



News Release

June 30, 2008

By Order 90/08, following a public hearing of Manitoba Hydro's (Hydro) General Rate Application, the Public Utilities Board (Board) establishes an across-the-board rate increase of 5% effective July 1, 2008 for all Manitoba Hydro customers, except for Area and Roadway Lighting customers, whose rates will not change.

Along with dealing with other administrative matters, the Board also approves:

- a) a further and conditional across-the-board general rate increase of 4%, again with the exception of Area and Roadway Lighting customers, provisionally to take effect April 1, 2009 (subject to the Board's further review);
- b) increases to the Basic Monthly Charge for residential customers (5% as of July 1, 2008 and April 1, 2009); and
- c) a modest introduction of inverted rates for the "residential" class (SGS).

The Board also recommends that Hydro re-file a revised proposal for a new industrial rate for new and expanding industrial load.

While Hydro sought a 2.9% across-the-board increase and indicated a preference for further 2.9% increases annually through to 2017/18, the Board has provided a larger increase for 2008 and the prospect for a further 4% next April because of concerns primarily related to the risk of drought, higher interest rates and currency fluctuations, matters the Board will elaborate on in more detail in a subsequent Order.

Even with the rate increase announced and forecast herein, Manitobans will continue to benefit from some of the lowest electricity rates in North America.

The Board also finds it important to recognize a present and growing disconnect between relatively stable and low electricity rates (set by a regulatory body with particular attention to historic costs) and other competing energy prices, the latter set by largely unregulated market forces little affected by the actual cost of production and distribution. In comparison to the relatively low increase to come for electricity rates, so far this year, Centra Gas customers have received annual rate increases approximating 8.6%, with further increases likely coming on August 1 and November 1. Combining actual and projected natural gas bill increases for 2008, it would not be surprising if natural gas customers end up paying 30% or more for their natural gas come this winter as opposed to the last. With respect to fuel oil, propane, gasoline and diesel, increases experienced are even more severe.

With respect to Hydro, the Board's perspective is that it is prudent that known risks be addressed now, and through the provision of additional revenue better ensure adequate financial reserves ahead of unsettled times.

A copy of this Order, and past Orders containing related information, may either be reviewed on the Board's website www.pub.gov.mb.ca, or obtained from the Board's Office.

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