

Corporate Overview MFR 2**Listing of past Board Directives and copies of all letters and reports to be in compliance with Board Directives**

Tab 10 of the 2015/16 & 2016/17 General Rate Application provided responses to and the status of PUB directives. The response to this MFR provides an update to Tab 10, including the directives from Order 73/15.

Directives from Order 73/15**Bill Affordability Collaborative Process**

5. *Manitoba Hydro shall lead a collaborative process to develop a bill affordability program harmonized with Manitoba Hydro's other programs supporting low income ratepayers. Manitoba Hydro shall file proposed Terms of Reference for this collaborative process with the Board (including proposed facilitators and stakeholder participants) by no later than October 31, 2015. If Terms of Reference cannot be agreed upon between Manitoba Hydro and participants, the Board is prepared to receive submissions and adjudicate the issue.*

Status: Ongoing

Manitoba Hydro held meetings with stakeholders on September 18th, October 15th and October 26th to discuss and plan for the upcoming stakeholder engagement process and to develop the Terms of Reference (“TOR”) to be proposed to the PUB. On November 13, 2015, Manitoba Hydro filed a letter with the PUB including the proposed TOR. The PUB provided its comments on the draft TOR as well as further clarification and direction as to the participation of other potential stakeholders in its correspondence of December 4, 2015. Copies of Manitoba Hydro’s correspondence and the PUB’s reply can be found attached to this MFR.

Affordable Energy Program Reports

6. *Manitoba Hydro shall consider additional measures to increase participation rates in the Affordable Energy Program and to assist all-electric customers, particularly those living in rural Manitoba and aboriginal communities without access to natural gas heating options, and to provide annual reports on the*

implementation of the Affordable Energy Program and any additional measures developed by the end of June of each calendar year.

Status: Ongoing

Manitoba Hydro intends to file its first report on the implementation of the Affordable Energy Program and any additional measures developed for the 2015/16 fiscal year by the end of June 2016.

Asset Condition Assessment Reports

- 7. Manitoba Hydro shall file terms of reference for an Asset Condition Assessment Report for approval by the Board that, at minimum, include the information set out in Appendix "G" of this Order, by no later than October 31, 2015.***

Status: Outstanding

Manitoba Hydro is currently undertaking a series of steps to develop, refine or improve all of the components of an asset management strategy, including asset condition assessment, as well the refinement of the Corporation's capital prioritization framework.

As part of this strategy, Manitoba Hydro has engaged Copperleaf Technologies Inc. ("Copperleaf") to standardize its capital investment planning processes in all capital-intensive business units through the implementation of its Copperleaf C55 software application, including the development of a Corporate Value Framework methodology.

The Corporate Value Framework will refine and establish various metrics to be used in scoring the Corporation's capital projects to be considered when determining the appropriate pacing and prioritization of capital expenditures across the organization. Thus far, these metrics have been organized into the categories of financial, reliability, environmental, safety & security, and corporate citizenship. The C55 software will also be updated to include the various constraints (e.g. financial) that must also be considered in the pacing and prioritization of capital investments.

Manitoba Hydro has also engaged Kinectrics Inc. ("Kinectrics") to assist in the development of an asset condition assessment of the Corporation's distribution assets, which includes determining a health index and condition criteria for distribution assets, performing a risk assessment with a corresponding probability of failure based on asset specific failure curves, as well as developing a risk based action plan for each asset category for the next 10 years. Kinectrics will also refine the health indices and

recommended replacements of Manitoba Hydro's transmission assets.

The work being undertaken by Kinetrics will be prepared by distribution asset category, including, but not limited to poles, underground cables, pad mounted transformers, pad mount switch gear, streetlights and manholes.

In Appendix G of Order 73/15, the PUB directed Manitoba Hydro to provide asset health and replacement information based on geographical region, in some cases by gas available and non-gas available area or by underground and overhead assets, for the distribution system. Manitoba Hydro notes that a significant amount of additional work would be required to collect and record this data and to develop health index formulas and condition criteria by geographical region for Manitoba Hydro's distribution assets. In Manitoba Hydro's view, the additional work required to provide asset health information by region would provide little incremental value, as asset condition results are expected to be largely the same across all regions. Furthermore, prioritizing capital investments across regions is not based on asset condition alone, but will also consider other factors such as the number of customers impacted by a potential failure.

Asset Condition Assessment reporting is one component that supports the capital investment process within Manitoba Hydro. As such, it would be premature to complete a potential terms of reference in response to this directive, without having the full and complete understanding of the specific information that will be required to support the decision-making framework for capital investment prioritization and long term asset replacement planning.

Manitoba Hydro is currently developing the timelines for the completion of the above noted initiatives in order to assess when it would be in a position to provide the results of these initiatives to the PUB.

Manitoba Hydro acknowledges that the original due date for filing the terms of reference was October 31, 2015, and will provide the PUB with an update with respect to its progress on this directive as soon as practicable.

Depreciation Methodology for Rate-Setting

- 10. Manitoba Hydro is to continue to use its existing Average Service Life Methodology for calculating depreciation rates for rate-setting purposes until the Board is satisfied that a change in methodology is warranted.***

Status: Open

In 73/15, the PUB directed Manitoba Hydro to retain the existing ASL methodology for rate-setting purposes until Directives 8 and 9 from Order 43/13 have been complied with and the PUB has been provided with an IFRS-compliant depreciation study based on ASL.

The PUB further indicated that if Manitoba Hydro is able to file such a study in time for the next GRA, as well as comply with Directive 9 from Order 43/13, the PUB intends to make a final disposition with respect to the appropriate long term depreciation methodology for rate-setting purposes at the hearing of that Application.

Manitoba Hydro is currently assessing its options with respect to complying with Directives 8 and 9 of Order 43/13 and Directive 10 of Order 73/15 and will present its position as part of its next GRA. In addition, Manitoba Hydro is assessing the financial reporting implications of these directives and will confirm its proposed accounting treatment with the PUB prior to the close of its 2015/16 fiscal year.

DSM Deferral Account

- 12. Manitoba Hydro is to continue the DSM deferral account to capture shortfalls in Demand-Side Management spending compared to the forecast spending in the Power Smart Plan. The shortfall in Demand-Side Management spending in 2014/15 of \$19 million shall accumulate in the DSM deferral account. To the extent Manitoba Hydro's actual spending on Demand-Side Management in 2015/16 falls below the forecasted spending in the 2015 Power Smart Plan of \$63.4 million, the shortfall shall accumulate in the DSM deferral account. To the extent Manitoba Hydro's actual spending on Demand-Side Management in 2015/16 exceeds \$63.4 million, the excess shall be paid from the balance of the DSM deferral account. The DSM deferral account is to continue with each***

annual spending target equal to the forecast spending stated in the most current Power Smart Plan, inclusive of funding from the Affordable Energy Fund.

Status: Ongoing

Manitoba Hydro will defer differences between budget DSM spending and actual DSM spending for 2014/15 and 2015/16. An update with respect to the DSM Deferral Account is provided in the response to DSM MFR 1.

Capital Expenditures Quarterly Reporting

13. Manitoba Hydro shall file detailed quarterly reports for all Major New Generation and Transmission projects, including the ones currently under development. These reports are to outline the proposed budget (at time of contract), budget changes and reasons for such changes, and the revised projected in-service costs. Where capital costs have increased materially, Manitoba Hydro is to explain how such increases will impact domestic revenue requirements and projected impacts on Manitoba Hydro's financial forecasts and targets.

Status: Ongoing

In section 7.1 of its 2016/17 Supplemental Filing, Manitoba Hydro provided a summary of changes in total project costs for Major Generation & Transmission Projects. Manitoba Hydro expects to provide its October to December 2015 quarterly report in February 2016.

O&A Quarterly Reporting

14. Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.

Status: Ongoing

As Attachment 8 to its 2016/17 Supplemental Filing, Manitoba Hydro provided a summary of its actual and forecast O&A expenditures by cost element to September 30, 2015. Manitoba Hydro expects to provide its October to December 2015 quarterly report in February 2016.

Details of Capital Projects over \$1 million

- 15. *Manitoba Hydro shall identify and provide details of individual capital projects with a value greater than \$1 million in future Capital Expenditure Forecasts.***

Status: Ongoing

As Attachment 5 to its 2016/17 Supplemental Filing, Manitoba Hydro provided details of the individual capital projects with a value greater than \$1 million included in CEF15.

Surplus Energy Program Quarterly Reporting

- 19. *As part of any future quarterly Surplus Energy Program reports, Manitoba Hydro include an explanation of the National Energy Board (NEB) pricing and other factors that have influenced the pricing during the quarter addressed by the report.***

Status: Ongoing

Manitoba Hydro expects to file its first quarterly report pursuant to this directive by December 31, 2015, which will cover the period August 1, 2015 to October 31, 2015.

Area & Roadway Lighting

- 20. *By December 31, 2015, Manitoba Hydro shall file with the Board a five-year plan to complete the City of Winnipeg's luminaire geographical information system (GIS) mapping.***

Status: Open

Manitoba Hydro expects to file its five year plan pursuant to this directive by December 31, 2015.

Directives from Order 43/13**Interim Application Filing Requirements**

5. *That Manitoba Hydro file with the Board, as part of any future interim application for rate increases, the following information on a monthly basis for the previous three months, and on an on-going basis until a rate Order in respect of the Application is issued:*
- (a) *Hydraulic generation monthly data (GWh) for the Winnipeg River System, Grand Rapids, Upper Nelson River Generating Station(s), Lower Nelson River Generating Station(s), and Wuskwatim Generating Station;*
 - (b) *Monthly adjusted system energy-in-storage curves and Lake Winnipeg water levels;*
 - (c) *Average monthly flow data for the Winnipeg River, Saskatchewan River, and Upper Nelson River (Kelsey Generating Station) and Lower Nelson River (Kettle Generating Station);*
 - (d) *Monthly extra-provincial energy exchange data (volumes and prices) for National Energy Board-filed sales and purchases (by permit / license number), Midwest Independent System Operator day-ahead and real-time sales and purchases, and Canadian sales and purchases; and*
 - (e) *Monthly updates to Manitoba Hydro's financial results relative to its forecast.*

Status: Ongoing

Manitoba Hydro has provided the information from (a) to (d) for the period April to November 2015 as Attachment 13 of its 2016/17 Supplemental Filing.

With respect to item (e) above, Manitoba Hydro provided the Manitoba Hydro-Electric Board ("MHEB") quarterly report for the six months ended September 30, 2015 as Attachment 3 of its 2016/17 Supplemental Filing and provided actual results compared to forecast for quarter ended September 30, 2015 in Section 3.2 of the Supplemental Filing.

Comparison of ELG vs. ASL under IFRS

8. ***That Manitoba Hydro file updated depreciation rates and schedules based on an International Financial Reporting Standards-compliant Average Service Life methodology with the next General Rate Application.***
9. ***That Manitoba Hydro file with the Board, with the next General Rate Application, a chart showing a comparison of the impact on its Integrated Financial Forecast (i.e. 'Budget') of asset depreciation pursuant to the Average Service Life methodology (without net salvage) and the Equal Life Group methodology (without net salvage), applying both methodologies to all planned major capital additions.***

Status: Open

Please see the response to Directive 10 of Order 73/15 above.

Adequacy of Manitoba Hydro's Financial Reserves

10. ***That Manitoba Hydro file, with its next General Rate Application, a detailed quantitative and probabilistic risk assessment and review of all of its operating and financial risks in order to allow the Board to assess the adequacy of the reserves. Commercially sensitive information in the report is to be redacted from the public version and filed in confidence with the Board.***

Status: Open

Manitoba Hydro engaged KPMG to undertake a review of its current financial targets and provide recommendations that align with the mandate of Manitoba Hydro and the interests of its stakeholders considering its operating and business outlook and associated risks. As part of the financial target review, Manitoba Hydro also expanded the uncertainty analysis undertaken for the NFAT proceeding, which provided financial projections based on varying assumptions and impacts on the annual equity ratio, net income and cumulative retained earnings. Manitoba Hydro's Report on the 2015 Financial Target Review and the KPMG Report have been provided as Attachments 6 and 7 of its 2016/17 Supplemental Filing. The additional uncertainty analysis undertaken by Manitoba Hydro along with the scenario analysis contained in the KPMG report is intended to satisfy Directive 10 from Order 43/13.

In Order 73/15, the PUB indicated that it will reserve judgment on this issue until it has an opportunity to conduct a more fulsome public review of this issue at the next GRA.

Directives from Order 134/10**Confirmation of Diesel Settlement Agreement and Interim Rates**

3. *MH file with the Board and all Parties to this Diesel Zone Application:*
 - (a) *Confirmation that the Settlement Agreement (from the 2004 Minutes of Settlement) has been fully executed;*
 - (b) *A true copy of the fully executed Settlement Agreement;*
 - (c) *Confirmation of payments or adequate funding arrangements for the capital costs incurred by MH, by community, since 2004; and Indication of capital costs still in dispute, if any, and the process and timeline for resolution of such dispute(s).*

4. *MH, supported by the written consents of INAC, MKO, the four First Nations and CAC/MSOS, is to seek an Order of this Board to confirm, as final, all Diesel Zone rates approved on an interim basis since 2004, including those interim rate approvals in Board Orders 17/04, 46/04, 159/04, and 176/06.*

Status: Open

Manitoba Hydro provided the history and update to this directive in its 2015/16 & 2016/17 General Rate Application. To Manitoba Hydro's knowledge, MKO has not produced true copies of the Settlement Agreement as of this date and the status of this directive has not changed.

Directives from Order 150/08**Independent Benchmarking Study**

6. *MH to undertake and file with the Board, by a date to be fixed by the Board after its review of the study outline to be filed by MH by June 30, 2009, an independent benchmarking study of key performance metrics, using the most currently-available data and including:*

- (a) Primary key drivers of OM&A in each operational division [Board preference is for a divisional break-down to allow for a comparison with other utilities, even if the comparison needs to be limited to specific divisions/activities],*
- (b) Comparable other Canadian Utility data for each of the drivers;*
- (c) Key comparison indicators, including staffing levels;*
- (d) A comparison with and discussion of industry best practices; and*
- (e) Potential improvement areas.*

The Board expects to be apprised of the scope of the benchmarking study in advance of it being undertaken, and will anticipate being provided a study outline on or before June 30, 2009, to allow the Board the opportunity to provide direction and/or comment.

Status: Deferred.

In April 2010, Manitoba Hydro requested this directive to be deferred. In Order 5/12, the PUB acknowledged that Manitoba Hydro has deferred this Directive until after the implementation of IFRS.

Prior uncertainty surrounding the treatment of rate-regulated assets and liabilities under IFRS has resulted in divergence in practice with respect to the financial reporting frameworks (IFRS, US GAAP) used by Canadian electric utilities which could seriously complicate a benchmarking exercise.

Moreover, benchmarking among utilities with respect to cost performance has always been problematic due to differences in resource endowment, distribution of customers, customer density, market environment, policy environment and other variables. Manitoba Hydro is concerned that detailed benchmarking of operating costs could be a costly exercise, likely to yield inconclusive results at best.

Manitoba Hydro has a series of corporate measures and targets which it uses to assess the performance of the Corporation and its progress towards attainment of its key objectives. These measures and targets as well as actual results are included in the corporate performance dashboard, which is provided in the response to Corporate Overview MFR 9 for the year ending March 31, 2015. As outlined in section 5.0 of its 2016/17 Supplemental Filing, Manitoba Hydro has three primary financial targets that are used to assess the financial strength of the Corporation.

In addition, Manitoba Hydro also prepares an annual survey of Canadian electricity bills to compare bills paid by Manitoba customers with those of other major Canadian utilities'. The current Survey of Canadian Electricity was provided as Attachment 12 to the 2016/17 Supplemental Filing.



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November 13, 2015

Mr. D. Christle
Secretary and Executive Director
Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

Dear Mr. Christle:

RE: Directive 5 of Order 73/15 - Terms of Reference for a Collaborative Process on Bill Affordability

On July 24, 2015, the Public Utilities Board of Manitoba (“PUB”) issued Order 73/15 with respect to Manitoba Hydro’s 2015/16 & 2016/17 General Rate Application. Directive 5 of Order 73/15 requires Manitoba Hydro to file a terms of reference (“TOR”) for a collaborative process to examine a bill affordability program, including proposed facilitators and proposed stakeholder participants, by October 31, 2015. Please find the terms of reference in response to this directive enclosed.

Manitoba Hydro held an initial meeting on Friday, September 18th and invited representatives of the following stakeholder groups to attend in order to discuss and plan for the upcoming stakeholder engagement process:

- Consumers Association of Canada (Manitoba) (CAC)
- Green Action Centre (GAC)
- Employment & Income Assistance (Province of Manitoba)
- Manitoba Keewatinowi Okimakanak (MKO)
- Manitoba Metis Federation (MMF)
- Winnipeg Harvest (WH)

Subsequent to that meeting, Manitoba Hydro approached the following groups to seek their representation for the stakeholder engagement:

- Manitoba Industrial Power Users Group (MIPUG)
- Social Planning Council of Winnipeg (SPCW)
- Southern Chiefs Organization (SCO)

Manitoba Hydro hosted a second meeting on Thursday, October 15th to discuss the outline of a draft TOR for consideration. Comments were received from parties and a third meeting was held on Tuesday, October 26th to finalize a draft TOR to be proposed to the PUB for consideration, which is attached to this letter.

Manitoba Hydro notes that not all parties invited have participated in the meetings held to date. For example, representatives from MKO have been invited to attend all meetings, but have not participated nor provided any input. A list of the representatives that were invited and their attendance for each meeting is attached to this letter.

Manitoba Hydro also seeks clarification from the PUB as to the participation of other potential stakeholders, such as senior citizens, immigrants, representatives of small or independent businesses, chambers of commerce, the City of Winnipeg and/or municipalities. The participation of representatives from those constituencies may be of value to informing the discussions of the stakeholder group and Manitoba Hydro would welcome the direction of the PUB in that regard.

The parties that have actively participated in the above mentioned discussions have either explicitly agreed to the proposed TOR, or have not expressed any objections.

Manitoba Hydro notes that parties are currently discussing options for a proposed third-party facilitator for this process, and will advise the PUB of the outcome of these discussions in due course.

Manitoba Hydro seeks the PUB's comments and any subsequent direction regarding the attached TOR.

Should you have any questions with respect to the forgoing, please do not hesitate to contact the writer at 204-360-3633 or Greg Barnlund at 204-360-5243.

Yours truly,

MANITOBA HYDRO LAW DIVISION

Per:



For

ODETTE FERNANDES
Barrister and Solicitor

Att.

**TERMS OF REFERENCE FOR A COLLABORATIVE PROCESS TO FURTHER
DEVELOP A
MANITOBA HYDRO BILL AFFORDABILITY PROGRAM**

1. PURPOSE

To undertake a collaborative process to identify and assess a potential portfolio of measures which may result in Manitoba Hydro energy bills being more affordable to lower income customers. The measures to be considered may include both improvements to Manitoba Hydro's existing Affordable Energy Program¹ and new initiatives.

2. SCOPE

A collaborative process with participation from Manitoba Hydro and other interested stakeholders will assess bill affordability by addressing the following areas:

- a) Current Situation Assessment – Assess Manitoba Hydro's overall Affordable Energy Program including current offering, participation, cost and impact. Examine all other forms of income assistance available to lower income Manitobans by other organizations or third parties. This will establish a base line of available support and serve as a starting point in assessing what additional assistance may be required.
- b) Needs Assessment – Compile readily available information on:
 - I. Bill collection data (including arrears for various periods, write-offs, disconnections, etc.) and costs to Manitoba Hydro from troubled payments.
 - II. The nature, extent and impacts of energy poverty in Manitoba.
- c) Research
 - I. Perceived shortcomings and issues with existing programs of Manitoba Hydro, government, and other agencies in meeting the need of lower-income Manitobans for affordable energy.

¹ Manitoba Hydro's existing Affordable Energy Program consists of efforts along three fronts:

- Demand Side Management initiatives
- Bill Accommodation initiatives
- Neighbours Helping Neighbours initiative

- II. Consumer engagement research to address any gaps in existing information and programs.
 - III. Best practices research on the design, delivery, and evaluation of Bill Affordability Programs in Canada and elsewhere. To assess their possible suitability for and adaptation to Manitoba circumstances.
- d) Identify options for potential enhancements to Manitoba Hydro's overall Affordable Energy Program. Enhancements shall take into consideration the policy and legal framework in Manitoba including the roles and responsibilities of government, Manitoba Hydro and other agencies.
 - e) Cost Effectiveness – Review and establish metrics to evaluate the costs and the effectiveness of a Bill Affordability Program or any improvements to current program offerings.
 - f) Funding – Review options for improvements or adjustments to current offerings to determine how best to cover the associated costs, including which party (rate payer, social agencies, government, etc) should be the funder.

3. FACILITATION & COLLABORATION

Manitoba Hydro will lead the collaborative process and engage various stakeholders and organizations who deal with lower income Manitobans. The list includes:

- Green Action Centre
- Manitoba Keewatinowi Okimakanak
- Consumers Association of Canada (Manitoba Chapter)
- Manitoba Metis Federation
- Winnipeg Harvest
- Employment & Income Assistance
- Southern Chiefs Organization
- Social Planning Council of Winnipeg
- Manitoba Industrial Power Users Group

Manitoba Hydro will provide representation from:

- Manager, Affordable Energy Department
- Division Manager, Business Support Services

- Division Manager, Rates & Regulatory Affairs
- Vice-President, Customer Care & Energy Conservation

The Public Utilities Board of Manitoba will be invited to have staff members (Secretary & Executive Director and/or Associate Secretary or designate) attend all meetings in an observer status, in order to keep the PUB panel apprised throughout the stakeholder engagement process.

A third party will be hired to facilitate the collaborative process and ensure the development and effective execution of a work plan to achieve the intended results in a timely fashion.

4. TIMING

Once endorsement of the filed Terms of Reference is received from the Public Utilities Board, the collaborative process is anticipated to take one year to complete.

5. DELIVERABLES

Through the collaborative process a final report including recommendations will be prepared. The report will set out the findings of the process. The report may include recommendations to other parties as well as to Manitoba Hydro and the PUB.

The report will be provided to the Manitoba Hydro-Electric Board (“MHEB”), PUB and other interested parties.

6. BACKGROUND

The development of a Bill Affordability Program for Manitoba Hydro low-income customers has been a matter of consideration by the Public Utilities Board (“PUB”) and interveners in a number of regulatory proceedings.

During the 2008/09 & 2009/10 General Rate Application proceedings, the issue of bill affordability was brought forward by a number of interveners, noting the issues faced by low-income customers as a result of bills not being affordable. In Order 116/08, arising from this proceeding, the PUB directed Manitoba Hydro to propose a low-income bill assistance program that would occur in conjunction with and complement an expanded low-income Demand Side Management program. The PUB directed Manitoba Hydro to address how such a program would be funded, and how eligibility criteria and levels of assistance would be determined. Following

this directive, Manitoba Hydro developed its Energy Affordability Program and expanded its low-income energy efficiency programming.

During the 2010/11 & 2011/12 General Rate Application, the Resource Conservation Manitoba and Time to Respect Earth's Ecosystems ("RCM/TREE") recommended that Manitoba Hydro develop a low-income affordability program that would consist of four components: rate affordability, arrearage management, crisis intervention, and low income energy efficiency. Through the rate affordability component, Manitoba Hydro would provide fixed credits to low-income customers in order to reduce their bills to an affordable level. In Order 5/12, arising from this proceeding, the PUB indicated that it would need more information regarding existing funding made available by government and the programs available to alleviate energy poverty, before it is in a position to require Manitoba Hydro to develop a definitive bill assistance program along the lines of that proposed by RCM/TREE.

Most recently, during Manitoba Hydro's 2014/15 & 2015/16 General Rate Application proceedings, the Green Action Centre ("GAC") addressed the matter of a Bill Affordability Program, noting that the issue of non-payment resulting from unaffordable bills has not been sufficiently investigated or addressed. GAC recommended that the PUB direct Manitoba Hydro to establish a collaborative process to address bill affordability for low-income ratepayers. In Order 73/15 arising from this proceeding, the PUB noted that the issue of bill affordability may become more pressing in the years to come in light of the projected electricity rate increases. The PUB directed Manitoba Hydro to initiate a collaborative process to develop a bill affordability program that is harmonized with Manitoba Hydro's other programs supporting low-income ratepayers, and directed Manitoba Hydro to file a Terms of Reference ("TORs") for the collaborative process by October 31, 2015.

In accordance with the PUB's Order, the TORs would identify proposed facilitators and stakeholder participants, and identify items in and out of the scope of the process, further noting that the goal of the process should be to develop a program for implementation within one year from the approval of the TORs. In its Order, the PUB acknowledged that, at this time, it is not ordering the establishment of a bill affordability program and the collaborative process should not be limited to the consideration of special lower income rates noting that the optimal solution may involve a portfolio of measures rather than a single measure.

STAKEHOLDER MEETING ATTENDANCE

Stakeholder Group	Meeting September 18, 2015	Meeting October 15, 2015	Meeting October 27, 2015
Consumers Association of Canada (Manitoba) (CAC)	Invited – did not attend	In attendance	In attendance
Green Action Centre (GAC)	In attendance	In attendance	In attendance
Employment & Income Assistance (Province of Manitoba)	In attendance	Invited – did not attend	Invited – did not attend
Manitoba Keewatinowi Okimakanak (MKO)	Invited – did not attend	Invited – did not attend	Invited – did not attend
Manitoba Metis Federation (MMF)	In attendance	Invited – did not attend	In attendance
Winnipeg Harvest (WH)	Invited – did not attend	In attendance	In attendance
Manitoba Industrial Power Users Group (MIPUG)	n/a	In attendance	In attendance
Social Planning Council of Winnipeg (SPCW)	n/a	In attendance	In attendance
Southern Chiefs Organization (SCO)	n/a	In attendance	In attendance



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December 4, 2015

Ms. Odette Fernandes
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- and -

Interveners of Record

Manitoba Hydro's 2014/15 & 2015/16 General Rate Application
Centra Gas Manitoba Inc.'s 2013/14 General Rate Application
Bill Affordability Stakeholders (as identified by Manitoba Hydro)
(per attached lists)

Re: Bill Affordability and Manitoba Hydro's Draft Terms of Reference for a Collaborative Process

The Board acknowledges receipt of Manitoba Hydro's (MH) November 13, 2015 Draft Terms of Reference for a collaborative process on a Bill Affordability Program. A copy of that document and covering letter was forwarded to Stakeholders, including past Interveners on November 17, 2015 inviting comments. The Board has now reviewed the information Manitoba Hydro provided as well as the comments that were provided by the Consumers' Association of Canada (Manitoba) Inc. (CAC), Green Action Centre (GAC) and Manitoba Industrial Power Users Group (MIPUG).

The Board thanks all Stakeholders for their involvement to date, as well as their expected contributions to the work that lies ahead, on this matter.

In Manitoba Hydro's November 13, 2015 correspondence the Board was requested to provide:

- (i) PUB's comments and subsequent direction regarding the draft Terms of Reference; and
- (ii) PUB's clarification and direction as to the participation of other potential stakeholders.

PUB's Comments re: Draft Terms of Reference (TOR) for Collaborative Process:**PURPOSE:**

The Board notes that the draft TOR is intentionally broad in its Purpose. The Board expects that when 'energy bills' are considered, those bills will include both electric and gas service for space and water heating.

SCOPE:

The Board notes that the 'Scope' and its sub-components in the Draft TOR are similarly broadly envisioned.

While Order 73/15 indicates the TOR ..."*should explain and include items in scope as well as items specifically out of scope*" there is no such delineation in the Draft TOR submitted to the Board.

The Board therefore expects that the Collaborative Process consideration will be comprehensive, and will include the various options and suggestions advanced by Interveners and their witnesses during the recent General Rate Application and prior Hearings, as well as the suggestions advanced in the November 19, 2015 correspondence from GAC, and the November 20, 2015 correspondence from MIPUG and CAC. Prior Board Orders should also be reviewed for additional comments and suggested aspects of a proposed Bill Affordability Program. (see Orders 99/07; 116/08; 128/09; 5/12 and 73/15)

The Board further expects the 'Scope' of the Collaborative Process to examine bill affordability and will include:

- a detailed analysis as to the various reasons Manitoba Hydro's energy accounts are in arrears, including when such arrears are for reasons other than 'energy poverty';
- an analysis of customer arrears in First Nations communities and whether responsibility for such arrears are with individual customers or whether responsibility for such arrears is with the First Nation. The Board reminds Stakeholders that Manitoba Hydro provided MKO with some data related to this analysis during the GRA;
- a 'gas available vs. no gas available' analysis;
- a quantified Manitoba definition of Energy Poverty;
- analysis of landlord and tenant incentives and split incentives;

- analysis and detailed qualification criteria as to which customers qualify for any aspect of the proposed Bill Affordability Program and explanation as to why they qualify.
- explanation as to what each aspect of the proposed Bill Affordability Program is intended to achieve and the cost to achieve the intended result. The status quo would be the benchmark. The Board sees this as quantifying the performance of proposed Bill Affordability measures, as suggested by MIPUG, such that the proposed measures are beneficial to overall Utility revenues and costs while also benefiting the target customer;
- explanation of the financial benefits of each of the proposed Bill Affordability measures proposed and explanation as to the previous inequities resolved;
- a detailed *Implementation and Work Plan* should be included in the Report resulting from the Collaborative Process, with the Final Report being filed with the Board no later than November 2016.

PUB's Clarification and Direction as to the Participation of Other Potential Stakeholders:

The Board agrees with Manitoba Hydro's intention to lead the collaborative process with active participation of stakeholders and organizations who deal with lower income Manitobans. The list of invited stakeholders and organizations should remain open ended – so even if an organization seeks to participate part way through the collaborative process, they are welcomed.

That said, the Board will expect Interveners from the recent Manitoba Hydro GRA (including CAC, GAC, MMF, MKO and MIPUG) to be active participants – particularly in light of the various submissions made by the Interveners at the GRA and in subsequent correspondence. Manitoba Hydro is requested to provide the Board with continuous attendance records in the format included with its November 13, 2015 correspondence.

The Board has received MKO's correspondence dated November 30, 2015 which indicates MKO intends to fully and actively participate in the Bill Affordability Program collaborative process. Recognizing legal jurisdictional matters related to First Nations, the Federal Government ought to be included in the Collaborative Process.

In light of Manitoba Hydro's prior and current working relationships with organizations delivering aspects of its current Affordable Energy Program (i.e. B.U.I.L.D.; BNRC; DOFNHA; HOP; Neighborhood Residents Associations etc.) the Board expects Manitoba Hydro to bring to the Collaborative Process, any input from such organizations.

Should further guidance, comment or clarification from the Board be required, for any reason, during the Collaborative Process, please do not hesitate to contact our office.

Yours truly,

"Original Signed By"

Kurt Simonsen
Associate Secretary

KS/df

cc. Brent Czarnecki, Manitoba Hydro
Greg Barnlund, Manitoba Hydro
Shannon Gregorashuk, Manitoba Hydro
Bob Peters, Board Counsel
Sven Hombach, Board Counsel
Brady Ryall, Ryall Engineering