- the 2016 3.36,

1 which is not on this table.

2 MR. GREG BARNLUND: Right.

3 THE CHAIRPERSON: So if this is to
4 reflect the proposal of Manitoba Hydro going forward,
5 and takes into account the decisions we have to make
6 here, as she suggested, I would suggest that this
7 table would need to be adjusted so that in 2017 it
8 shows the 3.36 as the starting point.

9 Because one (1) of the things we're
10 supposed to look at is either approving, confirming or
11 whatever that rate. Now, I understand the position
12 Manitoba Hydro is that they're prepared to -- to move
13 ahead with the 3.36 from 2017, but we've got the 2016
14 interim rate still before us.

15 MR. GREG BARNLUND: Right.

16 THE CHAIRPERSON: So I'm -- I'm just
17 wondering, shouldn't -- shouldn't this table be
18 adjusted to take that into account?

19 MS. ODETTE FERNANDES: We'll take that
20 as an undertaking and --

21 THE CHAIRPERSON: Yeah, if you could,
22 please.

23 MS. ODETTE FERNANDES: -- and provide
24 an update.

25 THE CHAIRPERSON: Yeah, thank you.

1 Because the problem is when I was looking at this one
2 versus the other tables, the other tables actually
3 have it in the graph and this one doesn't.

4 So I just want to make sure we've got
5 consistent evidence.

6 MS. ODETTE FERNANDES: So Manitoba
7 Hydro to update the table at appendix 3.8, page 1, to
8 reflect the 3.36 interim as of 2016/'17 --

9 THE CHAIRPERSON: Correct.

10 MS. ODETTE FERNANDES: -- as a
11 starting point in this chart.

12 THE CHAIRPERSON: Correct. Yes, thank
13 you.

14

15 --- UNDERTAKING NO. 28: Manitoba Hydro to update
16 the table at appendix 3.8,
17 page 1, to reflect the
18 3.36 interim as of
19 2016/'17 as a starting
20 point in this chart.

21

22 THE CHAIRPERSON: Dr. Williams...?

23 DR. BYRON WILLIAMS: Yes, and I'll --
24 I'll seek some guidance from the Board. I -- I'm
25 going to estimate that I have somewhere between an

1 hour and a half and -- and two (2) hours, plus
2 whatever I have to ask Mr. Miles in terms of an
3 undertaking.

4 In terms of kind of organization I have
5 some kind of natural follow-up to the questions that
6 were posed by My Friend Ms. Dilay which would probably
7 take between twenty (20) minutes and half an hour.

8 I would propose to do that and then I'm
9 always mindful that it's December 20th and this panel
10 has been working very hard, so recognizing that we'd
11 be -- we're still on track with our schedule --

12 THE CHAIRPERSON: Yes.

13 DR. BYRON WILLIAMS: -- that -- that
14 would be my proposal, subject to the Board's guidance
15 and --

16 THE CHAIRPERSON: I guess I could take
17 a vote, but I know how it would go. We have a
18 practical problem in that even if we wanted to go
19 late, the court reporter advised me that her battery
20 won't allow us to go late, so blaming that, I would
21 suggest we go ahead with the follow-up and I'm sure
22 everybody would like to adjourn early.

23

24 CONTINUED CROSS-EXAMINATION BY DR. BYRON WILLIAMS:

25 DR. BYRON WILLIAMS: And if I could

1 just say to Dr. Mason, there was a question that I
2 thought I knew the answer to, and I got a nice answer.
3 So that's not a bad technique from time to time.

4 I do have -- these will be a little bit
5 of short snappers. We'll be bouncing all over the
6 place.

7 Dr. Mason, both from your direct
8 evidence yesterday and your comments over the -- the
9 last two (2) days, I sense that issues related to
10 energy poverty are of interest to you as -- both as a
11 researcher -- they are of deep academic and
12 professional interest to you, sir?

13 DR. GREGORY MASON: That's correct.

14 DR. BYRON WILLIAMS: And just with the
15 benefit of my client being here, sir, you're aware
16 that across Canada there is a dialogue relating to --
17 to carbon pricing and --

18 DR. GREGORY MASON: Yes.

19 DR. BYRON WILLIAMS: You're aware of
20 that?

21 DR. GREGORY MASON: Yes, I am.

22 DR. BYRON WILLIAMS: And, sir, to your
23 knowledge, are there examples from Canadian
24 jurisdictions where any of the revenues associated
25 with carbon pricing have been directed to addressing

1 issues related to energy poverty?

2 DR. GREGORY MASON: I'm not aware.

3 The typical response is to direct it into research on
4 renewables is -- is the typical way these are -- or
5 into general revenue.

6 DR. BYRON WILLIAMS: Okay. Sir, in
7 your conversation with My Friend Ms. Dilay earlier
8 today, in -- in terms of the issue of energy poverty,
9 I believe you stated -- I'm using air quotes -- that
10 it is primarily driven by the increase in cost.

11 Do you recall making a statement to
12 that affect, sir?

13 DR. GREGORY MASON: Yeah, I think
14 that's fair.

15 DR. BYRON WILLIAMS: Sir, recognizing
16 that reality, would it be also fair to suggest that
17 issues of energy poverty in the face of increasing
18 costs may be compounded by the absence of cost-
19 effective substitutes or opportunities to switch to
20 another fuel?

21 DR. GREGORY MASON: That is always the
22 natural response in the face of price increases. And
23 if those are constrained, then there is a problem.

24 DR. BYRON WILLIAMS: So to the extent
25 that certain consumers have an absence of con --

1 competitive energy substitutes, the impact of rising
2 prices will be exacerbated for them?

3 DR. GREGORY MASON: It can be. The --
4 the other response that people take is they conserve.
5 They simply cut back.

6 Now, for some people that poses
7 difficulty; other people they just cut back and they
8 adjust their budgets.

9 DR. BYRON WILLIAMS: And certainly,
10 sir, as -- as you noted in terms of cutting back,
11 you'll agree, generally, that low incomes will tend to
12 hamper substitution of capital goods, such as improved
13 insulation and efficient windows and doors?

14 DR. GREGORY MASON: That's correct.

15 DR. BYRON WILLIAMS: Mr. Chard, I
16 think these questions are for you and -- and their
17 questions of clarification relating to some of the
18 evidence Manitoba has shared -- Manitoba Hydro has
19 shared in Information Responses related to income
20 assistance per -- provided by INAC.

21 So, I'm going to bounce around between
22 two (2) or three (3) IRs and then ask you to pull them
23 together. So if you want to keep a -- a piece of
24 paper and a pen at hand, if you need it, sir.

25 Perhaps if we can pull up, first of

1 all, Manitoba Hydro's response to AMC, first round
2 Information Request 9 and (a). And again, Mr. Chard,
3 my apology for bouncing around, but you'll see in the
4 second line of this Information Response a -- a
5 suggestion by Manitoba Hydro that INAC provides
6 funding for 100 percent of the social assistance
7 recipients portion of the household utility bill.

8 Do you see that, sir?

9 MR. PAUL CHARD: Yes, I see that.

10 DR. BYRON WILLIAMS: Okay. Keep that
11 in mind. I'm going to bounce over to AMC, second
12 round Information -- second round Information Request
13 2 -- 2-15 and, in particular, to answer (c). That's
14 perfect there.

15 And Mr. Chard, directing your attention
16 to the last six (6) lines of this response. What
17 Hydro is indicating here is that in June of 2017 it
18 applied more than ten thousand (10,000) payments to
19 accounts of First Nation customers receiving social
20 assistance; agreed?

21 MR. PAUL CHARD: Yes, I agree.

22 DR. BYRON WILLIAMS: Suggesting that
23 this represents more than 58 percent of all First
24 Nation residential customers; correct?

25 MR. PAUL CHARD: That's correct.

1 DR. BYRON WILLIAMS: And that these
2 payments range from 10 percent to 100 percent of the
3 customer's energy bill; correct?

4 MR. PAUL CHARD: That's correct.

5 DR. BYRON WILLIAMS: So, sir, just in
6 -- in terms of that, given the previous answer that
7 INAC pays 100 percent of energy bills, why -- do you
8 have any explanation of the 10 percent to 100 percent?

9 MR. PAUL CHARD: I think if we can go
10 back to the previous IR so I can reflect on the
11 wording.

12 DR. BYRON WILLIAMS: And that's 1-9
13 (a) to (c).

14 MR. PAUL CHARD: So it says that it
15 provides funding for 100 percent of the social
16 assistance recipient's portion of the household
17 utility bill.

18 So what's happening where there is
19 something less than 100 percent is the way INAC
20 approaches this is they look at all of the adults in
21 the household, and then they take -- so for example, a
22 household with two (2) adults and one (1) of those two
23 (2) is a social assistance recipient. INAC would
24 cover 50 percent of the household bill.

25 So in the example of 10 percent, I'm

1 left to conclude that there's ten (10) adults in the
2 household, one (1) of which is a social assistance
3 recipient and -- and, therefore, 10 percent of the
4 energy bill is being covered.

5 DR. BYRON WILLIAMS: Thank you. And -
6 - and if we can go back to 2-15 (a) to (c) for a
7 second focusing again on (c).

8 Sir, in terms of those ten thousand
9 (10,000) payments, would Manitoba Hydro have readily
10 available the -- this -- the relative proportion of
11 those that were on 100 percent payments?

12 So, would you have them broken down?

13 MR. PAUL CHARD: We have them broken
14 down for some communities, readily available. If I
15 recall correctly, there are two (2) main software
16 packages that are used by communities to share this
17 information with us and one (1) of those software
18 packages breaks it down and it's very readily apparent
19 and subject to check, I think the other one does not.

20 DR. BYRON WILLIAMS: By way of
21 undertaking, and recognizing the potential data
22 challenges, can Manitoba Hydro undertake to provide a
23 breakdown of those payments, but -- that it processed
24 in terms of which were 100 percent and -- and -- and
25 with readily, sir, you can use your discretion, 100

1 percent, 75 percent, 50 percent, some sense of -- of
2 the relative proportion.

3 Your -- you'll undertake to explore
4 that, sir?

5 MR. PAUL CHARD: Yes, for the month of
6 June 2017?

7 DR. BYRON WILLIAMS: Month of June
8 2017.

9 MR. PAUL CHARD: Yes, we can do that.

10 DR. BYRON WILLIAMS: And the
11 undertaking was inelegant to which I apologize to the
12 court reporter, but it is: With regard to the ten
13 thousand (10,000) payments to accounts of First Nation
14 customers receiving social assistance in June of 2017,
15 a relative breakdown of -- of the range of payments --
16 the percentage range of payments.

17

18 --- UNDERTAKING NO. 29: Manitoba Hydro to provide
19 with regard to the ten
20 thousand (10,000) payments
21 to accounts of First
22 Nation customers receiving
23 social assistance in June
24 of 2017, a relative
25 breakdown of the

1 percentage range of
2 payments.

3

4 CONTINUED BY DR. BYRON WILLIAMS:

5 DR. BYRON WILLIAMS: And, Mr. Chard,
6 just so we're -- we are clear, if -- if Manitoba Hydro
7 is only eig -- readily able to get access to five
8 thousand (5000) as long as, you know, that caveat is
9 put in the information. I understand your data
10 limitations.

11 MR. PAUL CHARD: We'll identify that
12 as best we can.

13 DR. BYRON WILLIAMS: Keep the 58
14 percent figure in mind, sir. And if we can go to --
15 to Coalition -- or AMC-1-3-, question (e). Sub (e),
16 question (e) which is at the bottom.

17 And if we go to the -- the top of page
18 5 of 6, you'll see here, sir, a suggestion that
19 approximately 70 percent of homeowners, tenants on
20 First Nations are on social assistance.

21 Do you see that reference, sir?

22 MR. PAUL CHARD: I do see that
23 reference.

24 DR. BYRON WILLIAMS: And mindful of
25 the response to AMC-2-15(c) which suggested that 50

1 percent of all First Nation residential customers --
2 I'm trying to get some reconciliation of the -- the 58
3 percent figure and the 70 -- 70 percent figure.

4 Sir, do you have one offhand? Are you
5 --

6 MR. PAUL CHARD: I don't have one
7 offhand so I'm not sure the source of this information
8 and I -- I would note that the 58 percent was for a
9 single month.

10 DR. BYRON WILLIAMS: Sir, are you able
11 to provide Manitoba Hydro's best estimate of the
12 percentage of customers on First Nations who were on
13 social assistance?

14 MR. PAUL CHARD: Can you give me a
15 time frame?

16 DR. BYRON WILLIAMS: And annual basis?
17 Sir, I'm trying to get a sense, you'll understand
18 there's 58 percent, there's 70 percent.

19 If Manitoba Hydro is looking at these
20 issues and trying to be guided, if it was targeting a
21 program on First Nations to -- to households that are
22 not on assistance, what would be its best estimate of
23 the -- the target population of households not on
24 assistance?

25 MR. PAUL CHARD: Yeah, I'm just trying

1 to think of a -- of a -- or the best source of that
2 information so we can certainly take a look at at
3 coming up with that.

4 DR. BYRON WILLIAMS: So...

5

6 (BRIEF PAUSE)

7

8 DR. BYRON WILLIAMS: I see this as a
9 twofold undertaking. One is to explore whether it's
10 readily available; and secondly, if it is to -- to
11 come back with a -- Hydro's best estimate of the
12 households on First Nations communities in Manitoba
13 who are -- are on recipient -- who have tenants or
14 homeowners who are recipients of social assistance.

15 Is that satisfactory, Ms. Fernandes?

16 MS. ODETTE FERNANDES: Yeah, I was
17 going -- I was going to say maybe we'll take that
18 under advisement to see what we do have and what we
19 can provide and then we can discuss maybe with you
20 what we have available and what we can provide and
21 then --

22 DR. BYRON WILLIAMS: As long as I have
23 an undertaking to get back to me on what you're able
24 to --

25 MS. ODETTE FERNANDES: I will get back

1 to you. I don't think I could take the undertaking
2 but...

3 DR. BYRON WILLIAMS: It's a -- we
4 won't call it an undertaking, it's an agreement
5 between Learned Friends.

6

7

8 CONTINUED BY DR. BYRON WILLIAMS:

9 DR. BYRON WILLIAMS: Dr. Mason, to the
10 extent that income assistance provincially pays the
11 costs of -- of Manitoba assistance recipients, Hydro
12 rate increases will increase costs for the Income
13 Assistance Program, agreed?

14 DR. GREGORY MASON: That's agree --
15 yes, I agree with that.

16 DR. BYRON WILLIAMS: And, sir, to the
17 extent that income assistance from my INAC pays
18 electricity costs for recipients on First Nations,
19 Hydro rate increases will inc -- increase those
20 program costs as well, sir?

21 DR. GREGORY MASON: That's correct,
22 yes.

23

24

(BRIEF PAUSE)

25

1 DR. BYRON WILLIAMS: Dr. Mason, based
2 on your long-standing interest in the issue of energy
3 poverty, you would agree, sir, that the United Kingdom
4 has been a long time leader in research and policy, in
5 terms of addressing energy poverty issues?

6 DR. GREGORY MASON: It's one (1) of
7 the leaders, yes.

8 DR. BYRON WILLIAMS: And, sir, are you
9 aware whether or not the Government of the United
10 Kingdoms provides a benefit calculator to assist indiv
11 -- on its website -- to assist individuals and
12 families to determine which benefits they can access,
13 including energy --

14 DR. GREGORY MASON: I believe it does.
15 I'd have to verify that currently 'cause websites
16 change a lot.

17 DR. BYRON WILLIAMS: And to Manitoba
18 Hydro, Ms. Galbraith, to your knowledge, in Manitoba
19 Is there a single place, a single website, where
20 Manitoba consumer can go to get insight into the
21 myriad, the -- you -- the patchwork quilt of programs
22 relating to -- to energy assistance benefits,
23 federally, provincially, etc?

24 MS. COLLEEN GALBRAITH: Not that I'm
25 aware of.

1 (BRIEF PAUSE)

2

3 DR. BYRON WILLIAMS: Dr. Mason, we --
4 we could go to your references, but I don't think it's
5 necessary.

6 Would you accept, subject to check,
7 that your list of references does not include
8 reference to Walker, the 2012 report, 'Fuel Poverty as
9 Injustice: Integrating Distribution, Recognition, and
10 Procedure in the Struggle for Affordable Warmth'.

11 DR. GREGORY MASON: Is that the Fraser
12 Institute report or --

13 DR. BYRON WILLIAMS: No, that's --
14 that's a different one.

15 DR. GREGORY MASON: No, I -- I'd have
16 to check. But, subject to check, yeah.

17 DR. BYRON WILLIAMS: Okay. And it --
18 I'll suggest, subject to check, that it does not
19 include O'Meara: 'A Review of the Literature on Fuel
20 Poverty with a Focus on Ireland', Social Indicators
21 Research?

22 DR. GREGORY MASON: I don't recall
23 that one either.

24 DR. BYRON WILLIAMS: And again,
25 subject to check, and I'll try and spell this name, it

1 does not include a reference to Okushima, O-K-U-S-H-I-
2 M-A, measuring energy poverty in Japan, from 2016?

3 DR. GREGORY MASON: I'm familiar --
4 well, let's -- let's make a distinction. I'm familiar
5 with the articles you're saying, because I have them
6 on my hard drive here, but I don't think we reference
7 them in the report.

8 DR. BYRON WILLIAMS: Fabulous. Sir,
9 are you aware, generally, of whether there are studies
10 which consider whether energy poverty is a distinct
11 problem from general income poverty?

12 DR. GREGORY MASON: I think there are
13 some studies. And if I was to look at the literature
14 -- and I did a quick review last night into -- in
15 response to the undertaking -- if I was to
16 characterize the literature, it basically peeked
17 around 2012/2013, in terms of numbers and incidents of
18 articles, then typical, as an academic, these things
19 have fallen out of fashion a bit. I think there is
20 debate over whether it's a unique area. And so I
21 think that's one (1) of the reasons why it's no
22 longer, what I would call as hard a topic as it used
23 to be in the academic literature.

24 DR. BYRON WILLIAMS: And I thank you
25 for that. And -- and would it be fair to suggest,

1 recognizing that it's a topic of hot debate, that
2 there is some research in the field suggesting that
3 energy poverty constitutes its own type of
4 deprivation, both because of this -- its sensitivity
5 to change in energy prices and the fact there is a
6 large capital component regarding the energy
7 efficiency of homes and appliances?

8 DR. GREGORY MASON: Yes. Where the
9 literature started was actually looking at fuel
10 poverty in developing countries, where there was a
11 complete lack of access to any kind of fuel. And
12 that's where the whole literature started from. It
13 then spread to looking at more developed countries.
14 And where there is that kind -- some authors do we
15 maintain it is a unique form of deprivation.

16 DR. BYRON WILLIAMS: Thank you. One
17 (1) of the sources you cite in your -- in the report
18 provided, is Appendix 10.5 to the Hydro application,
19 is Green, et al., from 2016, 'Energy Costs and
20 Canadian Households'. You recall that, sir?

21 DR. GREGORY MASON: Yes.

22 DR. BYRON WILLIAMS: And I wonder if
23 we could turn that to the Coalition book of documents,
24 32-3, Tab 5. And specifically to -- to page 6, in the
25 top right-hand corner of that document, which is page

1 15 in the actual article.

2 And, Dr. Mason, I'm -- I'm mindful of
3 your discussion earlier today, in which you -- you
4 questioned whether or not one should have a two (2)
5 step process for looking at energy poverty, starting
6 with LICO, and then as a percentage of income --

7 DR. GREGORY MASON: Yes.

8 DR. BYRON WILLIAMS: -- versus a one
9 (1) step process focusing on the, what I understood
10 you to say, is to be a percentage of income.

11 DR. GREGORY MASON: That's correct.

12 DR. BYRON WILLIAMS: Okay. And, sir,
13 it's not included in the excerpt from this document,
14 but you'll accept -- you'll accept, subject to check,
15 that, for the purposes of this analysis, Green et al.,
16 were looking at energy poverty as -- as amounting to
17 10 percent or more of income?

18 DR. GREGORY MASON: No, this study
19 actually uses expenditure.

20 DR. BYRON WILLIAMS: Expenditure.
21 Excuse me. I apologize.

22 DR. GREGORY MASON: A distinction,
23 right. So, yes, I do accept that as provided you --
24 you can about household expenditure.

25 DR. BYRON WILLIAMS: Okay. Thank you.

1 And thank you for correcting me.

2 Sir, just in terms of the results of
3 Green et al., the most recent year that they sample --
4 if we could just show that Table 3 completely, please,
5 Krist -- Kristen -- is 2013, agreed?

6 DR. GREGORY MASON: Agreed.

7 DR. BYRON WILLIAMS: And we'll --
8 we'll ignore, if you might, Panel B, which includes
9 within the home and gasoline, and I'll ask you to
10 focus on Panel A, within the home and energy.

11 Is that okay with you, sir?

12 DR. GREGORY MASON: That's fine.

13 DR. BYRON WILLIAMS: And if we're
14 looking at the range here, I'll suggest to you that
15 the -- recognizing that this is a percentage of
16 expenditure, the lowest percentage was in British
17 Columbia at 5.3 percent, sir?

18 DR. GREGORY MASON: Yes.

19 DR. BYRON WILLIAMS: The highest being
20 in Atlantic Canada, at 20.6 percent, sir?

21 DR. GREGORY MASON: That's right.

22 DR. BYRON WILLIAMS: The second lowest
23 would be Quebec at 6.2 percent, sir?

24 DR. GREGORY MASON: M-hm.

25 DR. BYRON WILLIAMS: And fighting it

1 out for third lowest, very close together, are
2 Manitoba at 6.7 percent and Alberta at 6.8 percent
3 sir?

4 DR. GREGORY MASON: That's correct.

5 DR. BYRON WILLIAMS: With the Canadian
6 average being 7.9 percent, correct?

7 DR. GREGORY MASON: M-hm. That's
8 correct.

9 DR. BYRON WILLIAMS: Sir, just going
10 to the next page, under 'British Columbia'.

11 So the next page. Yes, you'll see --
12 that's perfect there, Kristen.

13 Sir, you'll see a suggestion by -- by
14 Green et al., that the relatively low levels of energy
15 poverty and -- in Quebec and -- and British Columbia
16 are likely, to some extent (sic), to be the result of
17 comparatively low electricity prices.

18 Do you see that reference, sir?

19 DR. BYRON WILLIAMS: Yes, I do see
20 that.

21 DR. BYRON WILLIAMS: And, sir, is --
22 is that a hypothesis that you're willing to entertain?

23 DR. GREGORY MASON: It's one (1) of
24 several possible hypothesis, yes. I mean, it seems
25 credible.

1 DR. BYRON WILLIAMS: And it would be
2 consistent, sir, with your conclusion that the -- a
3 primary driver of energy poverty is increases to
4 costs?

5 DR. GREGORY MASON: Yes.

6 DR. BYRON WILLIAMS: Dr. Mason, you
7 had a bit of our -- a conversation with My Learned
8 Friend Ms. Dilay about the working poor, in terms of
9 issues related to energy poverty, agreed?

10 DR. GREGORY MASON: That's correct.

11 DR. BYRON WILLIAMS: In terms of
12 targeting a bill assistance programming, sir, would it
13 be fair to say that the working poor are a
14 particularly challenging demographic to reach?

15 DR. GREGORY MASON: I can, perhaps,
16 now that I'm not formally under contract, but I don't
17 want to divulge any confidential information, share
18 some of the challenges the Ontario basic income pilot
19 had in rolling into its basic income. And they found
20 that it was extraordinarily challenging to attract
21 people into their program, even with a substantial
22 push and advertising.

23 This is, generally speaking, across the
24 board, and given that many working poor would also
25 qualify for social assistance. That would include

1 this -- generally speaking, the working poor are
2 designated as people who work as opposed to receive
3 social assistance.

4 But that boundary is very, very
5 amorphous because many people in social assistance
6 work, especially since welfare reform, and so
7 targeting is particularly difficult because many of
8 those individuals do not file income tax. So there's
9 -- generally speaking, it's -- it's hard to target
10 these group's except through fairly broad brushed
11 outreach programs.

12 So, generally speaking, targeting, and
13 even giving people free money, is very, very
14 challenging.

15 Another example is the Canada Learning
16 Bond, which individuals simply have to apply for.
17 They don't need any qualification except their tax
18 return. They get five hundred (\$500) dollars plus a
19 hundred dollars per child, per year, up to a maximum
20 of two thousand (\$2,000) dollars. And this is
21 designed to apply for a child's education. And that
22 has an uptake of about 35 percent, even though it's
23 been around for nine (9) or ten (10) years. And the
24 Federal Government has decide to throw a lot of money
25 into that program to try and raise the enrolment for

1 what should be a no-brainer for anyone to apply for.
2 So they don't have to put any of their own money into
3 it; it just simply is paid for by the Federal
4 Government.

5 So it gives you an illustration of how
6 difficult and how challenging it is to enroll people
7 in these programs.

8 DR. BYRON WILLIAMS: Sir, just on the
9 definition of 'energy poverty', is there a definition
10 that you -- you prefer or that you would recommend?

11 DR. GREGORY MASON: Well, I think you
12 -- you're -- you are always faced with the fact of
13 face -- of using some kind of threshold of who is poor
14 and not poor. And so that becomes extraordinarily
15 difficult.

16 And so I would prefer just some kind of
17 percentage of total income. And talk about energy
18 affordability problems the same way we talk about
19 housing affordability. I'd like to see all the
20 affordability things based upon the same general
21 metrics; concept of a metric.

22 Once you start basically breaking out
23 one (1) particular component and treating it
24 differently, you then are starting to go down the road
25 of separating out all the potential expenditures that

1 could be causing individuals problem. So a food crisis
2 -- a food price spike would, in fact -- what would you
3 call that? Food poverty? That's the issue. You get
4 into kind of talking about the components.

5 So -- and, you know, if someone moves
6 from 6 percent to 7 percent, arguably, that's an
7 increase in difficulty, but it is -- it is a -- is it
8 a dramatic increase in payment difficulty? That's the
9 problem in using thresholds. And when you start
10 using, kind of, numbers of people within the
11 threshold, you don't actually look at the full
12 distribution. And that's what I would prefer to do,
13 is look at the distribution of percentage of income
14 spent on energy ors -- or any -- any particular
15 component, to determine whether you need to make an
16 adjustment.

17 DR. BYRON WILLIAMS: And we'll --
18 we'll come to that in just one (1) second, sir.

19 Just to follow that through, I take it
20 then that, from your perspective, the use of LIC0125
21 is less desirable?

22 DR. GREGORY MASON: Somewhat less
23 desirable. I mean, the trouble is it is a standard
24 that used, and so if you're going to compare yourself
25 to other jurisdictions, you're kind of caught with

1 that standard. You -- you don't have a lot of choice.

2 DR. BYRON WILLIAMS: And, sir, you're
3 familiar as well with other measures employed by
4 Statistics Canada, like the Market Basket Measure?

5 DR. GREGORY MASON: They've had a lot
6 of interest in trying put that -- pull that off the
7 ground. It's something that has been around for at
8 least fifteen (15) years, alternative measures. None
9 has actually taken as -- like the LICO because it --
10 people find it convenient to use, in the sense that it
11 -- it's kind of wor -- worked its way into the common
12 measures and a lot of people are using it.

13 The Market Basket really requires you
14 to define the desirable basket. And so it also is --
15 you can talk about minimum requirements, is what the
16 Fraser Institute use. There's -- there are many, many
17 different ways of defining and measuring poverty.

18 DR. BYRON WILLIAMS: And, sir, as
19 compared to those, what I think I'm hearing from you,
20 is your -- your professional preference would be some
21 percentage of income?

22 DR. GREGORY MASON: That is my general
23 preference, yes.

24 DR. BYRON WILLIAMS: Okay. And, sir,
25 I wonder if we can -- you spoke of looking at a

1 distribution across the population. I wonder if we
2 can pull up the Manitoba Hydro's response to
3 Coalition/Manitoba Hydro 2-44.

4 Let's go to the -- sir, this is a --
5 excuse me -- a scatter diagram, I'll suggest to you
6 with, on the left-hand side or the -- the y-axis -- I
7 hope of getting that right -- annual Hydro bill as a
8 percentage of income, agreed?

9 DR. GREGORY MASON: Correct. Yeah.

10 DR. BYRON WILLIAMS: And on the x-
11 axis, you see the income calculations, sir?

12 DR. GREGORY MASON: That's correct.

13 DR. BYRON WILLIAMS: And -- and, sir,
14 if we -- if we look at this -- and -- and recognizing
15 there some limits to this -- this analysis, in and of
16 itself -- would it be fair to suggest that starting
17 around fifty thousand (\$50,000) dollars and moving to
18 the left, we start to see a relatively higher in --
19 incline in the -- in the annual Hydro bill as a
20 percentage of income?

21 DR. GREGORY MASON: That's correct.

22 DR. BYRON WILLIAMS: And, sir, you
23 used the term 'distribution' in your comments a little
24 while ago.

25 And -- and that, sir, is a term of

1 statistical art?

2 DR. GREGORY MASON: Well, it's -- art
3 maybe a little -- a little strong for that. Social
4 scientists do consider themselves scientists.

5 DR. BYRON WILLIAMS: I'm sorry, sir.
6 It's a -- it's a tool of the trade?

7 DR. GREGORY MASON: Tool of the trade;
8 I'll except that.

9 DR. BYRON WILLIAMS: And, sir, if --
10 if one was to follow your premise that the -- a bill
11 as a percentage of income would be a useful indicator,
12 and recognizing that, I'll suggest to you, that --
13 that this diagram suggests a nonlinear relationship
14 between energy share and income, what would you do
15 with this information, in -- in terms of trying to get
16 insight into the energy poverty challenges experienced
17 by Manitoba ratepayers?

18 DR. GREGORY MASON: Well, what I would
19 do is I'd take things such as the income level and I
20 work -- so we start with forty thousand (\$40,000)
21 dollars, I'd work to the left, realizing at every
22 income there is a vertical distribution.

23 And so you can argue that, you know,
24 you'd still have to use some kind of threshold; you
25 know, at what point? But at least you can choose the

1 various thresholds, and you're actually looking and
2 seeing how many individuals would fall above, for
3 example, 5 percent of one's total income.

4 I mean, that's the same thing that's
5 done with respect to housing. You know, how much of
6 your budget goes to housing, so how much of your
7 income goes to energy. And if you chose 5 percent as
8 a cut off of affordability, that's what you could do
9 with this kind of diagram, and you can actually count
10 the number of people who fell into that category.

11 DR. BYRON WILLIAMS: And, sir, would
12 you -- and I don't want to delve too far into the --
13 the tools of your trade -- would you perform some form
14 of nonlinear statistical analysis?

15 DR. GREGORY MASON: One could. And
16 one could actually keep it a -- a lot less formal and
17 just count area -- just do an area. Like if you
18 visualize this as kind of some kind of -- not like a
19 nonlinear relationship, you can just count the area
20 underneath the curve between two (2) points. That
21 would be one (1) way to do it.

22 And you wouldn't actually perform a
23 regression line. If you want me to get technical, you
24 would actually perform something which is called an
25 'envelope regression' and -- and trace out the top

1 edge of that curve. You wouldn't actually run a
2 regression line or a nonlinear through that
3 relationship.

4 DR. BYRON WILLIAMS: Okay. Mr. Chair,
5 noting the time, and also concluding that particular
6 session -- section, I'd rec -- recommend that we wish
7 everyone a happy holidays.

8 THE CHAIRPERSON: Yes. So we -- we
9 will adjourn until 9:00 a.m. on January 3rd. And on
10 behalf of the panel, I wish everyone a Merry
11 Christmas, happy holidays, enjoy your time with the
12 family, and all the best in the new year.

13 So we are adjourned. Thank you

14

15 (PANEL RETIRES)

16

17 --- Upon adjourning at 4:34 p.m.

18

19

20 Certified Correct,

21

22 _____

23 Cheryl Lavigne, Ms.

24

25