

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.
 - 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.

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

- 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.
- g) In addition, the Public Utilities Board provided feedback via correspondence dated December 4, 2015 which outlined a number of specific expectations to be included in the scope of this process. See attached for reference.

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 approval 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.



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December 4, 2015

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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
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