

MANITOBA | **Order No. 90/00**
THE PUBLIC UTILITIES BOARD ACT | **June 30, 2000**

Before: G. D. Forrest, Chairman
E. Edmondson, Member

**AN APPLICATION BY MANITOBA HYDRO FOR AN INTERIM EX-PARTE
APPROVAL OF THE SURPLUS ENERGY PROGRAM**

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1.0 Appearances

R. F. Peters	Counsel for The Public Utilities Board of Manitoba ("the Board")
P. Ramage	Manitoba Hydro ("Hydro")
D. Buhr	City of Winnipeg/Winnipeg Hydro
P. Bowman	Manitoba Industrial Power Users Group ("MIPUG")
H. Lerner	Ski Agassiz Ltd.
N. Later C. Kozak	Holiday Mountain
B. Williams	Consumers' Association of Canada/Manitoba Society of Seniors ("CAC/MSOS")

2.0 Intervenors

By Board Order 34/00 dated February 28, 2000 the Board granted Intervenor status to the following parties:

City of Winnipeg/Winnipeg Hydro

Consumers' Association of Canada (Manitoba) Inc./Manitoba Society of Seniors

Enbridge Pipelines Inc. ("Enbridge")

General Scrap Partnership

Manitoba Industrial Power Users Groups ("MIPUG")

Ski Agassiz Ltd. et al

Ski Asessippi Limited Partnership

TransCanada Energy Ltd. ("TCE")

3.0 Background

On October 25, 1999 Hydro applied to the Public Utilities Board (the “Board”) for an interim ex-parte order approving an application for the establishment of the Surplus Energy Program (“SEP”).

The SEP is intended to replace the Dual Fuel Heating (“DFH”), the Industrial Surplus Energy (“ISE”) and the Surplus Energy Services to Self-Generators (“SESS”) programs which were scheduled to terminate March 31, 2000.

The SEP is designed to allow eligible customers to have access to surplus energy on terms relatively similar to those available to export customers. It is Hydro’s submission that the SEP reasonably addresses the key rate design issues of fairness and cost recovery.

By letter dated January 28, 2000, the Board indicated that the special circumstances required to hold an interim ex-parte hearing had not been satisfied and the application should be considered in a written hearing process along with the Limited Use of a Billing Demand Rate (“LUBD”) application.

As a result, the SEP has been dealt with in a written hearing process, with the exception of the oral hearing held on May 17, 2000, to hear rebuttal comments with respect to the application.

4.0 Application

On October 25, 1999 Hydro applied to the Board for the establishment of the SEP to supersede the ISE, DFH and SESS programs. Hydro proposed that the SEP would be effective as of the date of approval by the Board or on expiry of the ISE/DFH/SESS programs on March 31, 2000, whichever is later.

The Application requests the right to terminate the SEP on 12 months notice to the Board, participating customers and potential customers who have expressed a formal written interest in participating in the program. Such notice is not to be given prior to April 1, 2004.

Hydro's application also requests the right to alter the terms and conditions for new applicants or to close the program to new applicants by providing 30 days written notice to the Board, customers and potential customers who have expressed formal written interest in participating in the program. Hydro's application sets out 10 basic principles of the SEP:

1. Surplus energy would be made available on an interruptible basis to Hydro general service customers with heating or self-generation loads over 200 kW and industrial loads over 1,000 kV.A, subject to their meeting eligibility requirements.
2. Customers would be subject to actual interruption on 36 hours notice for any reason. It is expected, however, that most load management would be through pricing and actual interruption would be rare.
3. There would be no guarantees of price or availability of supply of SEP energy.
4. Any customer meeting eligibility requirements would qualify for the new offering; this would include all existing and new customers of Hydro.

5. Prices based on a forecast of the expected source of SEP energy would be determined and submitted weekly to the PUB for approval on an ex-parte basis.
6. There would be three posted prices in each week: one for peak hours; one for shoulder hours; and one for off-peak hours.
7. Industrial customers would designate a reference level of demand to be served on a firm basis; however, surplus energy purchases would be limited to 25% of total load for industrial customers without backup facilities.
8. The customer would pay for actual surplus energy usage; there would be no requirement (as in the current programs) for the customer to contract for nominated weekly usage.
9. Energy loads of greater than 50 MW with weekly load factors less than 25% would not be eligible to participate in the program.
10. Transmission and distribution charges would be set to recover approximately one-third of cost, recognizing that service is interruptible and that Hydro will not invest in extensions.

5.0 Intervenor's Positions

5.1 The City of Winnipeg/Winnipeg Hydro

The City of Winnipeg indicates that negotiations on a new agreement between Hydro and Winnipeg Hydro are under way and, that in the absence of an agreement, and given the resulting uncertainty, the City of Winnipeg cannot support or oppose the SEP Application.

The City of Winnipeg states that the City of Winnipeg Act requires that all customers receiving electric service be charged the same rates, regardless if they are being served by Winnipeg Hydro or Hydro. As a result, the City of Winnipeg requests that if SEP receives approval of the Board that Hydro be directed to provide the information on SEP to Winnipeg Hydro for use in communicating with its customers prior to the effective date for implementing this program and asks that Hydro provide any software program that will assist in implementing billing system changes and provide the mechanism and procedure for relaying the SEP weekly rate.

5.2 CAC/MSOS

It is the position of CAC/MSOS that:

- The SEP should automatically sunset as of March 31, 2004, rather than simply be “subject to review”, in order to clarify the message that the program is temporary.
- The SEP should be viewed as an equivalent to firm option that lets customers manage their power use in order to minimize the average cost of power. A full distribution rate should be charged in return for which customers would be given the same rights to service (with regards to distribution capacity) as firm customers.

- If there is a need to compete for new loads by offering discounts, a separate program should be developed with constraints on participation that ensure that the only loads that qualify are those which can demonstrate that lower cost other energy alternatives will be used in the absence of a discount.
- Greater emphasis must be placed upon getting residential consumers the opportunity to benefit from innovative pricing programs given its monopoly status, Hydro must be given a regulatory incentive to develop programs for residential subscribers and to have these programs ready to respond to changing market attitudes or market conditions.

CAC/MSOS indicates that the central issue in the proceedings is whether Hydro's right of interruption in the SEP has sufficient economic value to the company to justify two-thirds discount on the distribution rate. CAC/MSOS goes on to state that the cost that Hydro can avoid through avoided capacity increases must exceed the revenue foregone through the reduced rates offered to interrupt local customers.

It is CAC/MSOS' position that other contract conditions are necessary to ensure that the SEP is not used as a substitute for firm power, not just a meaningless right of curtailment.

CAC/MSOS believes that it is a requirement that customer demonstrate that there are more economic alternatives to them and goes on to state that the amount of the discount should only be an amount shown as necessary to make electrical power more economic than the alternatives.

5.3 Enbridge Pipelines Inc.

While Enbridge submitted information requests dated March 8, 2000, and received a response from Hydro, no final arguments were received from Enbridge, and Enbridge did not attend at the May 17, 2000 hearing.

5.4 General Scrap Partnership

There were no requests for information or final arguments filed by General Scrap Partnership and no representative attended at the May 17, 2000 hearing.

5.5 MIPUG

MIPUG is of the opinion that the question of whether cancelling a rate requires Board approval, or whether terms and conditions for the same service can be different for different customers depending on when they signed on the rate, are fundamentally legal and policy questions. Until such time as full argument is heard by the Board on these specific matters, MIPUG submits that prudent course of action is for the Board to require its approval for all changes, and to ensure that all customers are always provided the same terms and conditions for the same service. Accordingly, MIPUG proposes that the procedural aspects of the SEP application be changed as required to clarify and retain the jurisdiction of the Board with respect to all changes to these rates, including a termination of specific rates.

MIPUG is also concerned about Hydro developing contracts individually with customers that may amend or add to the Board approved terms and conditions.

MIPUG has also indicated concerns as follows:

1. Approach to Setting Reference Demand Levels – SEP Option I (Industrial Load)

MIPUG requested the proposed SEP be modified to allow customers to set different monthly reference demand levels for each of peak, shoulder and off peak hours. MIPUG proposes a stipulation that the SEP Option I (Industrial Load) reference demand for each of the three daily periods be required to be within 15% of each other.

2. Length of Notice Periods

MIPUG is concerned with the requirement for a customer to give Hydro 16 months notice to convert from SEP to firm service. MIPUG submits that the 12 month waiting period, as included in the current ISE program, combined with the ability for Hydro to refuse loads which have previously been served under SEP to switch back to surplus energy, provides more than sufficient protection for Hydro from customers switching programs to abuse the intentions of the SEP.

3. Distribution Charges

MIPUG refers to two factors – the improper allocation of a distribution charge in the first place and the sensitivity of the calculation to a large number of assumptions – and states that MIPUG cannot support an increase in the distribution charges to GS Large + 100kV of 20%. MIPUG proposes that at a maximum, the distribution charge for to GS Large + 100kV be set at 0.05 cents per kW.h. MIPUG requests the Board to consider reducing or removing the distribution charge for the new program in light of the costing principles that should apply to a surplus energy program and in light of the charges to the risk and benefit distributions in the new program.

4. Interaction with Curtailable Service Program

MIPUG requests that the Board require Hydro, at the same time as the SEP is approved, to make necessary consequential revision to the Curtailable Service Program (“CSP”) terms and conditions to:

- (a) Implement the provision of IOP during hours when the SEP program is providing energy at a price below the GS Large + 100 kV firm energy rate.
- (b) In the sections that refer to guaranteed makeup, replace the references to the ISE program with references to the SEP program.
- (c) In the sections that refer to IOP, replace the references to the ISE program with references to the SEP program.

5. Basis for Interruption

MIPUG is concerned that the proposed SEP allows for complete interruptions for economic reasons. MIPUG proposes that the 36 hour interruption option be maintained in the SEP for reasons other than economic (i.e., system security or transmission capacity). MIPUG is of the opinion that economic based interruptions will effectually still be available to Hydro for the start of the following week.

6. Minimal Consultation with MIPUG

MIPUG states that minimal ongoing interaction occurred between MIPUG and Hydro to ensure that the programs met the needs of large industrial customers. MIPUG states that it only received a copy of the application for the SEP rate on November 5, 1999 (almost two weeks after the filing with the PUB) and then only upon direct request to Hydro.

7. Change Distribution of Risks and Benefits

It is MIPUG's position that the change proposed in the SEP materially affect the distribution of risks and benefits compared to the current programs.

8. Not Revenue Neutral

MIPUG states that the charges to customers under the proposed SEP program ensure that the SEP would surely not be revenue neutral to Hydro and other customers on the system. MIPUG acknowledges that surplus energy service must be priced on marginal costs, including such factors as transmission losses and other directly relevant costs (including possibly monthly customer administration charges – although interruptible export customers are served at marginal energy rates and not charged an additional monthly administration fee.)

5.6 Ski Agassiz Ltd., Holiday Mountain, Spring Hill Winter Sports Park and other seasonal users

There were no requests for information or final arguments filed by Ski Agassiz et al with regards to the SEP and no representation was made with regards to the SEP at the May 17, 2000 hearing.

5.7 Ski Asessippi Limited Partnership

Ski Asessippi forwarded a letter dated April 13, 2000 to the Chairman of the Board with regards to Hydro's SEP and LUBD indicating support for Hydro's application.

5.8 TransCanada Energy Ltd.

TCE's primary concern with the proposed SEP is with respect to the customer's exposure to price uncertainty and market risk. TCE encourages the Board to consider all options to help

customers reduce price uncertainty and market risk. TCE recommends a shorter notice period, not exceeding 12 months for customers to convert SEP load to firm service. TCE believes that the 16 month period proposed is excessive and could expose customers to volatile and unfavourable market conditions for prolonged periods of time. TCE further notes that under the current ISE program, a customer can convert to firm power upon one year's notice.

TCE also suggests another alternative is to provide first time customers with the opportunity to opt out of the SEP within the first six months and to convert load to firm service.

6.0 Hydro's Responses to Intervenors' Positions

6.1 City of Winnipeg

Hydro indicates that while the City of Winnipeg is not taking a position on SEP, it appears to be requesting Hydro's assistance with implementing the program should any of the Winnipeg Hydro customers seek access to it.

Hydro suggests that there is no provision in the City of Winnipeg Act requiring Winnipeg Hydro to offer identical services to those offered by Hydro, and cautions against any precedent suggesting Hydro has any obligation toward ensuring Winnipeg Hydro is operating in accordance with its governing legislation.

Hydro does go on to note that it is prepared to assist Winnipeg Hydro with implementation of SEP and will provide the City with any promotional material it prepares for its own customer service representatives. Hydro also indicates it will invite Winnipeg Hydro's customer service representatives to any orientation or seminars held for the purpose of familiarizing its own staff with the provisions of the program.

Hydro suggests that the simplest approach may be for Hydro to assume responsibility for communicating prices to the customer and for metering and billing and to remit the appropriate customer payments to Winnipeg Hydro.

6.2 CAC/MSOS

Equivalent to Firm Service

Hydro's position is that CAC/MSOS recommendations are derived principally from its erroneous assertion that SEP is equivalent to firm service. Hydro refers to PUB/MH-3(b) where it refers to the following:

- no guarantee on maximum interruptions or minimum availability; and
- potentially severe penalties for failure to interrupt.

Hydro asserts that the fact that no actual interruptions have occurred in predecessor programs is not evidence that they will not occur in the future. Hydro summarizes its position by indicating that the weight of evidence in this proceeding is against the CAC/MSOS assertion that the SEP provides equivalent to firm service.

Automatic Termination

With regards to the CAC/MSOS position that automatic termination should occur on March 31, 2004, as opposed to being subject to review at that time, Hydro takes the position that it is a major participant in competitive wholesale energy markets which can and do change. Hydro indicates that this is precisely the reason for the provision to terminate the SEP by giving notice on or after March 31, 2004. Hydro takes the position that this provision offers the protection which CAC/MSOS is seeking, without compelling Hydro to prepare a new program design and application if its not warranted by conditions at that time.

Distribution Charges

With regards to CAC/MSOS position on the proposed distribution charges for SEP customers, Hydro notes that while SEP was not explicitly structured to avoid incurring transmission or distribution costs, constraints on these systems are nonetheless a valid reason

for implementing interruptions. Hydro states that the distribution charges are higher and represent a greater portion of the overall energy cost to heating customers who are, to a considerable extent, located in rural Manitoba. Hydro goes on to state that where it incurs little or no incremental cost to make this energy available to customers with a propane alternative, that it makes little sense to attempt to recover the full embedded cost of distribution. Hydro goes on to state that industrial customers are typically served in higher voltages and requires fewer distribution resources to deliver energy. Hydro believes that it is fair that these customers pay something toward the cost of the regional transmission of facilities and is requesting that they be treated in the same way as the heating customers.

The Need for a Separate Load - Building Program

With regards to the CAC/MSOS position that discounts only be offered to loads which can demonstrate lower cost alternatives will be used in the absence of such discounts, Hydro believes that its firm rates are attractive enough that it does not have to compete for the new loads by further discounting them. Hydro indicates that SEP and previous surplus energy rates have been designed simply to provide potentially lower cost options to customers prepared to accept the less-than-firm service and other terms and conditions associated with the programs.

Regulatory Incentives

With regards to the CAC/MSOS position that there should be regulatory incentives to provide residential rate programs, Hydro notes that residential firm rates are already very low and, on an embedded cost basis, do not recover the full cost of service. Hydro indicates that this factor alone speaks to the difficulty of designing innovative rates that would provide meaningful savings to residential customers and reasonable costs to administer for Hydro.

Net Revenue Contribution

On the CAC/MSOS position that SEP must always be better than revenue neutral for the utility, it is Hydro's opinion that the three Board orders referred to by CAC/MSOS can only be interpreted as requiring expectation of that revenue neutrality; not a requirement to produce additional net revenues with certainty.

6.3 MIPUG

Hydro indicates that the assertions made by MIPUG are not supported by the evidence.

Hydro agrees that it cannot materially change the terms and conditions without seeking Board approval for the associated rate and goes on to state that in the event the Board deems a proposed change in terms and conditions to be material, Hydro would seek its approval on an ex-parte basis.

With regards to specific contract conditions, Hydro indicates that individual customers can have unique characteristics or requirements that cannot always be anticipated at the time generic terms and conditions are developed. Hydro indicates that it has made use of this provision to assist customers to take advantage of programs where they would otherwise not have had access to them.

1. Approach to Setting Reference Demand Levels

With regards to MIPUG's position that reference demand levels for the three different time periods should be allowed to differ as long as they were within 15% of each other, Hydro submits that, in principle, it is not appropriate to allow different reference amounts in the different time periods. Hydro goes on to indicate that it is prepared to review the individual

requests in this matter and, if they would not have a material impact, to advise the Board that it is allowing some limited departure from the constraint.

2. Length of Notice Periods

With regards to the six month notice period to shift from firm service to SEP, Hydro agrees that capacity surplus is not a hardship and indicates that it may waive this condition for conversion in most instances, however, that in some circumstances such notice may be necessary in order to provide Hydro the opportunity to arrange for export sales to compensate for the loss of capacity related to revenue from firm service.

3. Distribution Charges

With regards to MIPUG's issues related to distribution charges, Hydro indicates that MIPUG has not acknowledged the method of pricing energy incorporates grid transmission service into the price of the energy. Hydro indicates that where the source of the SEP energy is displaced exports, the pricing basis is at the U.S. border; this price is intended to recover the costs of the grid transmission. If the source of energy is imports the only cost associated with the grid transmission is the provision for transmission losses. If the source of energy is Manitoba generation, again, the only costs associated with grid transmission is the provision for transmission loss. Only non-grid transmission and distribution are priced separately.

With regards to the issue of costs associated with transmission or distribution, Hydro indicates that while SEP energy is interruptible, it does not follow that the cost should not be applied for use of these facilities, and believes that it is simply not reasonable that customers should have completely free use of the facilities that are paid for by other Hydro customers. Hydro goes on to indicate that with regards to upgrades to local transmission or distribution

facilities, regular maintenance is still required for all facilities and provides service to customers, whether they be firm or interruptible.

Hydro acknowledged that the regional transmission and distribution costs are allocated on the basis of coincident peak and not energy in the cost of service study. Hydro goes on to indicate that they would be prepared, if requested by SEP customers and approved by the Board, to collect these costs as demand charges which it does for firm customers.

With regards to embedded costs under normal regulatory principles, Hydro indicates that its practice has been not to assign an embedded transmission or distribution costs to ISE/DHF energy, however, that in the long term, because it may be difficult to distinguish between firm and SEP customers as to who caused the distribution upgrade to be required, it may be appropriate to review other approaches whereby SEP customers are assigned a portion of the costs of the downstream facilities.

Hydro states that B.C. Hydro's "real time pricing and transmission service" cannot be cited as a precedent for exclusion of regional transmission and distribution costs from SEP pricing. Hydro indicates that it is not available to B.C. customers downstream of the grid transmission and that the B.C. service is not comparable, as it is interruptible on only one-hour's notice. It is Hydro's position that the risk and benefit profile of SEP (as compared to ISE) energy is not an appropriate rationale for not recovering a fair portion of the distribution costs from SEP users.

With regards to the distribution charge and the method of its calculation, Hydro acknowledges that the methodology is not precise but indicates that it is nonetheless an approximation which is reasonable, given the purpose of the charge and the intent to recover approximately one-third of full cost. Hydro submits that the method is substantially the same

as that used to determine the charge for ISE/DHF and that, in the last five years, an increase in these costs in the order of 20% is not excessive.

4. Interaction with Curtailable Service Program

With regards to curtailable service program terms and conditions, Hydro indicates that it is prepared to accept MIPUG's proposal for treatment of IOP while retaining its own proposal for treatment of GMU.

5. Basis for Interruption

In response to MIPUG concern of interruptions of SEP for economic reasons, Hydro states that there are two economic reasons in which supplies of surplus energy could be unavailable. The first is when the additional load demand of SEP customers unexpectedly threatens to impinge on Hydro's capacity reserve obligations. Hydro indicates that as it wants to avoid this situation, it will interrupt the SEP load rather than risk a capacity deficiency and associated penalties. The second economic circumstance is the case of extreme price volatility. Hydro indicates that it is extremely difficult to forecast exact price more than three days in the future and indicates that, as a result, the improved methodology proposed a price adder to account for normal price volatility.

6. Minimal Consultation

Hydro advises that it takes exception to MIPUG's use of the phrase "minimal consultation" in respect to discussions of the SEP prior to the application being filed. Hydro acknowledges that it is true that only one formal meeting regarding the proposed program took place, but does indicate that it was ready at all times to entertain comments and suggestions from MIPUG regarding that proposal.

7. Distribution of Risk and Benefits

With regards to changes to distribution of risks and benefits, Hydro also takes exception to MIPUG's characterization of the change distribution of risks and benefits. Hydro acknowledges that, while it is true that the guarantees regarding price and availability, which existed in the previous programs, are absent from the proposed SEP and that certain notice periods have been changed, Hydro believes that access to the spot market energy has been enhanced and risks reduced through the provision of time of use pricing, the possibility of restricting interruptions to two periods only, the elimination of nomination of spot energy amounts (associated penalties or surcharges), greater flexibility in the designation of reference demand, the ending of the restriction of program access to new loads only and the lengthening of notice period for interrupting spot market supplies from twelve to 36 hours.

8. Revenue Neutrality

With regards to the revenue and neutrality of SEP, Hydro takes exception to MIPUG's characterization of the SEP as being not revenue neutral. Hydro indicates that it has priced and designed the SEP in generally the same terms and conditions as it has made surplus energy available to interruptible export customers and has stated that the program should be at least revenue neutral when compared to alternative opportunity costs. Hydro indicates that the majority of SEP sales likely come from displaced export sales and are therefore not subject to mark-up.

Hydro indicates that, as an alternative to closing SEP to new customers, different terms and conditions might be offered. Hydro indicates that changes in the short-term energy market which would essentially affect price and/or risk alter the relative risks to Hydro and to customers who have already committed to the program. Hydro indicates that if these changes can be exacerbated by the arrival of new customers, it may be prudent to reassess the

program before offering it to them. Alternatives to such reassessment could be higher prices and more frequent energy shortages to existing customers. Hydro states that they would, if the Board believes that either of those options would be superior, be prepared to manage the program without benefit of the clause which allows a variation of the terms and conditions for new customers.

6.4 TransCanada Energy Ltd.

With regards to the issue of the 16 month notice period for customers to convert SEP loads to firm service, Hydro states that it has priced and designed the SEP on generally the same terms and conditions as it makes energy available to interruptible export customers, and that these prices include any discount associated with price and supply risks. Hydro indicates that it may require up to 16 months notice time if supplies of surplus capacity are unavailable. Hydro submits that the notice period does not deprive the customer of supply, but merely defines the risks and cost associated with that supply.

7.0 Board Findings

The Board finds that the Surplus Energy Program is a reasonable replacement for the Dual Fuel Heating, the Industrial Surplus Energy and the Surplus Energy Services to Self-Generators programs which were scheduled to terminate on March 31, 2000 and will approve the program to be in effect to March 31, 2004, subject to the discussions below.

The Board notes the request of Winnipeg Hydro for assistance in providing information with regards to the program, and Hydro's willingness to work with Winnipeg Hydro to develop mechanisms to carry out the functions of billing and communicating rate information. The Board encourages Hydro to work with Winnipeg Hydro in connection with this program and provide them with the support required.

The Board does not agree with CAC/MSOS' suggestion that customers should be charged the full distribution rate. The 1/3 distribution rate charge proposed in the Application is consistent with the DFH and the ISE, and in the Board's view, is a reasonable charge in the circumstances.

The Board notes that Hydro requested the right to alter the terms and conditions of the Program for new applicants or to close the program to new applicants by providing 30 days written notice to the Board, SEP customers and potential customers who have expressed formal written interest in participating in the Program. The Board does not accept this aspect and notes that since this service offering is being newly offered on an amended basis, it may not be relevant at this time. Should circumstances arise in the future that require such an action then Manitoba Hydro will be required to apply to the Board for the change to its Terms and Condition of Service with appropriate justifications.

The Board notes the CAC/MSOS' request that the discount for surplus energy should only be an amount necessary to make electrical power more economic than the alternatives. The Board is of the view that this arrangement would be unmanageable for both the customers and Hydro, and should not be part of the program.

The Board notes the request that the program provide for different monthly reference demand levels for each of peak, shoulder and off peak hours, and the Board finds that this would be administratively difficult to manage and potentially costly, and should not be part of the program.

The Board finds that a notice period of 12 months is appropriate for a customer to give notice to convert from the Surplus Energy Program to firm service.

The Board notes the request that interruption for purely economic reasons not be allowed, however, the Board finds that interruption for economic reasons is reasonable and this provision should remain. The Board finds that the 36 hours notice for interruption is reasonable, should not cause any hardship and should remain.

The Board notes the concern raised about the revenue neutrality of the program and believes that, in the long term, the program should be revenue neutral.

The Board notes the concern raised by some intervenors about consultations with stakeholders. The Board encourages Hydro to consider the use of technical conferences and other forums in an attempt to resolve technical issues in future applications, prior to applying to the Board for approval.

The Board will require Hydro to submit to the Board on an annual basis a report on the experience of the Surplus Energy Program.

8.0 It is Therefore Ordered That:

1. Manitoba Hydro's application dated October 19, 1999 for approval of the Surplus Energy Program BE AND IS HEREBY APPROVED subject to the following:
 - (a) The Surplus Energy Program will terminate March 31, 2004 unless otherwise directed by the Board and notice of such termination shall be given to subscribers of the program and the Board by no later than 12 months prior to the proposed termination date;
 - (b) any and all proposed changes to the terms and conditions of service being approved by the Board.

2. Manitoba Hydro should submit to the Board an annual report on the experience of the Surplus Energy Program by no later than January 31 of Years 2000, 2001, 2002 and 2003.

THE PUBLIC UTILITIES BOARD

Chairman

Secretary

THE PUBLIC UTILITIES BOARD

“G. D. Forrest”

Chairman

“G. O. Barron”

Secretary

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