

Manitoba Hydro**Response to Recommendations of the Bill Affordability Working Group**

The Bill Affordability Working Group identified a number of important findings in the Summary Report and Recommendations, dated January 2017. On page 33 of report, it states:

The Working Group's findings further illustrate the deeply complex, multi-faceted nature of energy poverty. Energy poverty spans issues of income, geography, cultural identity, family size, awareness of available support programs, and more. The Working Group's findings make it clear that no single initiative or program will solve the issue of energy poverty. Rather, the Working Group's recommendations reflect the consensus view that a suite or "toolkit" of improvements is required to improve energy affordability in the province.

The following section describes each of the nine recommendations made by the Working Group and Manitoba Hydro's response and action to be undertaken with regards to each. Manitoba Hydro will be undertaking further assessments in response to recommendations of the Bill Affordability Working Group, where appropriate.

1. Low-Income Energy Efficiency and Weatherization Initiatives:

Recommendation – Maintain or enhance funding: Emphasis on existing Manitoba Hydro low-income energy-efficiency and weatherization initiatives be maintained at their current level, or enhanced with additional funding or programming where possible, whether those initiatives or funding are provided by Manitoba Hydro or otherwise.

Manitoba Hydro Response - Manitoba Hydro routinely investigates new technologies for incorporation into existing programs or the development of new programs to assist lower income customers. When strategic opportunities arise, such as ecoENERGY, Manitoba Hydro has leveraged these relationships to further promote energy efficiency upgrades.

Recommendation - Assess and enhance Furnace Replacement Program: Manitoba Hydro to assess the potential to modify the terms of the existing natural gas Furnace Replacement Program to include the replacement of mid-efficiency natural gas furnaces with high-efficiency natural gas furnaces for qualifying lower-income customers.

Manitoba Hydro Response - Manitoba Hydro has assessed the potential viability of replacing mid-efficiency natural gas furnaces with high-efficiency natural gas furnaces, assuming a customer co-payment of \$9.50 per month over five years, consistent with the existing program. The estimated annual energy reductions and bill savings from the use of a high-efficiency natural gas furnace in

place of a mid-efficiency natural gas furnace are less than the energy reductions and savings from replacing standard efficiency appliances with high efficiency appliances. Considering the cost of the high efficiency furnace installation, the modest energy consumption reduction combined with the relatively small bill reduction available to a participating customer, Manitoba Hydro does not recommend pursuing this change to the Furnace Replacement Program.

2. Electric Heating:

Recommendation - Explore fuel switching possibilities: Subject to evaluation against provincial and federal environmental climate policies, Manitoba Hydro to consider the development of incentive programs for qualifying lower-income customers to promote the replacement of residential electric heating systems with high-efficiency natural gas furnaces in areas where natural gas service is available, and to further explore the development of incentive programs to promote residential space heating conversions from electricity to biomass, geothermal or heat-pump technologies, if those programs are determined to be or can be made to be economically viable.

Manitoba Hydro Response - Manitoba Hydro anticipates that new Provincial climate change policy may be released in 2017 and will the Corporation will consider modifications to existing programs or additional program offerings after assessing the implications of any new policy direction.

3. Emergency Assistance:

Recommendation - Continue emergency assistance: Manitoba Hydro to continue to provide emergency assistance programming (e.g. Neighbours Helping Neighbours) and further evaluate: whether/how existing program meets the needs of low-income ratepayers; and whether Manitoba Hydro should better leverage partners (i.e. Salvation Army) and/or approach other organizations, including charitable/provincial/ federal partners, to consider greater collaboration and synergies.

Manitoba Hydro Response - Customers who have participated in the Neighbours Helping Neighbours (NHN) Program are assessed one year and two years after receiving assistance. Approximately 80% of those customers have lower or no arrears compared to when they needed emergency financial assistance. Manitoba Hydro will consult with Salvation Army regarding additional opportunities to leverage funds and seek other organizations that may wish to contribute to the continued success of NHN.

4. Landlord and Tenant Incentives:

Recommendation - Reduce barriers to landlord and tenant participation: Manitoba Hydro work with Employment and Income Assistance, the Residential Tenancies Branch, the Professional Property Management Association, the Winnipeg Rental Network, Manitoba Housing, All Aboard, First Nations, tribal councils, Manitoba Metis Federation, other Indigenous entities, neighborhood renewal organizations, the provincial government and other large lower-income housing providers to investigate opportunities to reduce barriers to landlord/tenant participation and/or increase

landlord participation in affordable energy programs including energy-efficiency and weatherization initiatives.

Manitoba Hydro Response - Manitoba Hydro intends to form a Committee of interested parties in 2017 to coordinate efforts among the various groups to develop additional opportunities to increase participation in the landlord/tenant market.

5. Home Heating Bill Impacts Due To Extreme Weather:

Recommendation - Consider mitigation for extreme weather impacts: Manitoba Hydro to consider residential rate design options such as rate decoupling to mitigate the impact of colder-than-normal weather on monthly heating bills.

Manitoba Hydro Response: The evaluation of rate design alternatives involves the careful consideration of underlying rate making principals and goals, an understanding of the trade-offs that exist between individual rate making options, and an assessment of the benefits and disadvantages of those various options. Manitoba Hydro will assess the merits and shortcomings of options such as rate decoupling in conjunction with future examination of residential rate design options.

6. Equal Payment Plans:

Recommendation - Explore program enhancements: Manitoba Hydro to explore potential enhancements to existing Equal Payment Plan program to account for both arrears and projected bills, including consideration of the cost impacts and feasibility of administering those enhancements.

Recommendation - Educate and inform customers: Manitoba Hydro to explore what mechanisms or thresholds are needed to better educate and inform customers and the Public Utilities Board about eligibility for Equal Payment Plan program and how bills are adjusted and administered from year to year under the program.

Manitoba Hydro Response to both recommendations - Potential program enhancements have been examined and scoped. A preliminary program design has been concluded. Additional definition of program details is ongoing as is work to assess the program and administrative implications of the proposed enhancements. Once program enhancements are finalized, efforts will be undertaken to develop implementation details and a schedule will be determined as to when such enhancements may be introduced.

7. Bill Collection:

Recommendation - Continue to provide and improve customer service: Manitoba Hydro to maintain and continually strive towards providing respectful, helpful customer service to individuals in arrears, which includes ensuring staff are informed and able to communicate available

programming to customers in a way that encourages those customers to ask questions and proactively deal with their payment issues or arrears.

Manitoba Hydro Response - Management in Credit and Recovery Services has incorporated bill affordability subject matter and specific processes for working with potential low income customers into regular ongoing department training efforts. Staff meet quarterly in small groups to receive training on emerging customer service issues. Low income topics were included in both the February and May training sessions and will continue to be included, as appropriate. Information about the Affordable Energy Program has also been included. Quality call monitoring which is done quarterly for each Credit Representative has included coaching on low income sensitivity.

8. Arrears Management and Bill Forgiveness:

Recommendation - Consider a bill payment/matching program: Manitoba Hydro to model and possibly pilot bill payment/matching program targeted to low-income individuals, which will include analysis of costs, benefits and impacts to Manitoba Hydro and consumers.

Manitoba Hydro Response – Manitoba Hydro will develop potential models in order to assess anticipated program effectiveness and costs in determining which option, if any, may be piloted.

9. Funding:

Recommendation - Consider government funding*: Government of Manitoba funding required for options recommended by the Bill Affordability Working Group be provided in accordance with the Public Utility Board's 2014 NFAT recommendation 12, i.e. that a portion of the incremental capital taxes and water rental fees from the development of the Keeyask Project be used to mitigate the impact of rate increases on lower-income consumers, northern and Aboriginal communities.

* Manitoba Hydro and Employment & Income Assistance abstained from providing consensus for this recommendation.

Manitoba Hydro Response - Manitoba Hydro notes the recommendation made by the PUB in its report to government arising from the 2014 NFAT review. Manitoba Hydro, at the time of the stakeholder engagement, abstained with regard to this recommendation (as did Employment & Income Assistance).

As noted on page 53 of Tab 2 of this filing, Manitoba Hydro is of the view that issues of poverty and distributional effects are complex and ought to be addressed through the setting of social policy which is within the purview of government. As such, Manitoba Hydro is of the view that of the provision of social assistance programs directed to low income customers is appropriately reserved for the Province of Manitoba.