

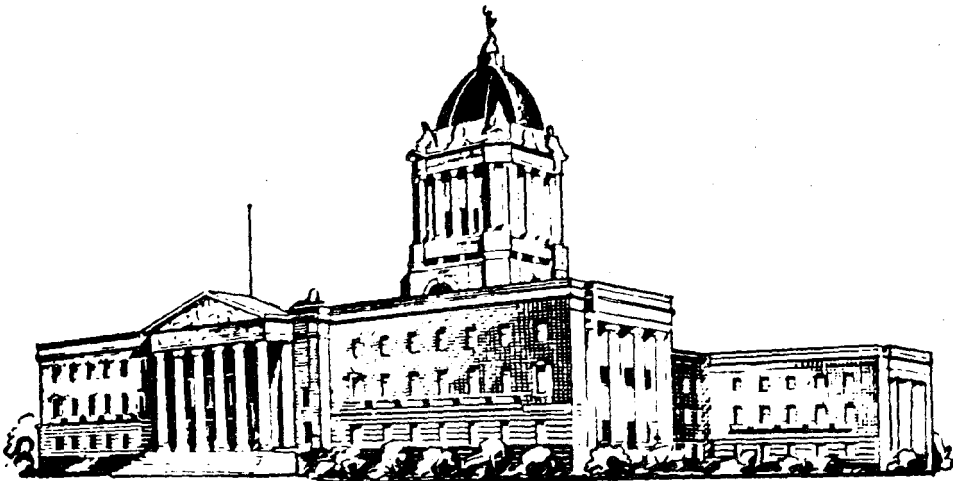


**Legislative Assembly of Manitoba**

**HEARING OF THE STANDING COMMITTEE  
ON  
PUBLIC UTILITIES AND NATURAL RESOURCES**

**Chairman**

**Mr. Harry Shafransky  
Constituency of Radisson**



**TUESDAY, March 29, 1977, 10:00 a.m.**

TIME: 10:00 a.m.

**CHAIRMAN, Mr. Harry Shafrensky.**

**MR. CHAIRMAN:** The Committee will come to order. I will call upon the Chairman, Mr. Bateman. I believe he has a few comments to make before we proceed with the questions and I had last day, Mr. Johansson and Mr. Dillen on the list of people to ask questions. Mr. Lyon.

**MR. LYON:** Mr. Chairman, before we begin, it is a matter of procedure. It is now two weeks since this Committee last met and it was only yesterday that we received a copy of the Hansard proceedings of the committee meeting of two weeks ago. In other words it took thirteen days to produce it. Now I know that our Hansard staff are extremely hard-working and extremely accurate and I don't lay any blame on them whatsoever, but I do suggest that an order should go forward from the Committee to those responsible to ensure that transcripts of these hearings are made available as rapidly as possible and that in no case should a hearing be called of this Committee, particularly with respect to Manitoba Hydro, until such time as the transcript has been in the hands of the Committee, preferably, for some days.

**MR. CHAIRMAN:** Mr. Lyon, first of all it is the report of the Chairman of the Manitoba Hydro, the Annual Report; these are not hearings. The transcript is something that just came about in the last couple of years that the Committee established the idea of having transcripts made available of the Committee. This had not been done until very recent years. So, when you are talking about hearings, these are not hearings. First of all I should like to point it out that this is the Annual Report from the Chairman of Manitoba Hydro. The transcripts are made available of Hansard every day. We can have that directive made to see if they can speed up to have the Committee transcripts available as soon as possible, at least prior to the next sitting of the Committee.

**MR. LYON:** Well, Mr. Chairman, that is the important point. If that instruction can go forward from you on behalf of the Committee then I won't argue with you about your . . .

**MR. CHAIRMAN:** Well I shall speak to the Speaker and see if that is something that can be expedited to make sure that the transcripts of the meetings of the Public Utilities or any other committee, before it could be called . . . I don't see how it is possible because it has added to the overall load of producing these transcripts and certainly Hansard must be commended on the way that they are proceeding with giving the transcripts for the daily meeting of the Legislature. Premier Schreyer on the same point of order.

**MR. SCHREYER:** Yes, Mr. Chairman, in order not to quibble about the matter I would suggest that on the 7th of April, other than Thursday of this week, which we could schedule other business then, that if Hydro is called, if necessary, for the 7th of April, then we should have the transcripts available surely by then. So that should accommodate the point.

**MR. CHAIRMAN:** Yes, and it is interesting to note too that Mr. Lyon did indicate that he received the transcript yesterday.

**A MEMBER:** Well we all did.

**MR. CHAIRMAN:** Then the transcripts are available before this meeting. This coming Thursday the Manitoba Public Insurance Corporation is slated to meet at 10 o'clock. Mr. Bateman.

**MR. BATEMAN:** Mr. Chairman, I did have a few comments I would like to make before we get under way with the questions and I did want to assure the members of the Committee again, Sir, that we are here to answer questions. We want to make sure that your Committee members have all the information they need in which to properly assess the performance of Manitoba Hydro and the approval of our Annual Report. The last meeting of this Committee we were discussing, among other things, at the end of the session, the matter of rates, demand billing, and the effect on community clubs and so on. I would like to ask our Manager of the Rates and Economics Department of Manitoba Hydro, Mr. Cy Cartwright, to say a few words about this before we get under way with the questions again. Mr. Cartwright, would you . . .

**MR. CHAIRMAN:** Mr. Cartwright, would you come forward please.

**MR. CARTWRIGHT:** Mr. Chairman, I would like to take a few minutes of your time today to explain Manitoba Hydro's power rate structure and the mutual benefits of demand billing to both the customer and the utility.

There seems to be a misconception that demand billing is a penalty rate which the customer must go on when he has done something wrong. This is entirely untrue.

I will review very briefly Manitoba Hydro's rate policy and in particular demand billing. In particular, I will show on the screen data on a small group of customers with recreational facilities.

First, a sample calculation; second, sample bills of a customer by months for a twelve month period; third, a summary of electric bill increases, consumption increases, and unit price increases over the past three years for four customers; fourth, a summary of electric bills as a percentage of total operating expense over the past five years; fifth, samples of monthly bills of four customers billed on the power rate compared to what these bills might have been had they been billed on the general service rate; sixth, curling clubs on demand billing, comparison with general service rate.

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Manitoba Hydro, as with most utilities on this continent, whether they are dealing in water, natural gas or electricity, realizes that social responsibility cannot be factored into rate making and at the same time be fair to all its customers. For example, if one customer is given a preferential rate whereby he pays less for his service than another customer in the same category then in order for the utility to obtain the same revenue the other customer must pay more. In other words the utility is placed in a position of collecting non-voluntary or compulsory contributions. This is discrimination.

Manitoba Hydro's position on this matter is that social responsibility is better handled by other agencies.

Our policy is to establish rate classifications that reflect an equitable distribution of cost and return of revenue and to make sure that all customers in the same rate classification receive the same treatment to the extent possible.

It is true that historically some non-profit organizations outside of Winnipeg did at one time receive preferential treatment. However, in recent revisions we have been eliminating all special and discriminatory rate applications.

Manitoba Hydro's rates are divided into two general categories, residential and non-residential. The non-residential includes general service and power. The general service rate applies to non-residential customers with capacity requirements of less than 55 KVA of demand as registered on a demand meter. This size load represents a three or four sheet curling rink with an artificial ice making plant. Manitoba Hydro's power rate has two parts to it: the first part is the demand or capacity charge and the other part the energy or consumption charge. Manitoba Hydro has one demand charge and one energy charge intended to make it easier to understand. It is the same for all parts of Manitoba except the diesel areas. We charge our fixed costs such as depreciation, interest, etc., on an annual basis, then average the fixed charges on a monthly basis. A customer who takes service during the winter months is required on the power rate to pay a guaranteed minimum part of the fixed charges during the remainder of the billing year ending in October.

It is obvious to us, because of the concern here today and from reports in the news media, that we have not done a good job in communicating our demand form of billing to our new customers and other interested parties. For this we apologize. We assure you we are taking positive steps to improve these communications.

If one rents a car, it seems reasonable to pay so much per day or month or year plus so much per mile. The first part is the "demand charge," which covers the charges the lessee must pay for simply renting the car. The other part, like our energy charge in demand type rates, must cover other costs that vary with use such as gasoline and maintenance. As I go through some of the graphs a little later on, just imagine each of the customers as leasing an electrical generator and parking it in the driveway outside his buildings. This may help you visualize the meaning of the demand charge and energy charge as it relates to electricity rates.

As a matter of interest, the Public Utilities Board, in 1970, made reference to demand metering as being an appropriate method of billing customers and suggested it should be introduced at levels below the 100 KVA that we were using in 1970. Further to this Ebasco Services Incorporated of New York, who were the rate consultants for the Public Utilities Board in 1969 and 1970, reviewed our rate structures after our rate changes in April of 1974 and recommended again that the level of demand billing be lowered as it was then at 80 KVA. Demand billing is the fairest method to the customer, for billing customers for the capacity and energy demanded by them from the utility. All customers having similar load characteristics are charged the same amount regardless where in Manitoba they reside and regardless of what use is made of the electricity supplied.

This form of billing is a universally accepted form of billing in North America and Europe. Dr. John Hopkinson proposed such a rate in 1890 and Mr. Arthur Wright introduced a demand rate in a different form six years later and these rate types have been in use since that time.

The increase in the customer's demand or capacity requirements sets the date of the next power plant on the system. It is, therefore, in the interests of both the customer and the utility to obtain optimum use out of our existing plants by extending the use of the facilities over as long a period as possible. The demand component of the bill allows the customer to have some control over the amount of the bill and at the same time assures the utility a return on its cost in capacity.

Transferring of an account to the power rate may or may not increase or decrease a bill, depending on use whereas a rate increase or increased consumption will certainly increase the bill regardless of classification. On the power rate, the bill for any given demand is usually lower in high use months whereas in low use months the bill is usually higher as compared to the general service rate. Over a twelve month period one can offset the other. Effective load management, or lack of it, can influence the bill one way or another.

Staff of Manitoba Hydro, along with other government departments, have been attending recreation management group meetings over the past several months to explain load management techniques and methods of reducing the customer's demand costs. Hopefully over the long term this will be of benefit to both the customer and the utility.

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Now I have some slides here to show you. I will just go through a sample bill calculation to demonstrate how a bill is calculated on the power standard rate. You will notice the demand charge is \$3.00 per . . . incidentally, these sample bills are calculated using rates effective April 1, 1976. The demand charge \$3.00 per KVA, energy or consumption charge is .75 cents per kilowatt hour. Now the billing demand is the greater of the meter demand, or secondly, 80 percent of the highest demand measured in the winter months of Noveer, December, January and February, or 55 KVA, or 25 percent the contract demand.

Now, our billing year runs from November 1st of one year to October 31st of the following year and from No. 2 . . . No. 2 then is, you started all over again, you are back to whether it is one, three or four in Noveer.

Now let's look at first of all the bill calculation for Deceer 1975. The billing information is taken from actual bills. The meter demand for Deceer was 192 KVA, 80 percent of the meter demand in November, which registered 180 KVA, is then 144 KVA; the energy for December was 69,000 kilowatt hours, so the bill calculation is the demand charge, the higher of the four I just enunciated there, which is 192 which is the actual metered demand for December, times \$3.00, is \$576.00. The energy charge is 69,000 kilowatt hours at .75 cents, is \$517.50, for a total of \$1,093.50.

Now then, let's look at a bill calculation for August of the following year, it is the same billing year. The meter demand for August was 30 KVA, 80 percent of the highest winter demand is 204 KVA, established in Februray, times .8 is 163.2 KVA. The energy for August, 4,200 kilowatt hours, the bill calculation then becomes the highest demand under 1,2,3, or 4 which is 163 KVA times \$3.00 is \$489.00. The energy charged 4,200 kilowatt hours at .75 cents — \$31.50; the total bill \$520.50. I think it's very important that I point out here, you'll notice that the bill is not 80 percent of the December bill and that's very important because I think people have is, misinterpreted what that 80 percent and you can see from that that 80 percent of the December bill would be somewhere around \$800.00. So that's how a bill is calculated.

Now here again, we have actual figures from an actual account. Monthly bill comparison, in this case general service, all electric. This year we do not have the all electric rate; it's an in use rate.

**MR. HENDERSON:** Mr. Chairman, couldn't you refer to that chart once more before you moved on? I had a question on it. You were showing us what the bill is under the demand way of doing it. Can you show us on the very same sheet what it would be if it was calculated on the use, energy consumed?

**MR. CARTWRIGHT:** You'd take the consumption like 69,000 kilowatt hours and put it through the blocks . . .

**MR. HENDERSON:** Well, I'm not interested in the mechanics of it but I'm interested in the dollar signs which show up at the bottom.

**MR. CARTWRIGHT:** We have some examples if you'll just bear with me. I think you're answer will come up on No.2.

**MR. CHAIRMAN:** Mr. Henderson, the examples will be shown by putting it through the blocks in the various rates at the first 75 kilowatt hours and so on, eventually arriving at the final figure. Mr. Craik.

**MR. CRAIK:** On the same sheet as the previous one, could we refer back to it again? On sample A, without demand metering, the bill for August, would it be the energy charge alone?

**MR. CARTWRIGHT:** Likely , because that would likely be higher than the minimum bill under the general service.

**MR. CRAIK:** So without the demand metering, the bill would be \$31.50 right.

**MR. CARTWRIGHT:** No, no. You see that energy charge is .75 and even if you refer to this year's rate application, I think they were handed out last week, you'll notice that, if you could just . . .

**MR. CRAIK:** Around double that then?

**MR. CARTWRIGHT:** Well, we have some figures if you'll just let us come to them.

**MR. CRAIK:** Oh, okay.

**MR. CARTWRIGHT:** Maybe you could come back to it. Now here we have a monthly bill comparison, the general service all electric rate versus the power standard rate. I don't have the actual calculations or the steps going through it but we used rates that were effective in April 1976 and the billing records, the billing demand and the billing consumptions are actuals but because there was a rate change in there, we've used the same rate that was in effect April 1976 so we could make a direct comparison on a common base.

So here we have you can see, a billing year from November to October with the kilo-hour consumption in the first column, the demand reading actually read on the demand meter in the second column, the billing demand itself in the third column and then the monthly bill calculations, the all electric general service rate and then the power demand rate. Now this particular customer was billed on the power demand rate. We haven't picked this for any particular purpose, but we have shown one that in this particular case, the power demand billing was more than all electric general service billing as a comparison. But you will notice — and this is a point that hasn't come out — notice

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that the winter month billings are all less on the power rate than they are on the general service rate because of the greater utilization factor during those months, and the bill is higher in the summer months on the power rate than it is on the general service because of the low utilization.

In total in this particular illustration, the bill is lower on the all electric general service rate. We don't know if there are any load management techniques being performed here or not. The average rate on the general service all electric works out at 1.8 cents per kilowatt hour and 2.1 cents per kilowatt hour on the power rate. You'll notice there some pretty hefty loads. There's a motor load of 126 h.p., a heating load of 54 kilowatts, a lighting load of 32 kilowatts, water heating of 39 kilowatts and cooking at 30 kilowatts. That's the type of installation that we would like to have a look at if there's any problems in load managing it to see if we can do something for that particular facility.

By reducing the winter peak, if you took the 204 up there in the demand billing, if that could be reduced somewhat, it will affect all the billing demands on the other side of the page. Therefore, the demand portion of the bill will be reduced. If you can see from that, it would not affect the all electric general service rate because that's an energy block rate.

Now I would like you to look at the chart here of electric utility bill increases over a three year period and these are from actual accounts. From 1973-74 to 1975-76, customer B1: his kilowatt hour increase was 26.2 percent. His bill went up 56.2 percent; cents per kilowatt hour 23.6 percent; the average over the three year period was 11.8 percent increase.

In B2, the kilowatt hour increase was 32.3 percent; bill increase 76.5 percent; cents per kilowatt hour 33.7 and the average 16.8 percent.

Sample B3, his kilowatt hours went up 137.2 percent; the bill went up 318.5 percent; cents per kilowatt hour 77.1 and the average over two years 38.6 percent.

B4, kilowatt hours went up 94.8 percent; the bill went up 204.5 percent; cents per kilowatt hour 55.8 and the average 27.9 percent.

You'll notice that in all cases, the kilowatt hour consumption went up and that's a point that we like to stress here. We hear of course that the bills have gone up and that's certainly appreciated but we also don't hear that the consumption also has gone up.

Now on B1, this account has two services and one of the two services went on demand billing in 1975 and sample B2, it's general service standard, it's not on power demand billing; sample B3 the change from general service all electric to demand billing took place in December 1974, and sample B4 was a general service all electric billing, it was not on demand billing.

The next chart I would like to show you is the relationship between electric utility bills and total operating costs. In all cases, total operating costs of course have increased over this period. Sample C1 in 1972, 11.2 percent — that's the percent of the electrical energy bill as a percent of the total operating costs. It was pretty steady right through to 1976 which was 9.6 percent.

Sample C2, went from 15.9 down to 12.6. Sample C3 went from 24.2 to 30.9. It just so happens that Sample C3 is on general service billing, it's not on power demand billing. Sample C4, 14.3 up to 15.6; C5: 12.7 to 12.8; Sample C6: 22.3 to 15.6, indicating that all operating costs have risen and electricity — (Interjection) — they weren't operating at that time. The reason we haven't got the figures in for C5 and C6 for 1972 and 1973, they weren't operating at that time.

This is a graph illustrating the bills by month for a twelve-month period from November to October. They are actual bills that were recorded on the power rate and we billed them on the general service standard rate as a comparison. The point to notice here again is that during the winter months, the bills received by these recreation facilities are much lower during the winter months than on the general service standard rate, whereas during the summer months, the bills on the power rate are higher than on the general service rate. The lower line is the metered demand recorded in that particular establishment which is fairly steady throughout the winter and of course drops off in June to virtually nothing.

Now the total bill for the year on the power rate amounts to \$3,457 and on the general service rate was \$3,791.00. So this particular customer is better off on the power rate. — (Interjection) — It's a recreation facility on power demand billing.

**MR. CHAIRMAN:** Mr. Blake, do you have a question on this particular point?

**MR. CARTWRIGHT:** Now here's another example of an actual account and you'll notice here that the bills went up appreciably in February, down in March and back up in April which again reflects usage patterns and the same thing with the demand. You'll notice it was relatively low in November, then went up in December, it flattened out and went back down in March, through and then picked up again in September of that particular billing year. In this particular illustration, the annual bill on the general service rate \$5,715 — that's calculated — the annual power bill \$5,108 — that was an actual billing.

Here's a third example, the same thing. You'll notice the spikes in the same billing again, up and down, with varying usage. The scale on the demand doesn't show the spikes as much there but there are ups and downs in the metered demand and quite a bit of difference between the demand in the winter months and of course the demand in the summer. It went up again in October. But in this

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particular case, the power bill \$5,220 and if you had been billed on general service it would have been \$3,800.00. Again there's another example probably that load management is required there to see if something can't be done for that particular customer. I have one more.

This particular example, you'll notice that the winter bill is fairly close on both rates. You'll also notice that the measured or metered demand goes up and down quite abruptly and here again, one wonders if some load management couldn't be introduced there to level out that demand so that you can get that annual bill down. The annual bill here, of course, on the general service rate \$8,893; the actual bill on the power rate \$9,843, so it's higher on the power rate in this particular case. But with load management the general service configuration of the bill wouldn't change, it would change on the power rate if you could get that demand component down, it would bring that line down all across the board both winter and summer and would result in a total annual bill of less than \$9,843.00.

I have one more here to show you. We did an analysis of all the curling and skating clubs that we serve in Manitoba and there's a total of 671. The total number on demand billing is 73 and of those 73, we have 65 with more than 12 months consumption and billing demand so we were able to do some billing comparisons.

Bill over 20 percent lower on demand billing, ten of the customers. Bill where it was 10 to 20 percent lower on demand billing, another ten. Bill where it was 0-10 percent lower on demand billing, was 12; for a total of 32.

The bill where it was 0-10 percent higher on demand billing was 12; the bill where it was 10-20 percent higher on demand billing was 6; the bill over 20 percent higher on demand billing was 15 for a total of 33.

Now, we're unable to determine how many of these clubs are under municipal control and how many are shareholder controlled. We don't have that information. In addition to this, Winnipeg Hydro also has 46 community clubs and 13 curling clubs which we don't have any information on.

**APPENDIX**  
*SHEET 1*

**SAMPLE BILL CALCULATIONS**  
**Using Rates Effective April 1, 1976**

**POWER STANDARD RATE**

**Demand Charge** — \$3.00 per kVa  
**Energy (Consumption) Charge** — 0.75¢ per kWh

**Billing Demand** — The Greatest Of:

1. Metered Demand OR
2. 80% of the Highest Demand Measured in the winter months of November, December, January, February OR
3. 55 kVa OR
4. 25% of Contract Demand

**SAMPLE "A"— BILL CALCULATION FOR DECEMBER 1975**

|   |            |
|---|------------|
| Metered Demand for December                   | 192 kVa    |
| 80% Metered Demand in November — 180 kVa X .8 | 144 kVa    |
| Energy (Consumption) for December             | 69,000 kWh |
| Bill Calculation —                            |            |
| Demand Charge 192 kVa X \$3.00                | \$ 576.00  |
| Energy Charge 69,000 kWh X 0.75¢              | 517.50     |
| Net Bill                                      | \$1,093.50 |

**SAMPLE "A" — BILL CALCULATION FOR AUGUST 1976**

|   |           |
|---|-----------|
| Metered Demand for August                                   | 30 kVa    |
| 80% of Highest Winter Demand (204 kVa in February) 204 X .8 | 163.2 kVa |
| Energy (Consumption) for August                             | 4,200 kWh |
| Bill Calculation —  |           |
| DemandnCharge 163 kVa X \$3.00                              | \$ 489.00 |
| Energy Charge 4,200 kWh X 0.75¢                             | 31.50     |
| Net Bill  | \$ 520.50 |

**APPENDIX**  
 SHEET 2

**SAMPLE "A" — RECREATION CENTRE**  
**Monthly Bill Comparison**  
**General Service — All Electric**  
**VS Power Standard Rate**  
**Rates Effective April 1, 1976**

MONTHLY BILL

| Month        | kWh            | Demand Reading (kVa) | Billing Demand (kVa) | A-E Gen Service | Power Demand    |
|--------------|----------------|----------------------|----------------------|-----------------|-----------------|
| Nov. 75      | 74,400         | 180                  | 180                  | \$ 1,326        | \$ 1,098        |
| Dec.         | 69,000         | 192                  | 192                  | 1,234           | 1,094           |
| Jan. 76      | 70,800         | 198                  | 198                  | 1,265           | 1,125           |
| Feb.         | 70,800         | 204                  | 204                  | 1,265           | 1,143           |
| Mar.         | 69,000         | 168                  | 168                  | 1,234           | 1,022           |
| Apr.         | 70,800         | 180                  | 180                  | 1,265           | 1,071           |
| May          | 5,400          | 30                   | 163                  | 135             | 530             |
| Jun.         | 3,000          |                      | 163                  | 84              | 512             |
| Jul.         | 1,800          |                      | 163                  | 59              | 503             |
| Aug.         | 4,200          |                      | 163                  | 109             | 521             |
| Sept.        | 1,800          |                      | 163                  | 59              | 503             |
| Oct.         | 29,400         | 168                  | 168                  | 561             | 725             |
| <b>TOTAL</b> | <b>470,000</b> |                      |                      | <b>\$ 8,596</b> | <b>\$ 9,847</b> |

| LOADS (Approx) |          | AVERAGE RATE  | 1.8¢/kWh | 2.1¢/kWh |
|----------------|----------|---------------|----------|----------|
| Motor          | 126 H.P. | Lighting      | 32 kW    |          |
| Heating        | 54 kW    | Water Heating | 39 kW    |          |
|                |          | Cooking       | 30 kW    |          |

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**APPENDIX**  
*SHEET 3*

**RECREATION CENTRES**  
**ELECTRIC UTILITY BILL INCREASES OVER A THREE YEAR PERIOD**  
**FROM 1973/74 TO 1975/76**

|                  | <b>kWh</b>    | <b>INCREASE<br/>BILL</b> | <b>¢/kWh</b> | <b>Aver/Yr</b> |
|------------------|---------------|--------------------------|--------------|----------------|
| <b>Sample B1</b> | <b>26.2%</b>  | <b>56.2%</b>             | 23.6%        | 11.8%          |
| <b>Sample B2</b> | <b>32.3%</b>  | <b>76.5%</b>             | 33.7%        | 16.8%          |
| <b>Sample B3</b> | <b>137.2%</b> | <b>318.5%</b>            | 77.1%        | 38.6%          |
| <b>Sample B4</b> | <b>94.8%</b>  | <b>204.5%</b>            | 55.8%        | 27.9%          |

Sample B1 — This account has two services. One went on demand Billing in December 1974.  
Sample B2 — General Service Standard.  
Sample B3 — Change from General Service All Electric to demand billing in December 1974.  
Sample B4 — General Service All Electric.

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**APPENDIX**  
*SHEET 4*

**RECREATION CENTRES  
RELATIONSHIP BETWEEN ELECTRIC UTILITY BILLS  
AND TOTAL OPERATING COSTS**

|                  | <b>ELECTRIC UTILITY BILLS AS % OF TOTAL OPERATING COSTS</b> |             |             |             |             |
|------------------|---|-------------|-------------|-------------|-------------|
|                  | <b>1972</b>   | <b>1973</b> | <b>1973</b> | <b>1975</b> | <b>1976</b> |
| <b>Sample C1</b> | <b>11.2</b>   | <b>10.4</b> | 10.9        | 11.0        | <b>9.6</b>  |
| <b>Sample C2</b> | <b>15.9</b>   | <b>13.6</b> | 11.0        | 13.5        | <b>12.6</b> |
| <b>Sample C3</b> | <b>24.2</b>   | <b>22.3</b> | 33.0        | 29.0        | <b>30.9</b> |
| <b>Sample C4</b> | <b>14.3</b>   | <b>10.5</b> | 7.6         | 11.3        | <b>15.6</b> |
| <b>Sample C5</b> |   | <b>12.7</b> | 8.9         | 12.6        | <b>12.8</b> |
| <b>Sample C6</b> |   |             | 22.3        | 19.8        | <b>15.6</b> |

**NOTE:** All these accounts except Sample C3 are on demand billing. Sample C3 is on General Service.  
Total operating costs have increased over this period.

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APPENDIX  
SHEET 9

CURLING CLUBS ON DEMAND BILLING  
COMPARISON OF DEMAND AND GENERAL SERVICE RATES

| ANNUAL BILL                            | No. OF CUSTOMERS |     |
|--|------------------|-----|
| Bill over 20% lower on Demand Billing  | 10               |     |
| Bill 10 — 20% lower on Demand Billing  | 10               |     |
| Bill 0 — 10% lower on Demand Billing   | 12               | 32- |
| Bill 0 — 10% higher on Demand Billing  | 12               |     |
| Bill 10 — 20% higher on Demand Billing | 6                |     |
| Bill over 20% Higher on Demand Billing | 15               | 33  |
| TOTAL                                  |                  | 65  |

The above data based on actual readings and bills.  
Eight other Curling Clubs are on Demand Billing but have only a few months of records.

Total number of Curling/Skating Clubs — 671

Total number on Demand Billing — 73

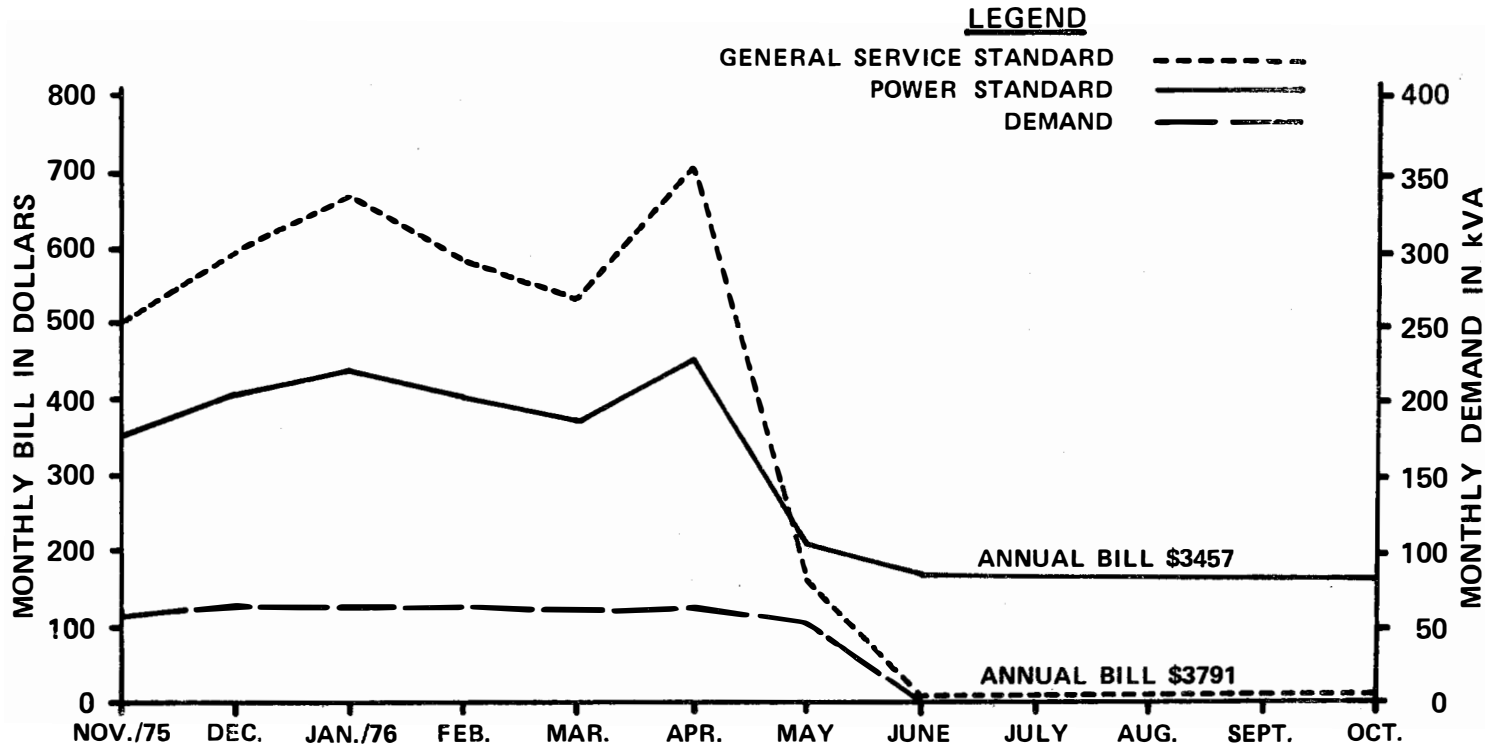
We are unable to determine how many of these clubs are under Municipal control and how many are Shareholder controlled.

Winnipeg Hydro also has 46 Community Clubs and 13 Curling Clubs.

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RECREATION CENTRE  
 MONTHLY BILL COMPARISON  
 Rates Effective April 1, 1976

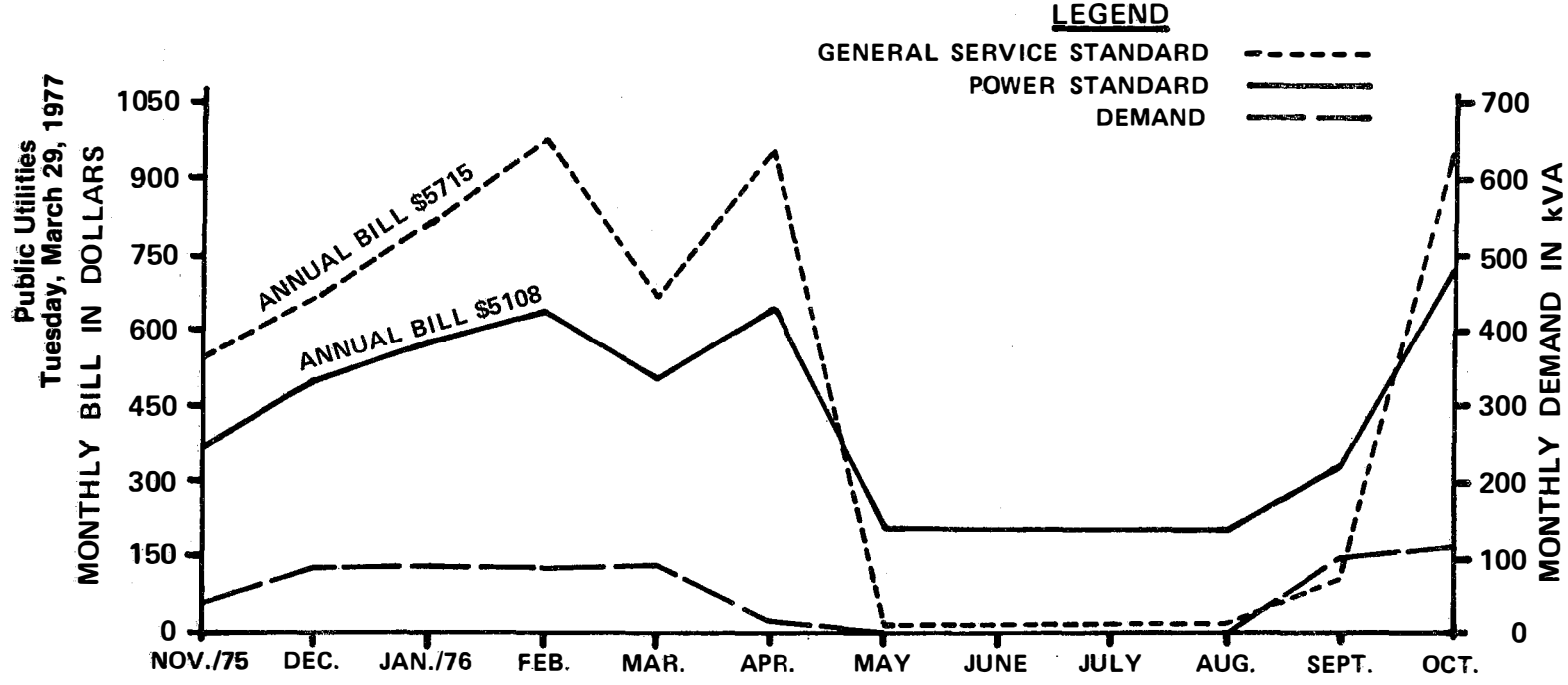
Sample D1



69

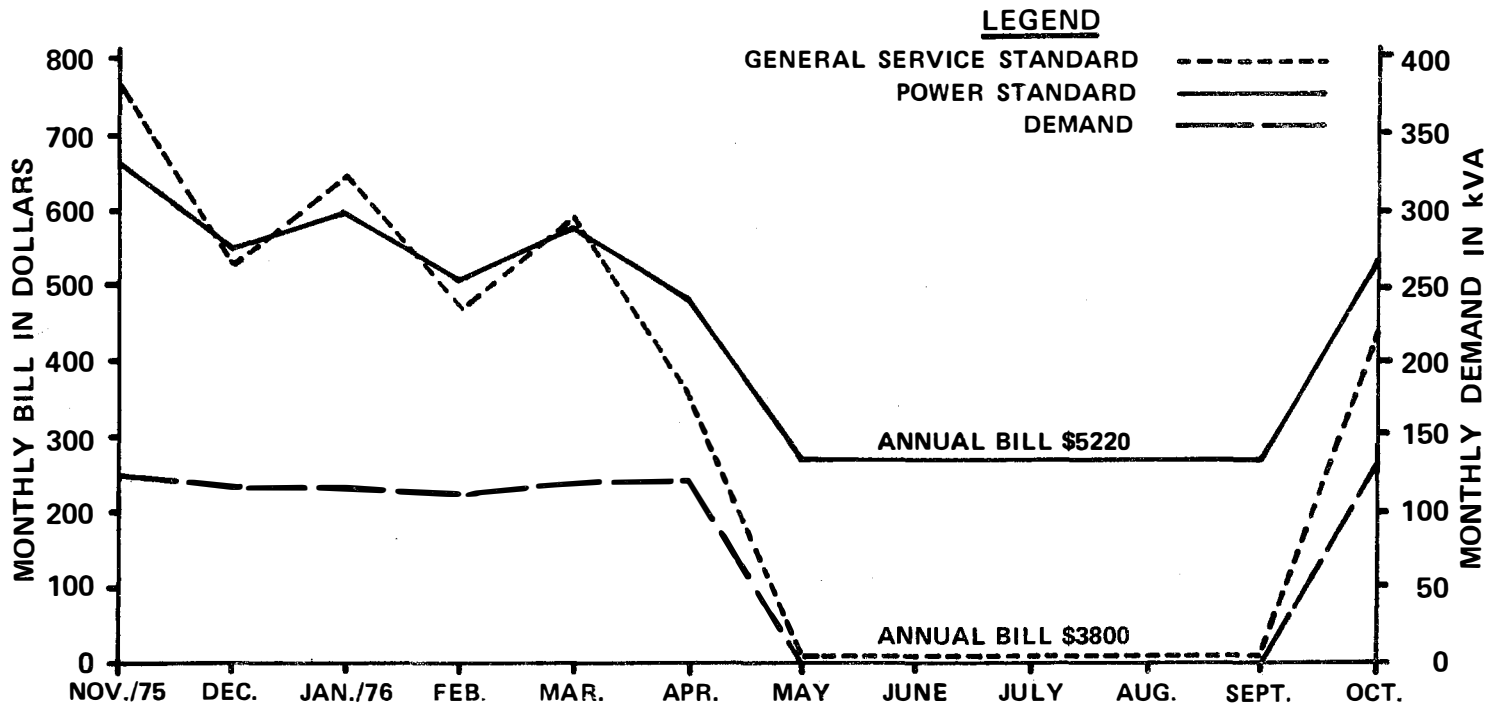
RECREATION CENTRE  
MONTHLY BILL COMPARISON  
Rates Effective April 1, 1976

APPENDIX  
SHEET 6



RECREATION CENTRE  
 MONTHLY BILL COMPARISON  
 Rates Effective April 1, 1976

Sample D3



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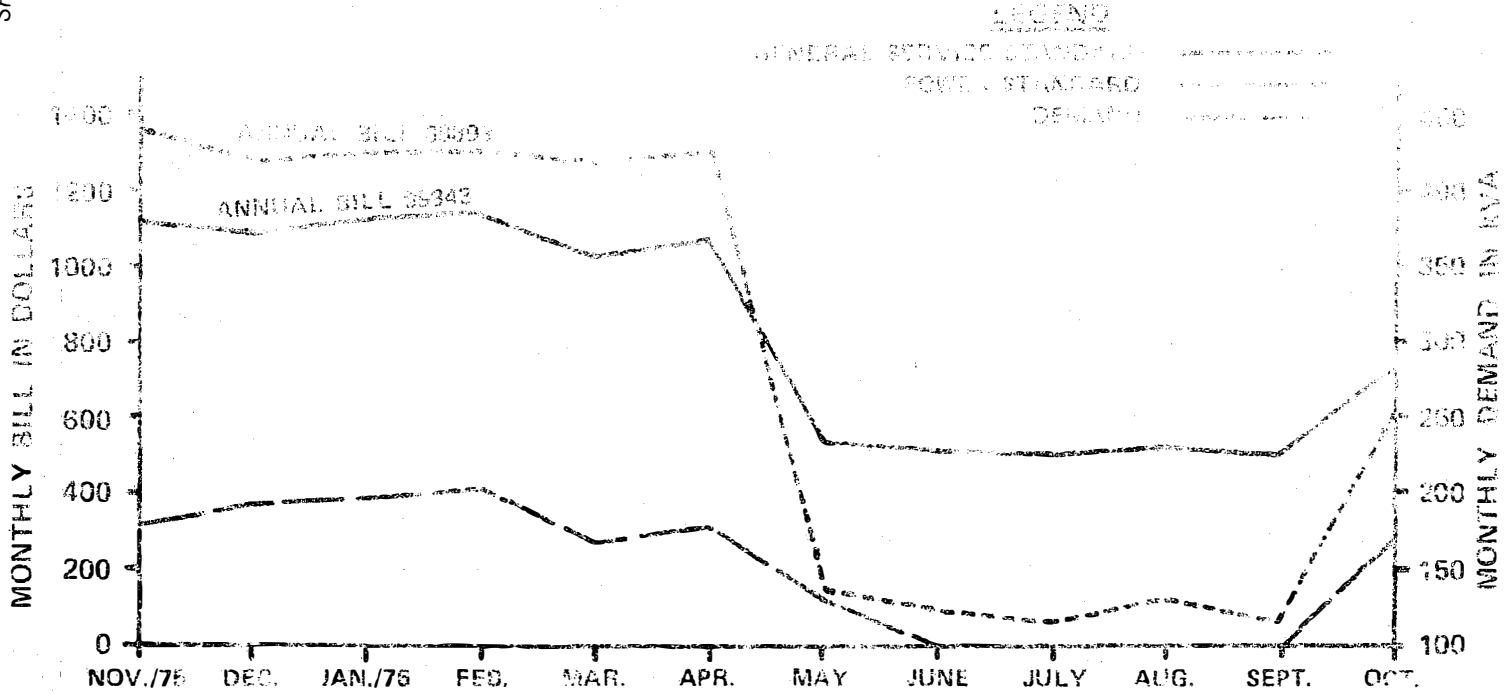
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 SHEET 7

RECREATION CENTRE  
 MONTHLY BILL COMPARISON  
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Sample D4

APPENDIX  
 SHEET 8

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**MR. CHAIRMAN:** Premier Schreyer.

**MR. SCHREYER:** Could it be indicated as to why 73 out of 671 went up more than that? What is the criteria?

**MR. CARTWRIGHT:** 55 kVa. Now there may be some of the 671 left that will still be eligible and we get to them as we identify them so I don't want it misconstrued that 73 may be the only ones that are eligible. There may be some more.

**MR. SCHREYER:** I don't know if it's appropriate to ask just now, but if it's 55 kVa, does that indicate curling rinks of X sheets of ice or more?

**MR. CARTWRIGHT:** Where there is no artificial ice but generally speaking, three or four sheets and more.

**MR. SCHREYER:** Artificial ice in a relatively small, say four sheet curling rink, would that bring it up to 55 kVa?

**MR. CARTWRIGHT:** Very likely, yes, particularly with the hot water required and the heating required or the lighting required.

I'd just like to conclude with this statement. I do not believe there is anyone in this room today that would encourage waste and inefficient use of our energy resources, electricity or otherwise. Demand billing encourages the customer to use electricity wisely and efficiently and in so doing reduce waste of our natural resource. In all sincerity I ask you to accept and understand demand billing as being of mutual interest to the customers and the utilities. Thank you very much, Mr. Chairman.

**MR. CHAIRMAN:** Thank you. There are some questions at this particular time? Mr. Blake, you indicated you wished to ask a question?

**MR. BLAKE:** Mr. Cartwright, I don't know how many men Hydro are prepared to send out into rural Manitoba to explain this program but they've got one hell of a selling job to do if they are going to convince people that this is going to save them money in the recreation facilities.

I'm just wondering, Mr. Chairman, the illustrations that we were shown, are they a recreation facility that is used year round or were some of them curling clubs that are only used for four or five months.

**MR. CARTWRIGHT:** Because of the dip in most of the bills, I would say they use very little. The one illustration I used there for the December billing had 4,200 kWh. That's six or seven times what the average house would use, so they're using something during the summer months but certainly not the 70,000-odd kWh that they used in the wintertime.

**MR. BLAKE:** You know I understand demand billing in the simple form. If you have a straight line and you've got a peak probably throughout the year where it would certainly be to your advantage, but many of them only have the peaks for about 20 percent of the year and not 50 percent of the year and therefore I fail to see where it's going to be to their advantage to go on demand billing, where it's going to save them any money. They're still going to have a fairly large increase in their bill.

**MR. CARTWRIGHT:** They won't all necessarily save money, but 32 out of those 65 definitely are better off. So if they are all on general service those 32 would have to pay more on an annual basis than they are paying today. So what they are doing likely is contributing to the deficiency from the other 33. Someone has to pay it.

**MR. BLAKE:** That's right. I can agree there, but it's going to be very difficult to tell those that are paying that it's their responsibility. I agree wholeheartedly with your program to encourage the management of their load, because I think there is a considerable amount of waste and that's something that they can do to their own advantage, but those that are facing increased costs, you're going to have one hell of a time convincing them that it's their responsibility to pay the cost of someone else that is not managing their own or not managing their own.

**MR. CARTWRIGHT:** The reports we've had back from the management sessions to date have been very constructive and we are very hopeful that we can show people how they can help us.

**MR. BLAKE:** That's all, Mr. Chairman, I'll have more later on.

**MR. EINARSON:** Mr. Chairman, I would like to ask, through you to Mr. Cartwright, going back around 1970-71, or from '69 to '72 I would say, that Manitoba Hydro were advocating conversion from say gas heat or oil to electricity. Did the Manitoba Hydro anticipate this kind of thing developing today when they were advocating people changing over, telling people to use Hydro and use it more? It seems to me that what you're telling us now is the reverse of the kind of policy you were trying to advocate to people four, five, six years ago.

**MR. CARTWRIGHT:** I don't know of any utility in North America that anticipated the changes that have taken place in the last five or six years.

**MR. EINARSON:** Well then, Mr. Chairman, I'm trying to establish how the rationale is with Manitoba Hydro when you were advocating something say five, six years ago. Well, what were your projections then? Where was the thinking as to where you were going in developing a renewable resource which I thought was the best that any province in Canada has ever had such as we have in Manitoba.

**MR. CHAIRMAN:** Mr. Einarson, you are trying to establish a debate. If the Chairman of the



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Manitoba Hydro wishes to engage in this debate you can proceed. Mr. Bateman?

**MR. BATEMAN:** Mr. Chairman, I don't believe it's a debate, I think it's a misunderstanding. Five or six years ago the situation was, as Mr. Cartwright indicates, something that has changed drastically as far as non-renewable resources prices are concerned and certainly there is a much greater endeavour to conserve those. The fact that our rates for Manitoba Hydro's product have also gone up has kept us competitive with the oil prices in the Province of Manitoba. And I would still recommend if you make an important assessment of the costs of heating your curling rink with propane gas or oil as opposed to going on a total electric installation, you could probably do better on a total electrical installation with demand billing.

**MR. EINARSON:** Mr. Chairman, I just want to make one comment further here. I'm not going to prolong the debate but I do want to say, Mr. Chairman, to Manitoba Hydro and to this government that five, six years ago when they were advocating people to use more electricity, I'm afraid they are not going to have the job of selling their bill of goods today as they did then because I'm afraid they are going to run into a lot of static and the kind of thing that people have been led down the garden path which is not what they had hoped it would be.

**MR. SCHREYER:** Just to keep the record straight, I'd like to tell Mr. Einarson that direct advertising by Manitoba Hydro was discontinued about five, six years ago. I'd like him to take note of that fact.

**MR. BATEMAN:** Mr. Chairman, just one other point, without prolonging discussion, I think that Manitoba Hydro adopts the attitude that we are owned by our customers. We're endeavouring to provide our customers with the best service that they can achieve and we're not out there to try and convince them to change from anything else that they're using if they don't want to change, but if it's to their financial advantage to change we'd be quite happy to make those facts known to them and just as we have indicated our wish to go out and speak to the community centres that are on demand billing and who don't understand it. As a matter of fact we have had complaints from some people on demand billing saying their bills are higher than they would be on some other form of billing and they have been shown that that is not the case. It's actually the reverse. Their bills are lower on demand billing and Mr. Cartwright gave you some examples of that today. As a matter of fact 50 percent, very close, of the customers on demand billing are paying less than they would pay on the general service bill. Now that's a fact, gentlemen. —(Interjection)— The general increase, yes. We have all had rate increases.

**MR. CHAIRMAN:** Thank you. Mr. Lyon, you have a question on this particular section?

**MR. LYON:** Going back, Mr. Chairman, to what Mr. Cartwright was saying in his opening remarks, could he clarify this? I understood him to say that at one time the click-in point for the demand billing was 100 KVA?

**MR. BATEMAN:** Prior to 1969 when the Manitoba Hydro rates were reviewed by the Public Utility Board, I believe our demand billing level was 100 KVA and the strong recommendation from the Public Utility Board and Ebasco Services who were their consultant recommended that that be lowered. It was lowered and when our first general increase went in in 1974 we referred that again, as Mr. Cartwright said, to Ebasco Services who were the consultants to the Public Utility Board during the rate review in 1969-70 and they recommended that we take steps to further reduce the demand billing which we have done.

**MR. LYON:** Was the next reduction of the click-in point or for want of a better term, the point at which the demand billing was imposed, was that to 80 KVA?

**MR. BATEMAN:** No that was to 55 KVA.

**A MEMBER:** It went from a 100, to 80 to 60 to 55.

**MR. LYON:** Yes, that's what I understood Mr. Cartwright to say, Mr. Chairman. So in effect we've had a 45 percent increase in that level at which you click-in demand billing since 1969.

**A MEMBER:** 45 percent of what?

**MR. LYON:** Well of usage.

**MR. BATEMAN:** It's a decrease, 45 percent lower level of consumption is now on demand billing than it used to be.

**MR. LYON:** Right. And what has happened to the rates in that period; that is the rates per KVA demand charge?

**MR. CHAIRMAN:** Would you like to take the microphone, Mr. Cartwright?

**MR. CARTWRIGHT:** Mr. Chairman, we had several types of rates in 1968 and prior to that and after 1968-69 period. We've been trying to bring some of these rates in and phase some of the rates out. One of the rate forms that we phased out was connected load billing. Another one was bulk metering for customers over 1,000 KVA, so there was quite a job of blending to do here. So we started off in 1969 with a different type of rate form. It was an hour use demand rate form, the right form and we continued on with that in 1974 so part of the fixed charges if you like were in the blocks, the hours used block and part of the demand was in the demand rate itself. It was a very cumbersome method to use so we have reverted to the Hopkinson, which is a far easier method for the customer to

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understand. And that rate now, this year, is \$3.75. Last year it was \$3.00. You must remember you have to add the two charges together to get the full effect of the bill.

**MR. LYON:** So the rate per KVA has gone from \$2.00 in 1976 to \$3.75 at present.

**MR. CARTWRIGHT:** Yes, I believe that's it.

**MR. LYON:** And from '76 to . . .

**MR. CARTWRIGHT:** It was \$3.00 in '76

**MR. LYON:** Right, that is prior to April 1st, '76 it was \$2.00. Then on April 1st, '76 it went to \$3.00 and then with the current rate increase, it's now \$3.75.

**MR. CARTWRIGHT:** That's true but we changed the rate form in 1975 as well.

**MR. LYON:** Right, you changed the whole. . .

**MR. CARTWRIGHT:** Yes, we changed the whole rate form.

**MR. LYON:** So as between \$2.00 and \$3.00 you had an increase in the one year of 50 percent on that . . .

**MR. CARTWRIGHT:** On that portion of the bill.

**MR. LYON:** . . . portion of the bill and then as between last year '76 and this year a further increase of 75 cents which works out to 25 percent.

**MR. CARTWRIGHT:** On that portion of the bill. The energy part went from .75 to .77, the comparative. So we have been tipping up the demand component a little bit at a time.

**MR. LYON:** Well on a flat basis that would work out to something like a 75 percent increase over a two year period. What would that be on a compounded basis?

**MR. CARTWRIGHT:** The total bill . . . Can you pick a particular . . .

**MR. LYON:** Well I'm just going on the charge for KVA, Mr. Chairman.

**MR. BATEMAN:** If I could just interject. The line of questioning that Mr. Lyon is pursuing is relating to the demand charge which is only a portion of the bill, and the important point is not to indicate that we've had a 75 percent increase in rates on that two year period you're indicating because the general increase and the power customers were, I think, increased in the order of 12 to 14 percent last year, if I'm not mistaken. That is the year that is just starting March 17th.

**MR. CARTWRIGHT:** Yes, I could refer to unit cost increases for specific load factors to come up with an actual increase on the total bill which would be more relevant, really. I'd be prepared to do that if you want me to.

**MR. CHAIRMAN:** It might be a good idea to have some of those charts that were presented by Mr. Cartwright provided to the people in Hansard that they could insert it within the actual transcript. Is that possible?

**MR. BATEMAN:** Yes, that could be done, Mr. Shafransky.

**MR. SCHREYER:** While we're waiting for Mr. Cartwright, I don't know if the Chair intends to proceed to other questions, other than rates. I'd like to ask the Chairman, if he can, or to refer to Mr. Cartwright, if necessary, whether with respect to something that is in every rural community, or practically in every one, the country elevator, whether it only has of late or whether it has historically been on demand metering. The ordinary grain elevator, standard size, small size grain elevator.

**MR. BATEMAN:** I believe, Mr. Chairman, the answer to that, and I'm sure Mr. Cartwright would confirm this is that all grain elevators from the day they are first connected are connected as a power demand customer because they've usually been higher than that 100 KVA. So from the time they are first connected I am sure they've been on the demand billing and still are on it.

It is interesting, Mr. Chairman, in answer to Mr. Lyon's question, if we look at the . . . I was going to quote the average revenue in cents per kilowatt hour for our power customer class of load going back to 1965, we had an average use at that time in our power customers of 108,000 kilowatt hours per year and it was 1.12 cents. Now, because of the use factor and not putting the emphasis on the demand charge where we believe it should be put to encourage people in wide load management, the rates went from 1.12 cents in '65 down, and I'll read them by years: '66-67, 1.08; the next year, 1.05; then .98; by '69-70 they were .87; and the average use had gone up from 108,000 to 241,000 in that period of time. They continued to drop slowly each year over '70-71, '71-72, '72-73, and '73-74 they had dropped to .74 average cents per kilowatt hour and the average annual use per customer had grown to 3,689,000.

Now, the next year we imposed the rate increase and that tipped the demand, and tipped the average up and the average is now .90 in '74-75. The use per customer dropped slightly. In '75-76, the average had gone up to 1.16 and the use had dropped still further, and part of that use, of course the power customers including the mining loads which are off.

This next rate increase is designed to improve the average revenue per kilowatt hour in the order of somewhat less than 15 percent for the power class customers. Is that right, Mr. Cartwright?

**MR. CARTWRIGHT:** Mr. Chairman, I'm sorry, I don't have the comparisons with me going back to prior years. I have the average costs on the new rate but I don't have those. But they are available and if the Committee so wishes, I would be very pleased to provide them.

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**MR. CHAIRMAN:** Fine, thank you, Mr. Cartwright.

**MR. BATEMAN:** Mr. Chairman, we will undertake to have Mr. Cartwright provide these charts that he spoke to, if you wish, for the record, and perhaps he can make copies available that would be suitable for printing.

**MR. CHAIRMAN:** Yes, Mr. Cartwright, those figures could be made available to people in Hansard that may insert them within the appropriate places you are making your presentation. — (Interjection)— Fine, we shall go back to the person who has been on the list for some period of time. Somehow or other we get away from the normal procedure. If you wish, I'm going to put people on the list and proceed in order. Mr. Johansson, you had some questions?

**MR. LYON:** Mr. Chairman, I haven't finished my questions.

**MR. CHAIRMAN:** Mr. Lyon, I will put you on the list, you had been on the list. You have never indicated at any particular time, you just interjected that you wished to ask a question of clarification at the particular point. —(Interjection)— Mr. Lyon, you are now trying to create an issue. I'm indicating that we started on a different task, I had Mr. Johansson on the list right from the start after the Premier asked questions. You were asking questions of clarification. I have now your name on the list and Mr. Craik's. Mr. Johansson has been on the list since the last time we met. Your name is on the list following Mr. Johansson.

**MR. LYON:** Have we finished . . . metering?

**MR. CHAIRMAN:** I assumed that there had not been any further questions.

**MR. LYON:** That's precisely the point I was making, if you would listen . . .

**MR. CHAIRMAN:** We will carry on with demand metering. —(Interjection)— Mr. Lyon, I see that you are trying to create, by calling me a liar . . .

**MR. LYON:** I'm not trying to create . . .

**MR. CHAIRMAN:** . . . by calling me a liar.

**MR. SCHREYER:** I raise a point of order.

**MR. CHAIRMAN:** Mr. Premier.

**MR. SCHREYER:** I think there is a misunderstanding. I believe our procedure is that if we are on a given topic of discussion, to stay with it and if the questions have to do with demand metering, it would seem logical that we complete that and move on to general questioning. I believe that that's the procedure we have followed.

**MR. CHAIRMAN:** It was my impression that we had concluded with the questions on demand metering. It was my impression that the presentation had been made and indication was made that the information was going to be provided, further information in this regard. Mr. Lyon, if you have a question on this matter, then I will entertain your question of clarification on this matter of demand billing. Mr. Lyon.

**MR. LYON:** Could we have Mr. Cartwright back, Mr. Chairman, and start from where we were five minutes ago.

**MR. CHAIRMAN:** Mr. Bateman, would you care to take the questions and if Mr. Bateman wishes to call upon Mr. Cartwright, he will do so.

**MR. LYON:** No, Mr. Chairman, I want Mr. Cartwright back.

**MR. CHAIRMAN:** You wish to ask a question of the Chairman, Mr. Lyon? We proceed.

**MR. LYON:** I'm questioning Mr. Cartwright, Mr. Chairman, that's what I was questioning — (Interjection)— Would you keep quiet for a minute and listen, Mr. Chairman, on a point of order. I was questioning Mr. Cartwright about certain questions on demand metering. He left his chair to get further information, then came back. You, for some reason of your own making, chose then to interrupt and to remove Mr. Cartwright from the chair. I'm asking for Mr. Cartwright to come back to the chair. May I suggest with respect, Sir, if you would stop interfering with the procedures of this Committee, we could get on with it much more rapidly. Now I would like Mr. Cartwright back in the chair.

**MR. CHAIRMAN:** Mr. Lyon, I will also respectfully say that we have the Chairman of Manitoba Hydro to answer any questions and if he so chooses to direct a member of his staff, he will call upon him. Mr. Bateman.

**MR. BATEMAN:** We'll ask Mr. Cartwright to come and answer the questions. If I feel that he is best-suited to answer the questions, he'll answer the questions.

**MR. CHAIRMAN:** Mr. Johansson on a point of order.

**MR. JOHANSSON:** Mr. Chairman, Mr. Lyon has demonstrated his capacity for rudeness very ably right now, but he hasn't demonstrated his understanding of the rules of procedure of this Committee. We have traditionally questioned the Chairman of the utility before us, and he traditionally will call, if he so feels he needs the advice of, his staff. Mr. Lyon has no right to dictate who shall advise the Chairman of Hydro.

**MR. CHAIRMAN:** Mr. Craik on a point of order.

**MR. CRAIK:** Mr. Chairman, on a point of order, Mr. Lyon's hand went up and you recognized it to go on the list not only prior to Mr. Johansson but prior to Mr. Einarson as well. I was watching and if

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you didn't write it down, you at least made the motions to write it down. On a point of order, Mr. Chairman, I'm raising the question as to whether you, in fact, are recognizing hands when they are put up and I suggest that if you are not —(Interjection)— Still on the point of order, Mr. Chairman, and I'm simply asking you to, as Chairman, watch when people indicate their desire to speak because Mr. Lyon didn't interject in any way, shape or form. His name was on the list prior, twice. Now, if you didn't have it down, you at least appeared to write it down.

**MR. CHAIRMAN:** I have it down here, Mr. Craik.

**MR. CRAIK:** Let's not make the suggestion that the interjection was out of order.

**MR. CHAIRMAN:** Let's not make the suggestion that I'm not following the procedure as we had established and I understand the procedure of the Committee. Mr. Premier, on the same point of order.

**MR. SCHREYER:** Mr. Chairman, I don't know why it has come about that there is a flurry of points of order, but essentially the point of order I'm raising is that it is appropriate that we continue the line of questioning that we had some several minutes ago as long as there are Meers of the Committee who still have questions to raise on that line and that it is also appropriate that the person who was before the Committee answering questions and details with respect to rates and demand billing continue to be available to respond to those questions. So can we not just then simply proceed.

**MR. CHAIRMAN:** Yes, I have no objection whatsoever and I did indicate that to Mr. Lyon but he chooses to be . . . Mr. Cartwright, would you come forward. Mr. Lyon.

**MR. LYON:** Now, Mr. Chairman, to continue the line of questioning with Mr. Cartwright where we left off about ten or fifteen minutes ago, we had established, Mr. Cartwright, that the charge for KVA, the demand charge for KVA had gone from \$2.00 prior to April 1st, 1976, to \$3.00 on April 1st, 1976, and then to \$3.75 at the present time.

**MR. CARTWRIGHT:** Yes, that's partly true. It was the first 500 KVA at \$2.00, the next 9,500 KVA at \$1.50, and over 10,000 KVA at \$1.40, plus energy charges which has a demand component, the first 100 kilowatt hours per KVA of monthly billing demand at 1.2 cents per kilowatt hour; the next 200 kilowatt hours per KVA of monthly billing demand at .70 cents per kilowatt hour; the next 200 kilowatt hours per KVA of monthly billing demand at .58 cents per kilowatt hour; over 500 kilowatt hours per KVA of monthly billing demand at .5 cents per kilowatt hour. That's the complete rate.

**MR. LYON:** You're saying that under this structure, the power is no longer sold in blocks, that is, since April 1, 1976?

**MR. CARTWRIGHT:** Yes, there is no block structure in the rates, correct.

**MR. LYON:** Let's just stick from April 1, 1976 forward, so that the charge per KVA, demand charge per KVA is quoted now in your own rates at \$3.00 per kilowatt hour, right? That was up until the . . .

**MR. CARTWRIGHT:** Excuse me, \$3.00 per KVA.

**MR. LYON:** Three dollars per KVA. And it's now, you say, \$3.75 per KVA?

**MR. CARTWRIGHT:** That's correct.

**MR. LYON:** When was it that the 80 percent factor was increased from 75 to 80 percent?

**MR. CARTWRIGHT:** April 1 of 1976.

**MR. LYON:** Prior to April 1, 1976, it had been at the 75 percent level for how long?

**MR. CARTWRIGHT:** In some rate forms, it hadn't been in that form at all, in some rate forms it had been 100 percent. In other rate forms, it had no percentage at all. We had three or four different rate forms.

**MR. LYON:** Because of the . . .

**MR. CARTWRIGHT:** Right, so we combined them all into one and when they were combined, 75 was established.

**MR. LYON:** What was the charge per KVA, and I appreciate you may not have the answer with you, on a compounded basis, what would the charge or the rate increase be from \$2.00 to \$3.75. It's 75 percent flat, on a compounded basis what would it be?

**MR. CARTWRIGHT:** I don't have that answer for you.

**MR. LYON:** Could you get that for us?

**MR. CARTWRIGHT:** For what years or what period?

**MR. LYON:** Just from the time when it was \$2.00 per KVA, the demand charge, up to the present time when it is \$3.75.

**MR. CARTWRIGHT:** Factoring out the kilowatt hour per KVA would be very difficult.

**MR. LYON:** I'm just talking about percentile.

**MR. CARTWRIGHT:** But I can't get the demand portion out of the hundred kilowatt or per KVA of billing demand.

**MR. LYON:** I see.

**MR. CARTWRIGHT:** I'm not trying to avoid it, I can't get it because of the two different rate structures. I can between this year and last year, because the rate forms are the same.

**MR. LYON:** Between \$3.00 and \$3.75, right. I see, okay. Now, you were saying that prior to the demand charge being implemented in its present form on April 1, 1976, that you felt or the utility felt

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that there was a degree of discrimination in the way in which community structures, curling rinks, community clubs and so on were treated? Discrimination, that is, as against other consumers of hydro in Manitoba?

**MR. CARTWRIGHT:** Yes.

**MR. LYON:** Would you care to amplify on that?

**MR. CARTWRIGHT:** The policy of Manitoba Hydro was to eliminate end use as a criteria for rates and recreational facilities being an end use, if you like, was not recognized any longer in rate making.

**MR. LYON:** Although it had been the policy of Hydro, I take it, prior to that time, to make sure, or to so structure its rate schedules that community facilities would receive a more favourable rate than otherwise is the case at the present time?

**MR. CARTWRIGHT:** There was a preferential rate given to those establishments outside the City of Winnipeg. The same preferential treatment was not given to community clubs or curling rinks inside of the City of Winnipeg that Manitoba Hydro served. It wasn't a common policy.

**MR. LYON:** What about, and I know that you can't speak for City Hydro, but do you know what the policy was in City Hydro?

**MR. CARTWRIGHT:** I can't speak for them. I think I would like them to speak for themselves. I can say it was my understanding that they didn't have a preferential rate, but I would have to verify that.

**MR. LYON:** I see. Now the charts that you showed us, Mr. Chairman, to Mr. Cartwright, the third chart purported to give a breakdown of hydro charges to certain unnamed facilities and to indicate that the hydro charges by and large were in consonance with operating charges.

**MR. CARTWRIGHT:** That's correct.

**MR. LYON:** The hydro rate increases.

**MR. CARTWRIGHT:** The ones that we reviewed, yes.

**MR. LYON:** Could you tell us how those figures were obtained, that is, did you have access to the full budgets, operating budgets?

**MR. CARTWRIGHT:** Yes, we contacted those that we had communications with and they were kind enough to submit their operating budgets to us.

**MR. LYON:** Not that we question the deductions that you made from those budgets, but could the Committee have these figures made available to them?

**MR. CARTWRIGHT:** That's at the discretion of the Chairman.

**MR. CHAIRMAN:** I'm sure that if there are any figures that you would care to have made available to the Committee, we shall distribute them.

**MR. CARTWRIGHT:** Does that mean identifying these particular associations?

**MR. CHAIRMAN:** Well, that is a matter I don't know. What is the procedure, Mr. Premier?

**MR. SCHREYER:** Well, I think, Mr. Chairman, that a common-sense approach here would be to provide the information and to provide it on the basis of actual samples but without identification of the customer. So that would be, I think, a logical way of providing both information, specific information, without revealing the identity of customers.

**MR. CHAIRMAN:** Is that agreeable to the members of the committee, that information would be provided as specific examples without directly identifying the particular community or recreation centre?

**MR. LYON:** On that point, Mr. Chairman, presuming that these are all, as I presume they are, non-profit community operations, could we go the step further and request that Manitoba Hydro endeavour to obtain the approval from the groups in question who are used as samples so that these samples could be put before us because this of course is a pressing matter and obviously they must have written to Hydro to complain about the rates in order to have generated that kind of statistical summary that was placed before us this morning?

**MR. BATEMAN:** Well, I think, Mr. Chairman, that would be in keeping with Manitoba Hydro's policy, that we would first of all obtain the approval of the customer as to the public release of the billing information, and to the extent that there is agreement from those customers, we will be quite prepared to make that budgetary information available to this committee. And I take it, Mr. Lyon, you would like to have the budgetary information from which this chart that we now have on the screen here would show the total costs and the percentage . . . .

**MR. LYON:** Yes, if we could have that, that would be helpful.

**MR. BATEMAN:** Right.

**MR. LYON:** This policy, Mr. Chairman, about which Mr. Cartwright was speaking, the alleged discrimination toward other hydro users, was this the policy that was determined by the Manitoba Hydro board or was this a policy that was determined by the board in conjunction with the government, or how did it come about?

**MR. BATEMAN:** Mr. Chairman, I think that that is taking us all back to days when the boards were different but it also has to recognize the fact that there were a number of organizations that made up

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our present Manitoba Hydro, and don't forget that the Manitoba Power Commission which was the agency of the Crown distributing power in rural Manitoba was absorbing a large number of small centres of distribution into the total integrated grid and in doing so absorbed a large number of different rates. I think in 1968 when we made our first general rate increase and presented that to the Public Utilities Board for review, we had several thousand rates in effect in the province and as each rate increase has been implemented, we have tended to consolidate and integrate the rates until we now have just these few that are before you. So it's very difficult to say whether it was a Board policy or an inherited policy or a policy that was negotiated between the Power Commission and some of its customers but certainly the rates now are presented to the Board each year in a very formal presentation and Mr. Cartwright appears on some occasions for great periods of time just discussing these very things that we're talking about today.

**MR. LYON:** Well, just to clarify the question, Mr. Chairman. I'm talking about the determination about which Mr. Cartwright spoke earlier to end the special or preferential rates as at April 1, 1976, I take it it was, with respect to community facilities. Was that a Board decision, a Board decision in conjunction with the government or how did it come about?

**MR. BATEMAN:** The approval of the rates was a Board decision.

**MR. LYON:** A Board decision. I suppose it's a fact that would not be argued by too many that we do have preferential rates in many parts of Manitoba today with respect to outlying communities and so on which are subsidized generally out of the total revenues that Manitoba Hydro receives from all of its customers.

**MR. BATEMAN:** That is a fact of life, yes.

**MR. LYON:** In other words, to put a diesel generator into a remote northern community as was done in the 1960s and on again into the '70s presents a considerable preferential treatment of that community because the costs that the consumers bear, bears really no relation to the cost of providing the power in that particular community?

**MR. BATEMAN:** With the exception, Mr. Lyon, that we charge any government agency, federal or provincial, full cost of power in those communities.

**MR. LYON:** But not the private consumer.

**MR. BATEMAN:** But the standard customer, we limit his use to a 15 amp service on a 230 volt which gives him all he needs for normal electrical use but not electric heating although there are obviously some uses of plug-in heaters in those communities as well.

**MR. LYON:** Well, the point being, Mr. Chairman, that regardless of the ideal as expressed by Mr. Cartwright, the whole rate setting structure for Manitoba Hydro is based to some considerable extent upon preferential treatment of certain customers, be they remote customers, be they industrial customers, be they agricultural customers, in the interests of providing equality of access to Manitoba Hydro at more or less equivalent rates throughout the province.

**MR. BATEMAN:** That is correct.

**MR. LYON:** Then why would community buildings be selected out of this group and put on a user-pay basis?

**MR. BATEMAN:** They are not selected out of this group, they're in the group. The point is that if you had a community club in the north, you would pay exactly the same rate as you're paying in the south. They're not selected out of the group for special treatment; they're treated the same as the group.

**MR. LYON:** Yes, but except, Mr. Chairman, prior to April 1, 1976 there was preferential treatment given to them and Mr. Cartwright has said today that that was regarded as being discriminatory and that has been put to an end.

**MR. BATEMAN:** I think Mr. Cartwright said that our view is that we do not want to discriminate against classes of customer, but if there was a rate previously that provided this discrimination, the Board's policy is definitely now to remove the discrimination.

**MR. LYON:** With respect to this one category . . .

**MR. In BATEMAN:** categories. We respect to all now charge any city of secondary size to Winnipeg the same rate regardless of whether it's Brandon or Thompson, they're charged exactly the same rate. Size of towns like Dauphin and Boissevain and so on that are in the same general category are charged exactly the same rate, and if you are a power customer on this demand billing, it doesn't matter where you are in the province, you are charged exactly the same.

**MR. LYON:** Mr. Chairman, Mr. Cartwright was saying that he felt that this was a matter of social responsibility that was better handled by some other jurisdiction or some other level of government. By that, could I ask, Mr. Chairman, either the Chairman or Mr. Cartwright, is he suggesting that a program of direct subsidies by the Provincial Government of Manitoba would be superior to the rate system that was used prior to April 1, 1976 with respect to community buildings?

**MR. BATEMAN:** Well, Mr. Chairman, we are not in the business of creating community clubs. The community clubs were created by a desire on the part of the community to have a facility and in a great number of cases these were aided by various branches of government. Now, I think Mr.

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Cartwright is just saying that we don't think any subsidy to a recreational facility or a church or any other special-use body should have that subsidy built into the electricity rates. Our social function is not to be confused with other branches of government. I think that's exactly what Mr. Cartwright is saying.

**MR. LYON:** Those are all the questions for the moment, Mr. Chairman, from me.

**MR. CHAIRMAN:** Mr. Craik on the same points.

**MR. CRAIK:** Yes, basically, Mr. Chairman, . . .

**MR. CHAIRMAN:** One thing I would like to still point out, I have had Mr. Johannson on the list on the particular points that the Premier had raised last meeting and he wished to ask questions. I'm going to ask Mr. Johannson if he would like to go back. We've been dealing with various people at various stages.

Mr. Lyon I know you're going to object but the fact is you have asked questions of clarification of a person that was appearing before us at a particular time on questions that have been referred to by Mr. Bateman and questions that have been posed by the Premier. Now I'm asking Mr. Johannson whether he had questions on this particular point or not. Mr. Premier.

**MR. LYON:** Mr. Chairman, I had my hand up for a point of order first and I think you'll find that the Premier and I are going to agree. Maybe if he would listen, Mr. Chairman, he would find that . . .

**MR. CHAIRMAN:** Mr. Lyon, would you proceed with your point of order.

**MR. LYON:** Thank you, I will. My point of order, Mr. Chairman is that you of your volition chose to put Mr. Bateman, Mr. Cartwright, first up on the stand this morning to answer certain questions that were posed at the last meeting of the committee. That was not the choice of the committee, that was your choice, nobody argued with it. All the First Minister is saying, all that I am saying and I think it's fundamentally reasonable if we're going to have any order in this debate, is that we try to conclude as much as possible a line of questioning with respect to this particular topic that you selected and put on first thing this morning.

**MR. CHAIRMAN:** That is true, Mr. Lyon.

**MR. LYON:** All I'm suggesting is that if Mr. Craik, if the First Minister, anybody else has questions relating to demand metering, why in the name of commonsense don't we hear it rather than reverting back like a ping-pong . . .

**MR. CHAIRMAN:** Mr. Lyon, thank you for your point of order.

**MR. LYON:** No, I have not finished, Mr. Chairman. Why do we not finish rather than revert around like a ping-pong ball as you apparently . . .

**MR. CHAIRMAN:** Well, Mr. . . .

**MR. LYON:** Would you just wait until I've finished Mr. Chairman? I'm still on the point of order.

**MR. CHAIRMAN:** Proceed.

**MR. LYON:** I would without the interruption from the Chair. Why can we not finish the one line of questioning. I have no more questions at the present time. I'm sure the First Minister and others may have. It would seem to me to be eminently reasonable that we do that and that's all I think the First Minister was suggesting to you; that's all I've been suggesting to you. If we could follow that course I think you, Sir, would be in far less trouble.

**MR. CHAIRMAN:** Mr. Lyon, thank you very much for your point of order. The fact is I am trying to maintain the same kind of procedure. I'm just asking Mr. Johannson if he had questions. He's been on the list . . .

**MR. LYON:** We are on demand metering, Mr. Chairman.

**MR. CHAIRMAN:** Yes, he has been on the list right after the questions had been first raised, Mr. Lyon.

**MR. LYON:** Is he a mind reader?

**MR. CHAIRMAN:** Mr. Lyon, I would just like to point out to you on your point of order and if you will keep your cool, I am asking Mr. Johannson, he has been on the list, if he wants to ask questions on this particular point on demand reading. Now, if it is clear in your mind, I just ask Mr. Johannson if he wishes to ask questions, if he does not, I am going to proceed to Mr. Craik. Mr. Craik. Mr. Johannson, you have no questions on this matter? . Thank you. And I wish, Mr. Lyon, if you were patient, you would have got to that point. Mr. Craik.

**MR. LYON:** We got to it before you did, Mr. Chairman.

**MR. CHAIRMAN:** Oh, I got to it long before you did.

**MR. LYON:** You're not very fast.

**MR. CHAIRMAN:** Mr. Craik.

**MR. CRAIK:** Mr. Chairman, on the demand metering on the curves you are showing on the demand for these recreational centres, I presume most of them are recreational centres that involve ice-making, curling rinks and skating rinks and so on. They appeared to be quite flat right across from the end of September right through until the end of February somewhere in there. The ice-making period and the heavy demand period then is for the making of the ice in October, this is the reason it goes up, it's not a period normally when Hydro does have problems with peak demand

which occurs later in the season, is that right?

**MR. CARTWRIGHT:** That's correct. October is not one of our winter months. Correct.

**MR. CRAIK:** In fact the colder it gets in January the less demand there is from the point of view of the ice machine anyway. What keeps it up in that period?

**MR. CARTWRIGHT:** Well, with an ice-making machine with 125 horsepower motor, when it's called on to operate it operates and I don't know of any of these motors that have a variable horsepower control on them, it isn't a modulating type so it's either on or off and the problem is that if it's called to come on in the winter months, it comes on full. It may only operate for a very short period of time compared to what it might operate say in July. In July it obviously probably operates all of the time. So it's the amount of capacity that it draws really that is the deciding factor.

**MR. CRAIK:** Well, are the machines actually used in the real cold period of the winter?

**MR. CARTWRIGHT:** Yes, I understand so. The people coming into the arena will cause the sensing device to bring on the plant and then particularly with ice rinks when they wash the rinks with 160 degree water the ice plant will come on immediately and that's the problem with say having the hot water on at the same time as the ice plant comes on.

**MR. CRAIK:** Do you know what portion of the demand is the ice machine and what portion is the lights when you get into that heavy period of winter?

**MR. CARTWRIGHT:** We haven't done a complete analysis on what the demand portion would be for each of those loads. You may recall the example I showed you there, showed the connected loads, and if you added up the connected loads they would be more than the 204 KVA so all of the load obviously is not on all of the time but we don't know what portion. But we can certainly assume, for example, if the ice-making plant comes on the 126 horsepower capacity would be on at that time. Now what other things would be on at the same time, we haven't done any analysis of that. But we have found in some cases, the hot water tanks for example, with 4,500 watt elements top and bottom, they sometimes have these connected in series so everything comes on at the same time and we're suggesting that they would put on a flip-flop like you have at home so that if you have the top element on, the bottom element doesn't come on at the same time. So there's 4.5 kilowatts right there that could be saved.

**MR. CRAIK:** In the total picture of hydro demand, how significant is the demand totally of these recreational centres? I presume that it's almost negligible in terms of your total demand that might be put on your system.

**MR. CARTWRIGHT:** In total, any one customer probably except the very very large ones would be a low percentage but the group as a whole are fairly large. They're fairly large. You know we're talking here anywhere from 100 to 300 KVA which is a fairly large customer.

**MR. CRAIK:** If you took some 600-odd recreational centres, curling rinks and others that you mention and in your statistics here added them all together, would they represent one percent of hydro's load in January?

**MR. CARTWRIGHT:** I have no figures to establish that or not. I might mention here the significance of demand metering. In 1969-70, the Public Utilities Board and Ebasco Services recommended that we go down to 5 kilowatt on farms and the reason for that is that they felt that the customer is more fairly assessed for his capacity and the operating costs on the basis of demand metering. We have not accepted the fact that we should go down to 5 kilowatt. Many utilities start at zero, have a demand meter for all non-residential customers. Is it not the regular household demand picture on a given day in January or whenever it is you hit your peak load, that gives you that peak that requires you to build your facility to protect your ability to supply that demand? Isn't the pattern of demand in the regular household, the average citizen, be it suppertime, January 15th, or whenever it is, isn't that much more an irregular pattern than the demand that's put on by something like a recreational facility which would tend to be flatter?

**MR. CARTWRIGHT:** Well, not necessarily. If I had my personal preference, I would prefer to have a demand meter on my house and be billed on that rate because then I wouldn't be subsidizing in the same way, my next door neighbour because if we both rent a car and he drives it on Sunday and I drive it all week, then I don't think I should pay for the car when he is not using it. So that's where it would be fairer.

**MR. CRAIK:** Well, if you did that you are going back to the days when you had meter-misers and other things in the house so you couldn't turn on your range at the same time you turned on the heater on your hot water heater which takes you back to the point where you had to have meter-misers because there wasn't enough capacity to carry the load in the house. But now you're saying that if you had your own preference, you'd do it again but because of the impact on the system not because your house wiring wouldn't carry it.

**MR. CARTWRIGHT:** No, not just the system but because I could regulate or govern my own individual bill by doing that.

**MR. CRAIK:** But you did effectively have this forced on many households at one time simply because the house wirings wouldn't carry it.



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**MR. CARTWRIGHT:** Yes. That was compulsory. This way, it's not compulsory. It's voluntary on behalf of the customer.

**MR. CRAIK:** You still end up with the same sort of constraints on the operation of your household facilities.

**MR. CARTWRIGHT:** We would like the customers to assist us in this regard.

**MR. CRAIK:** Back on this other question with regard to these peaks that you are trying to control. You say that the pattern of consumption in a curling rink is not necessarily different than that of the demand of a normal household?

**MR. CARTWRIGHT:** We are talking daily, monthly, annual load factors? Is this what we are talking about?

**MR. CRAIK:** Well, what is the problem? Is it the daily or is it the monthly? What is the problem Hydro is trying to get at in using demand metering?

**MR. CARTWRIGHT:** Annual is one, yes, annual load factor, as well as . . . I think the three are important, at least the two are important, the daily one and the annual one.

**MR. CRAIK:** On the daily one then, if you use that as the smallest yardstick, is the household more irregular than the curling rink or is the curling rink, does it tend to be flat on the daily basis?

**MR. CARTWRIGHT:** I would have to see some skip charts on that before I could comment.

**MR. CRAIK:** How easy is it going to be, whether it's a household or a curling rink, to actually, by applying this sort of a metering system, how easy and what is the likelihood of having people change their patterns of living and patterns that they follow whether it's making ice or having supper at six o'clock?

**MR. CARTWRIGHT:** That is up to the individual, of course. All we can provide for them is the means to do this.

**MR. CRAIK:** Well unless Hydro has made some advance judgment on this, then the net results . . . If you don't have some sort of conviction that this metering system is going to change the patterns of the use of electricity, then really what it is going to do is just change the revenue picture. You know that it is going to change your revenue picture. But at this point the question is, do you have some sort of strong feeling that the pattern of utilization is going to change?

**MR. CARTWRIGHT:** We would hope so, yes. We would hope they would control their demands within their reasonable requirements, and so reduce that to the optimum level for each customer.

**MR. CRAIK:** By putting in special equipment, flipflops and other things . . .

**MR. CARTWRIGHT:** Yes. Customers that have had this since Day One are very familiar with this and some go to some very sophisticated controlling equipment to do it. You can do it manually but when you rely on people to do it, sometimes it isn't too reliable. You can go from very crude methods of control to very very sophisticated methods of control.

**MR. CRAIK:** Are you embarking on a program through this to try and reduce the total energy consumption in a year, on a yearly basis?

**MR. CARTWRIGHT:** You mentioned energy consumption versus demand?

**MR. CRAIK:** Total electrical energy consumption.

**MR. CARTWRIGHT:** We're trying to make them recognize that the capacity component is very important to us.

**MR. CRAIK:** In some of your meetings that you've been holding with recreation groups, in addition to advising them on the type of lighting fixtures and so on, is there any thought of incentive programs to get them to put in different types of lights, sodium lamps, mercury arcs and this sort of thing?

**MR. CARTWRIGHT:** We are not in the consulting business but anytime we are asked to provide assistance where they can't get it elsewhere, we're very pleased to go along and make whatever recommendations we can. And we do have a case where one of the community centres came to us about their lighting and we so advised them to put in metal arc where they had incandescent before. This substantially reduced the number of fixtures and substantially reduced both their demand and consumption. We'd be prepared to do that where other consultants are not available.

**MR. CRAIK:** That's all I have, Mr. Chairman.

**MR. CHAIRMAN:** Mr. Premier.

**MR. SCHREYER:** Mr. Chairman, still on the general question of rates and demand metering. I would like to ask the Chairman, just as a general rule of thumb, if one of the major factors in there having different rates and the like, is because of the historical fact that some few decades ago there were perhaps one to two dozen local municipal distribution utilities and that as they were bought out, consolidated within Power Commission or Hydro, that each had their own peculiar categories and levels of rates and that gradually this has been consolidated?

**MR. BATEMAN:** Yes, basically that is correct, Mr. Premier. You will find the same situation today across Canada, that there are a great number of different rates. There seems to be because of the new incremental cost of new capacity affecting everybody the same way, there is a tendency toward

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providing for this demand charge in the form of a service charge and then an energy charge after that. And we are gradually working toward that. We will eventually have our rates, I hope, on the basis of the cost of service to a customer and the energy he uses will be at a rate that will be comparable pretty well throughout the province.

**MR. SCHREYER:** But more specifically, I can recall years back that the Town of Selkirk had its own distribution arrangement.

**MR. BATEMAN:** That's right.

**MR. SCHREYER:** The Town of Beausejour had its own. I rather suspect, although I don't know specifically, that there must have been in the order of one to two dozen such arrangements and that each one of them had somewhat different categories and levels of rates. That is point one.

Point two, if I may ask, again I am not so much interested now in a precise quantification but would it be correct to say that there were several dozens of different rates because of different communities and different categories and that gradually and slowly but steadily the number of rate categories has been diminished? Could you give us a rough conceptual estimate as to how many rates there were at the extreme high and how many there are today?

**MR. BATEMAN:** Well, only speaking from memory, I don't know whether Mr. Cartwright has a better memory than I on the number of rates but it was in excess of a thousand and you might tell us how many we have today.

**MR. CARTWRIGHT:** We have approximately 46 rate tariffs today.

**MR. SCHREYER:** Would you give us an estimate as to its historic peak?

**MR. CARTWRIGHT:** I don't have figures readily available for that. Last year it was about 75 and the year before that it was in the order of 130.

**MR. SCHREYER:** Would it be far-fetched to suggest that some several years back it could have been as high as 200?

**MR. CARTWRIGHT:** It was certainly in excess of 130 because one of the comments made by the Public Utility Board in 1970 was the fact that we had done our best at that particular point in time in trying to reduce the number of rate categories and combine them into more practical groups.

**MR. BATEMAN:** I think, Mr. Chairman, to try and get that information we could perhaps review the transcript of the Public Utility Board hearing if it is important to you, Mr. Premier, to have that figure but I think we came out of the Public Utility Board with the submission we made with some 300-and-some-odd rates but I think we went into it before making that rate increase, I was under the impression that it was in excess of 1,000 rates. We could check that.

**MR. SCHREYER:** I am not sure, Mr. Chairman, that it is important enough to get detailed and painstaking precision but it would be useful to get an overall perspective, to get an approximation of the movement of consolidation of rates and where it stands at the moment.

My next question, Mr. Chairman, is to ask whether there is any comparison or relationship at all to be drawn between rate treatment, rate consolidation and treatment, as between communities and the problem of geography on the one hand and categories of users on the other? What I am actually getting at is whether it is in fact misleading or whether it is somehow clarifying to suggest that there is some relationship between consolidating rates according to category of user and somehow relating that to consolidation of rates based on geography and based on communities.

**MR. BATEMAN:** Perhaps Mr. Cartwright could answer that also, Mr. Chairman.

**MR. CARTWRIGHT:** We have two general groups now, residential and non-residential, and in the non-residential we have what we call the small capacity user, up to 55 kva, and in that group we have a rate for Winnipeg, another rate for cities, and another rate for those outside of cities. There are three groups that are being brought closer together all the time, closer together in respect to what their total bill would be for the same consumption.

With regard to residential, we have a Winnipeg rate, again a cities rate, we have a towns rate and we have a rural rate for those that are served off the rural distribution lines and those rates are being brought closer together again, closer together in respect to the bill for the same consumption.

Apart from that we have a farm rate that is in three categories, small farm, medium-size farm, and large farms.

Another rate that we have is for all those customers except residential that are over 55 kva. No matter where they are in Manitoba that rate is the same, the bill is the same for the same capacity and consumption characteristics.

**MR. SCHREYER:** Mr. Chairman, I will be even more specific. I should think that one of the policies that has been a fundamental one with Manitoba Hydro over many years, I would think certainly since the inception of rural electrification and a policy which I would endorse whole-heartedly, has been to not attempt to determine the amount of cross-subsidization as between one community and the next and that we have proceeded with a general level of rates that would be equal as — well, there are some exceptions unfortunately but those are being consolidated — rates that would be equal as between a community of a given size somewhere in eastern Manitoba and a community of the same size somewhere in western, southwestern, northwestern Manitoba, regardless of the fact that if you did a

detailed calculation, the cost of transmitting the power might be somewhat different as between one community and the next. So that kind of differentiation in rates has been — I guess the word is "ignored." There has been an implied cross-subsidization as between communities of approximately equal size or within categories that connote equal size but once you leave the notion of communities and deal with categories of user, then I would think that the policy that is being attempted to be pursued is one of the elimination of hidden subsidies. Is that the idea?

**MR. CARTWRIGHT:** That is the correct answer, yes.

**MR. SCHREYER:** That being the case, I would like to know if, since we have agreed to certain material being put in the appendices of the transcript, certain charts, whether it would be a manageable task and I think it is important — Manitoba Hydro should not be expected to be operating in simplistic isolation from the forces of the general economy of the country and indeed of the continent — whether you can obtain, based on the samples you used, four or five samples, whether you can obtain data in chart form which would indicate whether our community facilities based on scales of operation such as you have would be approximately comparable with community facilities of the same kind in neighbouring provinces, I would think at least from the Lakehead to the Rockies, to see whether or not there is something undue here. Are you optimistic, Mr. Cartwright, that this can be obtained manageably?

**MR. CARTWRIGHT:** We'd be prepared to contact our sister utilities to see if that information is available. We do know that in many of the utilities, they do not have a special rate for non-profit organizations, and those that have them, in some cases are being instructed to eventually eliminate them. We know in our sister province of Saskatchewan, the utility itself does not have a rate for recreational facilities, but the Province of Saskatchewan does have an energy grant system that they administer.

**MR. SCHREYER:** Well, Mr. Chairman, I would be more interested in obtaining a somewhat broader basis of information, if we are to do this, I'm suggesting from the Lakehead to the Rockies, to see whether there is anything undue.

**MR. CHAIRMAN:** Mr. Bateman.

**MR. BATEMAN:** Could we clarify that, Mr. Premier, to the extent that these facilities are on the standard power demand billing rate. Could we compare the rate they would pay if they were on that rate, with what they are paying in Manitoba, and then we would have the . . . Now if there was any subsidy toward that, then we would try and find that out as well.

**MR. SCHREYER:** Perhaps it is too easily, sort of calculable in my mind' but I would think that given a recreational facility of X-type of service, KVA, XKVA and an energy of consumption of given amounts that relate approximately to your samples, whether you just couldn't chart it in on that basis.

**MR. CARTWRIGHT:** Yes we could do that on that basis. We then wouldn't have to contact them for specific costs of clubs, shall we say, in Thunder Bay, but we could get the rate that is applicable and apply it on the common base of what we've used here.

**MR. SCHREYER:** Well that's all I'm suggesting. I would, however, ask if you can do it because even though some may disagree I do not, in saying that it is absolutely important to know where the treatment stands in the order of things elsewhere in the country and whether we are practising (and when I say we I mean Manitoba Hydro) practising something that is undue in the context of the world around us. That's all.

**MR. CARTWRIGHT:** That can be provided.

**MR. CHAIRMAN:** Okay ' is that agreed Mr. Cartwright. Mr. Bateman.

**MR. BATEMAN:** Well, Mr. Premier, if we could show you this, I think this would give you a picture of the power customers monthly bill comparisons. Now if one of these community clubs happens to be in that 30,000 kilowatt hour a month with 75 kilowatt demand category, there is the example of what they would pay in Winnipeg as compared to the other centres across the country. Now our Winnipeg rate is the same as the country rate, in this particular example, whereas the province of Quebec is the same throughout the province also in this rate but the other provinces may not be the same. In other words you might have a different rate in the country in Alberta than you do in the city. And looking at the larger demand type customer with 1,000 kilowatts of demand, the lower chart shows that where there is an average consumption of in the order of 400,000 kilowatt hours a month that Montreal is lower than Winnipeg but Winnipeg is still the second lowest in the country for that type of billing demand. We can verify these with the type of facility that you have asked for and see what the rate is in the country surrounding these major centres, as we have shown them here.

**MR. SCHREYER:** Mr. Chairman, if I may, these two charts are informative but it is my distinct impression that certainly not the second one and not even the first is really sized to any of the samples that Mr. Cartwright used this morning which really portrayed the actuality of the scale of operation of the community curling and skating rinks. You're talking not in the order of 30,000. What was the largest sample?

**MR. BATEMAN:** 69,000.

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**MR. SCHREYER:** I beg your pardon.

**MR. BATEMAN:** 69,000 to 70,000. The example Mr. Cartwright used this morning was 69,000, I believe, and it was in the same demand level, 75 to 100 KVA of demand, this is 75 kilowatts of demand but we'll work out similar information to those that were shown in the earlier charts by Mr. Cartwright. But we happened to have this one . . . And this you'll notice, Mr. Premier, the comparisons are the March 1977 bill comparisons. This includes the rates that we now have in effect. So that's up-to-date.

**MR. SCHREYER:** Mr. Chairman, if I may, back on the general question of rates. Could I ask for confirmation that with respect to a community that is on main-line transmission in northern Manitoba such as, oh let us say Snow Lake, Lynn Lake, that these communities which in a rough and ready way are roughly the same in size as say Neepawa, McCreary, that indeed the rate schedule is the same for all those communities.

**MR. CARTWRIGHT:** They are the same as a comparable community in any other part of the province.

**MR. SCHREYER:** And with respect, Mr. Chairman, to the isolated diesel communities that their rate is based on rural service rates with respect to private and household customers?

**MR. CARTWRIGHT:** Yes, with the restriction of the capacity limitation.

**MR. SCHREYER:** Understood. And finally, Mr. Chairman, could I ask for confirmation as to whether there was in fact always a dichotomy of rate treatment with respect to community curling and skating rinks as between those located in the area of service of Winnipeg Hydro and those in the area of service of Manitoba Hydro.

**MR. CARTWRIGHT:** In suburban Winnipeg they were treated differently than they were treated outside the City of Winnipeg — Manitoba Hydro.

**MR. SCHREYER:** Well that's why I am asking you the question because the impression was left that the dichotomy or differentiation in rate treatment of community skating and curling rinks was as between the area of service of Winnipeg Hydro and the area served by Manitoba Hydro. Now you're qualifying that, if I understand you, to say that really there were three rates then, three rate treatments. Not two but three.

**MR. CARTWRIGHT:** I'm not completely familiar with what Winnipeg Hydro did prior to the rate equalization in 1973.

**MR. SCHREYER:** Is there some way we could ascertain this?

**MR. BATEMAN:** We could ask Winnipeg Hydro and I'm sure they would be prepared to give us that information. We'll undertake to try and get that, Mr. Premier.

**MR. CHAIRMAN:** Fine' when that information is available we'll make it available to the members of the committee. Mr. Graham.

**MR. GRAHAM:** Thank you, Mr. Chairman. In the demand billing process we have a rate that is uniform at all hours of the day, is it? Or do we have a separate rate in off-peak hours?

**MR. CARTWRIGHT:** No, it's the same rate.

**MR. GRAHAM:** Mr. Chairman, is this consistent with other jurisdictions throughout Canada? Do they have special off-peak hour rates that are applicable, that we do not have?

**MR. BATEMAN:** Well I'm not aware of many off-peak rates. We have a few on our own system but Mr. Cartwright could perhaps give you his understanding of time-of-day metering across the country.

**MR. CARTWRIGHT:** As far as I know time-of-day rates are only available to very very large customers of other utilities, not of the size of customer that we are discussing here today.

**MR. GRAHAM:** There would not be . . . In the 75 KVA class there would be no special rates?

**MR. CARTWRIGHT:** Not to my knowledge.

**MR. BATEMAN:** One other point, Mr. Graham, where in looking at the total system on our maximum use days, the several days in the wintertime when we are at maximum use and our customers are using the maximum amount of electricity, our daily use factor, or what we call our load factor, in that day runs somewhere between 92 and 94 percent. So if we were to encourage off-peak metering or different time of day metering there isn't much room left to maneuver. You'd get a small amount of change made at a great investment and then you'd find the peak occurred at a different time of day than the time that it actually occurs. And they have done this in England. They recognized that they wanted to get a lot of this storage heat appliance use in, in fact some people actually have cooked their meals on a storage range. You use the energies, heat a whole bunch of rocks on storage energy in the night-time and then you draw from it in the daytime. Well all that they succeeded in doing in England was transferring the peak from the evening, between five and seven in the evening, to somewhere around four o'clock in the morning, and yet they still need the same capacity after having invested a very considerable number of dollars in time-of-day metering for their customers and imposing a special storage rate. Now they have since increased the rate for the storage energy more than they have for the normal time of day rate. So you see that you can go overboard on these things very easily.

**MR. GRAHAM:** Well, Mr. Chairman, the reason I asked the question, I think because of my

location in the province of Manitoba and having numerous constituents who do work in the potash industry in Saskatchewan, I believe it is my understanding there that they do operate on off-peak hours and during the peak hours of energy consumption that's when they shut down and do their maintenance.

**MR. BATEMAN:** Yes. They have a much different annual use factor than we do in Manitoba. Their's is much lower and there is more room on peak days to manoeuver, in Saskatchewan. They are encouraging some . . . But in the case of the potash mine certainly that is a big consumer relative to one of these recreational facilities we are talking about.

**MR. GRAHAM:** There is something else that was brought to my attention, Mr. Chairman. I believe you indicated that out of the 73 examples you showed here that roughly 50 percent benefited from the demand billing concept of charging for energy. I was just wondering if there has been any liaison between your department and the Department of Tourism and Recreation, which I understand is conducting seminars throughout the province on energy utilization, and I refer to one that was held a couple of weeks ago in Brandon. And according to the examples that they give there, eighty percent of the examples that they give show that there's a higher cost under the demand billing, which isn't consistent with the 50 percent figure that you gave here. Now I don't know whether they take examples of recreational facilities that exist within that area or not. This was held in the Westman regions, but the examples they gave there and I'll just use . . . They gave five examples and one I'll just quote you. Under demand billing, Chart No. 5, it would cost \$8,727.34 under demand billing and under the general service rate it would be \$5,104.72.

**MR. BATEMAN:** Well, just before Mr. Cartwright adds some comments on this about what we are doing, I wanted you to know that as well as attending these seminars we have had staff at a number of them, and Mr. Cartwright can give you the details, but we also have found that some of the people that we would like to see attend these energy management seminars, that are complaining about their bills, are in fact not at the seminars. And if there is any influence you can use upon your constituents to ensure that they attend and participate in the discussion as to how to manage the load that they have connected in their recreational facilities, we would find it useful from our point of view and certainly I am sure that the customer would find it useful from his point of view, because we are prepared to go to any area and conduct an educational program in wise load management.

**MR. GRAHAM:** Well, Mr. Chairman, I believe it was a Mr. Lawrence Baraniuk who attended that particular seminar but I would also like to say that it would not be my intention or would I hope to ever live in a society that forced people to attend meetings whether they wanted them there or not.

**MR. BATEMAN:** I wouldn't recommend that either, Mr. Graham.

**MR. LYON:** Following along the line of questioning that the First Minister was engaged in with respect to comparative rates. It would seem, Mr. Chairman, through you to Mr. Bateman or Mr. Cartwright, that the datum that is causing the concern in Manitoba is not the comparison between here and the Lakehead, or here and Saskatchewan, the datum is the bill that they have to pay today as compared to what they were paying in 1973. And I was wondering if we could, in the course of preparing these figures, and I ask first of all if it's possible realizing that there has been a change in the rate structure, can we not compare this on the basis of cost per kilowatt hour as between say 1974 and 1977. This is really getting to the root of the problem. It's all very well to indicate from samples and so on, that roughly 50 percent of the facilities are experiencing a smaller bill after you factor in certain other conditions, but what the basic datum we're looking for is why 78 communities through the Manitoba Parks and Recreation Association are on the doorstep of Manitoba Hydro and the government asking for some subsidy for these rates of energy that are, from their standpoint, running out of control.

I used the example last week of Wawanessa. I give you the example of the curling club in Boissevain this year with the figures that were given to me last fall. Their estimated hydro bill for this year alone \$7,800, which is a phenomenal increase over what it was only three to four years ago. And it's all very well to talk about demand charges being helpful to them, the only thing that they see is the bottom; the line only thing that they know is that they have X number of people in that community to pay for it. The only further thing they know is that if these charges keep escalating at the present rate they're going to have a facility which is necessary to keep that community socially cohesive, and it's desirable for the facility from the sports standpoint, from the recreational standpoint, the standship of fellowship, society and everything else, they are going to have a facility that is going to be costed beyond their capacity to pay for it because of the changes that are being made either in the rates or in the demand charges or whatever. So with respect, Mr. Chairman, I suggest that that is the kind of datum we are trying to get at in this committee.

**MR. BATEMAN:** Mr. Chairman, I would just like to just make reference to the information that Mr. Cartwright did give us. I think it showed that the electrical in use did not increase only because of the rates. There are other factors. They have increased their electrical consumption very significantly which somebody has to pay for.

**MR. LYON:** Quite so.

**MR. BATEMAN:** Also these communities, the cost of electricity isn't the only thing that has gone up as you saw from the information Mr. Cartwright gave you and which I could put on the screen again. The cost of the electric bill to the total cost has actually declined in some of these cases as a percent of total operating costs and we could perhaps show that slide again just to bring that into focus. The electric utility bill has in some cases gone from, as the first line indicates, 11.2 percent down to 9.6 percent. So you know you can't lay this all at the doorstep of the demand billing or the electric utility rates. It is a symptom of the society we are living in. Costs are going up in all things we have to deal with. They affect us just the same as they affect some of these community clubs.

And here we have . . . yes, the days of voluntary labour for example in some of these community clubs is a thing of the past. The community club that I live near is asking for another capital fund drive to add a lot more facilities which will increase the operating costs. I mean you have got to start thinking about the increase in operating costs when you add these new facilities. I think this quite well demonstrates the fact that it is not only the electricity that is going up. It is actually going down relative to the other costs as you can see from this chart, not in all cases but in a good number of them.

**MR. LYON:** Mr. Chairman, I thank the chairman for his comment but I think that the point that we are missing in this discussion is the fact that the vast majority of the people of Manitoba up until 1973 and 1974 accepted the fact that Manitoba Hydro was the lowest cost factor that they could have in the operation of these facilities. It is no longer that lower cost, and the question is being asked and will continue to be asked in this committee, why? And I think that that is the point that we are getting at fundamentally. So I welcome the chairman's remarks, I appreciate the comparisons that he makes and so on, but the heritage of this province has been up until 1973-1974 cheap hydro electric energy. The people of Manitoba are saying this is no longer our heritage, what happened to it? And that is the point we are getting at.

**MR. SCHREYER:** If I could be allowed an equally lengthy preface, I would like to start by saying that at no time did I suggest that a full broad spectrum of all relevant base datum be brought forward. That indeed was the whole point of my question and when viewed in total perspective and not simplistic isolation, I am rather confident that all of the relevant data will show when viewed in total perspective, that the movement, the cost of energy in Manitoba, has been well in line with the movement of *per capita* income, disposable income, and in relation not only to that but in relation to the historical context within Manitoba alone, the cost of electrical energy in relation to disposable income is certainly not deteriorating.

And furthermore, in relation to other parts of the country, not to mention the continent and the world, the relative — since that is the word that has been used — the relative cost of energy here in all of its dynamics when compared to the dynamics elsewhere in the country is certainly not deteriorating but holding its own and indeed some have suggested it has improved by one tranche. So I mean I would like to express a whole lot of *obiter* as well.

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**MR. BATEMAN:** Mr. Chairman, if I could draw the Premier's attention to the chart I have on the board, you will see that it supports what you are saying quite properly. The average cost of power to the ultimate consumers in Manitoba in 1965 was 10.77 and 14.74 in 1975, for an increase of 1.37. Now the consumer price index for Winnipeg in that same time has gone up to 1.67. I think you will find that on the basis of the comparisons we have made in this chart of the economic indices that the average cost of power shows up the best of all those that we have compared. For instance, the industry price selling index for all manufacturing industries in Canada has gone up 1.78 and the wholesale index has gone up 1.96 and that is a pretty impeccable source, Statistics Canada.

**MR. LYON:** That is two years old though. Those figures are two rate increases behind us.

**MR. BATEMAN:** They are the latest information we have and I am sure, gentlemen, I appreciate the fact that we have had rate increases since then but we have had price increases since then as well and if we could get the up-to-date Statistics Canada information for last month even I am sure we would show equally as favourable a relationship.

**MR. SCHREYER:** I realize that the chart that has just been displayed is approximately eighteen months old, but it is I understand, the most recent Statistics Canada publication which poses a bit of a dilemma because it is the only statistical source that I imagine we could accept as authoritative. I am sure many gentlemen wouldn't accept any statistical base datum that I would bring forward and I can say without meaning to be offensive that I sure as hell wouldn't accept some of the statistical base datum that would be brought forward by some of my worthy opponents. So we have to continue to rely, even if there is an eighteen-month time lag, on Statistics Canada information.

**MR. BATEMAN:** I haven't got information from Statistics Canada up to date but I have got up-to-date information, Mr. Chairman, on the residential customer monthly bill comparisons for our service area relative to other similar service areas across the country and you will notice that as of March, 1977, in the 750-kilowatt-a-month category, we are marginally higher than Calgary with Montreal being the lowest and everyone else higher. And in the larger consumption like the electrically-heated home, 5,000 kilowatt hours per month, we are ahead of Calgary significantly and the only one that

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beats us is Montreal and these figures are as of March, 1977, current, up-to-date.

**MR. SCHREYER:** Would that Toronto figure, Mr. Chairman, include or exclude the 30 percent increase that was announced by Ontario Hydro to be effective 1977?

**MR. BATEMAN:** That includes, as I understand it, the 30 percent increase in Ontario Hydro's rates January 1st this year. It does not include the increases that they have currently asked for for next year.

**MR. SCHREYER:** Which is how much?

**MR. BATEMAN:** I think it is fifteen percent.

**MR. CHAIRMAN:** This would be an appropriate time to stop, Mr. Craik. I have your name, a list . . . Mr. Johannson, a point of order.

**MR. JOHANNSON:** A point of order. I know, Mr. Chairman, that they also serve who only stand and wait but I waited two-and-a-half hours today. Can I be assured that I will come up next time?

**MR. CHAIRMAN:** Yes.

**MR. JOHANNSON:** No, my questions will take too long.

**MR. CRAIK:** Mr. Chairman, the only deviation that took place in the whole discussion this morning, the deviation from the examination of demand metering was the last one which went back to the same information we saw last week, so Mr. Johannson appropriately should have been in order before that came on. But before we adjourn, Mr. Chairman, I wonder if I could just ask again the Hydro people whether they could provide again that information I asked for. Could they itemize the effect on the total demand, the peak demand, of the recreational church facilities, community facilities? Can they give some indication of what that total demand peak effect is going to be? And secondly, can they provide the total revenues in 1975 from recreational facilities that they are mentioning here, the 675, and compare it to what the total revenues will be in 1977?

**MR. CHAIRMAN:** We have reached the time of adjournment. I believe there have been a number of questions taken as notice and the information will be provided. You have a particular point, Mr. Lyon?

**MR. LYON:** Mr. Chairman, just to re-establish for the purposes of the next meeting, could we . . . ?

**MR. CHAIRMAN:** Yes, we have April 7th date.

**MR. LYON:** I was wondering if you could consult the committee about that before you unilaterally made a decision.

**MR. CHAIRMAN:** Well, I believe that the way matters have been done has been based . . . the committees have been established by the House Leader in consultation with the availability of the people, of the chairman of Manitoba Hydro, to be present at that particular time. It is the House Leader's job to ascertain as to the procedure when the committees are going to be sitting.

**MR. LYON:** Okay, so this committee with respect to Hydro will be sitting again on Thursday, April 7th, is it?

**MR. CHAIRMAN:** April 7th.

**MR. LYON:** At the same hour We will have the Hansard from this meeting some several days, hopefully, before that

**MR. CHAIRMAN:** Mr. Premier, . . .

**MR. SCHREYER:** Yes.

**MR. CHAIRMAN:** I indicated that I shall ask the Speaker to see if this can be possible. The transcripts were made available to you from the last meeting.

**MR. SCHREYER:** Yesterday.

**MR. CHAIRMAN:** I indicated earlier that I will ask the Speaker if that shall be possible. I cannot make any commitments on behalf of the Speaker.

Mr. Premier on a point of order.

**MR. LYON:** Mr. Chairman, with respect, on a point of order. I think it is not a question of "if it's possible," it is possible. And all I am suggesting is that this committee should agree that before it reconvenes again it will have the transcript of these hearings in order that we can carry on the examination and the cross-examination. Now that is not an "iffy" point, that is not an outrageous request, it is a continuation of something that has been done, with respect, for years, long before you, Sir, were Chairman of this committee. Manitoba Hydro used to take the transcripts and produce them in something less than a week so that they would be available. All I am suggesting is that we reassert that practice. The chairman nods his head, Mr. Chairman.

**MR. CHAIRMAN:** I am not arguing.

**MR. LYON:** The Chairman was not here when that practice was initiated.

**MR. CHAIRMAN:** I recall very well when the transcripts were made available from Manitoba Hydro.

**MR. SCHREYER:** Mr. Chairman, I indicated that it would seem to be possible to accommodate the request by agreeing to the 7th of April and if there is general agreement, we can set that date as being the time by which we meet again. The effort to have the transcript I think is one that we should make every effort to meet. Unfortunately Mr. Lyon raises a point which I can't let go unchallenged. I have to say that maybe you weren't here, Mr. Chairman, but I was for many years and I have just a little bit too

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good a memory to know the extent to which, the consistency with which, and the degree to which transcripts of committees of this House were kept so I don't want any nonsense. And I put it very well; it is absolute nonsense.

**MR. LYON:** In 1966, 1967, 1968, there were transcripts made available and Hydro had the staff here to do it. Mr. Bateman was here at the time, he can recollect it. It is a point of no particular concern to me at all but I don't wish to argue with the Premier who wasn't even in this House at that time.

**MR. SCHREYER:** No, but I was here for years before that. —(Interjections)—

**MR. CHAIRMAN:** I don't see the particular point of order. —(Interjection)— Order. Mr. Lyon, order please. I have indicated that I shall speak to the Speaker and see if that will be possible and I am sure that he will have those transcripts available. Mr. Johannson on a point of order.

**MR. JOHANNSON:** I was going to move adjournment, Mr. Chairman.

**MR. CHAIRMAN:** Thank you. Committee rise.