

**MANITOBA HYDRO**  
**2012/13 & 2013/14 GENERAL RATE APPLICATION**

**VOLUME II**

**COST OF SERVICE**

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**INDEX**

13.0 Overview of Tab 13 ..... 1  
13.1 Cost of Service Review..... 1  
13.2 PCOSS13 Results and Comparison to PCOSS11 ..... 2

*Appendices*

13.1 Prospective Cost of Service Study for Fiscal Year Ending March 31, 2013  
13.2 Prospective Cost of Service Study Allocation Program for Fiscal Year Ending March 31, 2013  
13.3 Manitoba Hydro’s Response to the Cost of Service Study Recommendations of Christensen Associates Energy Consulting  
13.4 Review of Cost of Service Methods of Manitoba Hydro (Prepared by Christensen Associates Energy Consulting)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
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**13.0 OVERVIEW OF TAB 13**

Tab 13 includes a summary discussion and results of Manitoba Hydro's Cost of Service Study ("COSS"). This section includes a description of the Cost of Service Study filed and the external review of Manitoba Hydro's Cost of Service Methodology. Appendix 13.1 is the Prospective Cost of Service Study for the 2012/13 fiscal year ("PCOSS13") which is based on IFF11-2. The study presents results using the same methodology employed in PCOSS11 as well as incorporating methodology changes, and provides a discussion of both methodologies. Appendix 13.2 is the Allocation Program that provides a complete list of the allocation tables and the allocated costs for each rate class by cost component as used in PCOSS13. Appendix 13.3 is Manitoba Hydro's Response to the Cost of Service Study Recommendations of Christensen Associates, and Appendix 13.4 is the Cost of Service Review prepared by Christensen Associates.

**13.1 COST OF SERVICE REVIEW**

Manitoba Hydro retained Christensen Associates Energy Consulting ("CA") to perform a review of its Cost of Service Methodologies. The external review was conducted to confirm that Manitoba Hydro's cost of service methodologies are consistent with best practices and to address a number of issues that arose out of previous PUB proceedings.

Manitoba Hydro's response to the Cost of Service recommendations of CA is provided in Appendix 13.3 to this Tab, the Cost of Service Review prepared by CA is attached as Appendix 13.4.

Manitoba Hydro has reflected several of the recommendations made by CA in its Cost of Service Review in PCOSS13 as discussed in both Appendix 13.1 and 13.3.

1 **13.2 PCOSS13 RESULTS AND COMPARISON TO PCOSS11**

2  
3 Table 13.1 summarizes the Revenue Cost Ratio (“RCC”) results of the 2013 Prospective  
4 Cost of Service Study (“PCOSS13”) for the major rate classes in the context of rates  
5 approved in Order 32/12. The results of PCOSS13 are presented using the same  
6 methodology employed in PCOSS11 and also reflecting methodology changes flowing  
7 from the Cost of Service Review.

8  
9 **Table 13.1 - Results of Prospective 2013 Cost of Service Study Class RCC Ratios**

<b>Customer Class</b>	<b>PCOSS11</b> (April 1, 2010 Rates)	<b>PCOSS13</b> (April 1, 2012 Rates)	<b>PCOSS13</b> (with methodology changes) (April 1, 2012 Rates)
Residential	95.9%	98.1%	99.2%
General Service:			
Small Non-Demand	104.8%	107.4%	107.6%
Small Demand	103.8%	104.3%	103.7%
Medium	101.1%	100.8%	100.0%
Large < 30 kV	91.9%	92.0%	93.3%
Large 30-100 kV	104.2%	98.2%	96.6%
Large >100 kV	112.6%	103.7%	100.5%
Area and Roadway Lighting	105.2%	101.4%	101.8%

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