



**PUBLIC  
INTEREST  
LAW  
CENTRE**



**CENTRE  
JURIDIQUE  
DE  
L'INTÉRÊT  
PUBLIC**



**AN INDEPENDENT  
SERVICE OF  
LEGAL AID  
MANITOBA**



**L'AIDE JURIDIQUE  
DU MANITOBA**



**SUPPORTED BY  
LEGAL AID MANITOBA  
THE  
MANITOBA LAW  
FOUNDATION  
AND MEMBERS  
OF THE  
MANITOBA  
BAR  
ASSOCIATION**



**200 - 393 PORTAGE AVE  
WINNIPEG, MANITOBA  
R3B 3H6**

**TEL: 204.985.8540**

**FAX: 204.985.8544**



**E-MAIL: [centre@pilc.mb.ca](mailto:centre@pilc.mb.ca)**

Writer's direct line: (204) 985-8533

Email: [bwilliams@pilc.mb.ca](mailto:bwilliams@pilc.mb.ca)

February 5, 2015

The Public Utilities Board of Manitoba  
Attention: Mr. Darren Christle  
400 – 330 Portage Avenue  
Winnipeg, MB R3C 0C4

Dear Mr. Christle:

**Re: Manitoba Hydro 2015/16 and 2016/17 GRA  
Response to PUB request for more particulars on estimates**

**Introduction**

During the Pre-Hearing Conference on February 5, 2015, Panel Chair Duboff sought a breakdown of the line items set out in Attachment B to the Intervenor Application of CAC Manitoba and Winnipeg Harvest (the "Consumer Coalition") including insight into how its reasonableness might be evaluated. He noted that intervenors should expect the same scrutiny as the Corporation. Our client appreciates his sentiment.

Prior to the hearing this morning, our client also was asked by PUB staff to forward additional details regarding qualifications.

In response to Panel Chair Duboff's request, I have provide an overview of who does what among the advisors and experts. I have included a summary outlining the scope of each consultant's task, a breakdown into specific tasks, an explanation of how the estimate was evaluated for reasonableness, and a short outline of his or her expertise. We will provide curriculum vitae under separate cover later on Friday, February 6, 2015.

I note the proposed hourly rates of our external consultants includes two who seek rates above the PUB tariff. We invite comment and direction by the PUB. Given the rapid pace in which the hearing has unfolded, we would recommend that budgets be finalized following a determination of scope and approved hourly rates.

For the purposes of context, I also have attached an overview of the Bill of Costs submitted by CAC Manitoba in the past two Hydro general rate applications.

I apologize for not providing the breakdown or explanation in our initial filing.

### **The Coalition Advisors and Experts - Who does what?**

#### **Mr. Harper**

- prepare cross examination briefing on:
  - assessment of reasonableness of forecasts relating to export revenue, load, new capital cost and exchange rate
  - specific consideration of implication for rate setting of challenges to new pipeline load given recent developments in oil and gas industry
  - prudence and reasonableness of expenditures relating to O, M and A with consideration of staffing levels including post Conawapa
  - risk issues including drought implications in a low price export revenue environment and capital cost overruns
  - general consumer perspective on rate design issues including TOU, diesel, SEP (inverted rates if within scope)

#### **La Capra**

- with reference to Manitoba Hydro's Sustaining Capital Expenditure forecast including but not limited to the years 2014/15 through 2016/17, please explore the reasons driving the increase in capital project activity;
- with reference to Manitoba Hydro's Sustaining Capital Expenditure forecast including but not limited to the years 2014/15 through 2016/17, please review the Corporation's capital planning process and program selection criteria for consistency with good, modern practice

### **The Coalition Advisors and Experts - Who does what?**

#### **Mr. McCormick:**

- consider reliability of Manitoba Hydro Interest Rate forecast in light of current data and Manitoba Hydro's historical reliability in terms of interest rate forecasting
- consider implications for interest coverage ratio of forecast bias, if any, identified
- consider the implications for the long term forecast of interest rate forecasting bias, if any, identified

- if a bias in the long term forecast of interest rates is identified, consider options to provide the PUB with better advice for long term forecast and consider the implications for financial results
- consider the implications for the financial ratios of changes, if any, recommended by La Capra to the forecasts of sustainable capital expenditures for the test years
- if within budget limit, critically analyze the risks and opportunities presented by the current Hydro approach to debt management

**Dr. Lawrence Booth**

- taking into account the existing financial targets of Manitoba Hydro and its existing policy environment, what are appropriate considerations when seeking to understand the implications of its proposed capital expenditures on its access to affordable capital (ie market reaction as captured by the spread between Canadian and Provincial bonds, the analytic approach and advice of debt rating agencies etc)
- given Manitoba Hydro's existing corporate and policy structure, its existing financial targets and the projected results of its most recent IFF what are the implications for its reasonable access to affordable debt
- taking into account the evidence of Mr. McCormick relating to the reliability of interest rate forecasts in the current IFF, what are the implications, if any, for your previous conclusions regarding Manitoba Hydro's reasonable access to affordable debt

**Legal Advisor:** Byron Williams

**Scope of Work:**

- Develop initial case theory, retain experts, identify opportunities for collaboration and seek intervenor standing;<sup>1</sup>
- Oversight of information request process;
- Oversight of development of expert evidence (if any);
- Oversee preparation of community panels;
- Prepare Cross Examination memos;
- Prepare Direct Evidence;
- Attend hearing;
- Prepare Closing;

---

<sup>1</sup> High level review of core issues arising from past GRAs and the NFAT based upon past memos to file; in consultation with core experts, preliminary review of file to identify key issues and possible areas of expert evidence; brief clients on hearing scope and proposed intervention; identify and retain potential experts; meet with clients and all other identified intervenors regarding potential collaboration

**Estimate - Assuming 15 hearing days**

| <b>ACTIVITY</b><br>(hourly rate)  | <b>ESTIMATED HOURS</b> | <b>ESTIMATED COST</b><br>\$224/hr |
|---|------------------------|-----------------------------------|
| 1) Develop initial case theory, retain experts, identify opportunities for collaboration and seek intervenor standing | 20                     | \$4,480.00                        |
| 2) Oversight of information request process   | 12                     | \$2,688.00                        |
| 3) Oversight of development of expert evidence;   | 15                     | \$3,360.00                        |
| 4) Oversee preparation of witness panels including experts (not community panels)                                     | 15                     | \$3,360.00                        |
| 5) Prepare Cross Examination memos including review of information requests, filing and intervenor expert evidence    | 120                    | \$26,880.00                       |
| 6) Attend hearing <sup>2</sup>  | 97.5                   | \$21,840.00                       |
| 7) Prepare Closing  | <u>20.5</u>            | <u>\$4,592.00</u>                 |
| <b>TOTAL</b>  | <b>300</b>             | <b>\$67,200.00</b>                |

---

<sup>2</sup> 6.5 x 15 = 105 hours.

**Legal Advisor:** Byron Williams (continued)

**Estimate - Assuming 20 hearing days**

| <b>ACTIVITY</b><br>(hourly rate)  | <b>ESTIMATED HOURS</b> | <b>ESTIMATED COST</b><br>\$224/hr |
|---|------------------------|-----------------------------------|
| 1) Develop initial case theory, retain experts, identify opportunities for collaboration and seek intervenor standing | 20                     | 4,480.00                          |
| 2) Oversight of information request process   | 18                     | \$4,032.00                        |
| 3) Oversight of development of expert evidence;   | 24                     | \$5,376.00                        |
| 4) Oversee preparation of witness panels including experts (not community panels)                                     | 22                     | \$4,928.00                        |
| 5) Prepare Cross Examination memos including review of information requests, filing and intervenor expert evidence    | 156                    | \$34,944.00                       |
| 6) Attend hearing <sup>3</sup>  | 130                    | \$29,120.00                       |
| 7) Prepare Closing  | <u>30</u>              | <u>\$6,720.00</u>                 |
| <b>TOTAL</b>  | <b>400</b>             | <b>\$89,600.00</b>                |

**Test for Reasonableness**

PILC has reviewed its approved Bills of Costs in numerous hearings going back over a decade. With one exception, all bills have resulted in a rough formula of between 16 – 20 hours per hearing day.<sup>4</sup> Given novel issues related to sustainable capital and other challenging issues, the upper bound of the formula was adopted.

<sup>3</sup> 6.5 x 20 = 130 hours.

<sup>4</sup> The exception was the NFAT at around 21 hours. This does not mean that counsel works 16 hours in a hearing day. It means that if a hearing runs 20 days, counsel will tend to bill between 320 and 400 hours depending on the complexity of the regulatory process.

**Experience**

Mr. Williams has participated as lead counsel in every Hydro GRA, COSS and NFAT over the past decade.

**Legal Advisor:** Ms Meghan Menzies

**Scope of Work:**

- collaborate with MMF, the Coalition, the Manitoba Coalition of Food Banks and the MKO in the development of a consumer panel
- review relevant hearing material and prepare consumer friendly briefing
- identify and prepare witnesses
- attend hearing for consumer panel
- prepare closing submissions related to consumer panel
- selected research tasks in order to minimize costs associated with senior legal counsel and other witnesses (ie task 1 - assemble record on sustainable capital management dating back to 2007/08 and prepare briefing note, task 2 - assemble record on PUB Orders, Hydro Annual Reports on financial targets during capital expansion dating to 1988 and prepare briefing note, task 3 – assemble relevant record from recent GRA and NFAT on vulnerable consumers – other tasks to follow subject to budget cap)

| <b>ACTIVITY</b>   | <b>ESTIMATED HOURS</b> | <b>ESTIMATED COST</b> |
|---|------------------------|-----------------------|
| (hourly rate)   |                        | \$125.00              |
| Planning meetings with partners (2 or 3)                | 4                      | \$500.00              |
| Prepare consumer friendly briefing material with client | 4                      | \$500.00              |
| Identify and prepare witnesses                          | 12                     | \$1,500.00            |
| Attend hearing  | 3                      | \$375.00              |
| Prepare closing   | 1                      | \$125.00              |
| Selected research tasks                                 | 76                     | \$9,500.00            |
|   |                        |                       |
| <b>TOTAL</b>  | <b>100</b>             | <b>\$12,500.00</b>    |

**Test for Reasonableness**

The estimate for the ratepayers' panel is roughly one-third of the time spent by Ms Menzies in the NFAT on an analogous task. The research tasks are ones already

identified by experts or senior legal counsel as being relevant to witness preparation, cross examination and closing argument. Cost effective, relevant research for this hearing is undertaken in a manner that enhances Ms Menzies' understanding of core issues for future hearings in which she assumes conduct for parts of the file.

### **Expertise**

Ms Menzies worked extensively on the consumer panel during the NFAT and has undertaken a series of analogous research tasks during recent regulatory proceedings.

### **Regulatory Economist: Mr. Bill Harper**

#### **Scope of Work:**

- develop overall case theory with Mr. Williams
- prepare briefing for the Coalition and MKO
- assist in the identification of required additional expertise
- provide briefings to other experts as required
- prepare cross examination briefing on:
  - assessment of reasonableness of forecasts relating to export revenue, load, new capital cost and exchange rate
  - specific consideration of implication for rate setting of challenges to new pipeline load given recent developments in oil and gas industry
  - prudence and reasonableness of expenditures relating to O, M and A with consideration of staffing levels including post Conawapa (also cost effectiveness of DSM plan for 2014 and 2015)
  - risk issues including drought implications in a low price export revenue environment and capital cost overruns
  - general consumer perspective on rate design issues including TOU, diesel, SEP (inverted rates if within scope)
  - assist final argument

**Assuming no evidence is required**

| <b>ACTIVITY</b>  | <b>ESTIMATED HOURS</b> | <b>ESTIMATED COST</b> |
|--|------------------------|-----------------------|
| (hourly rate)  |                        | \$223/hr              |
| 1) Review Evidence, Issue Identification, Preparation of Initial IRs and Case Theory | 50                     | \$11,150.00           |
| 2) Second Round of IRs   | 45                     | \$10,035.00           |
| 4) Review Intervenor Evidence, Prepare IRs   | 20 <sup>5</sup>        | \$4,460.00            |
| 5) Cross-Examination Support   | 50                     | \$11,150.00           |
| 7) Final Argument Support  | <u>25</u>              | <u>\$5,575.00</u>     |
|  |                        |                       |
|  |                        |                       |
| <b>TOTAL</b>   | <b>190</b>             | <b>\$42,370.00</b>    |

**Regulatory Economist: Mr. Bill Harper, ECS (continued)**

**Assuming Evidence is Required**

| <b>ACTIVITY</b>  | <b>ESTIMATED HOURS</b> | <b>ESTIMATED COST</b> |
|--|------------------------|-----------------------|
| (hourly rate)  |                        | \$223/hr              |
| 1) Review Evidence, Issue Identification, Preparation of Initial IRs and Case Theory | 50                     | \$11,150              |
| 2) Second Round of IRs   | 45                     | \$10,035              |
| 3) Possible Evidence (Contingency)   | 80                     | \$17,840              |
| 4) Review Intervenor Evidence, Prepare IRs   | 20 <sup>(2)</sup>      | \$4,460               |
| 5) Cross-Examination Support   | 50                     | \$11,150              |
| 6) Witness Preparation and Appearance (Contingency)                                  | 20                     | \$4,460               |
| 7) Final Argument Support  | <u>25</u>              | <u>\$5,575</u>        |
| <b>TOTAL</b>   | <b>290</b>             | <b>\$64,670</b>       |

5 Based on 2 to 2 intervenors providing evidence



**Reasonableness of Expenditure:**

Cost efficiencies will be achieved by sharing Mr. Harper's work with the MKO. While working with PILC during a GRA or Cost of Service proceeding, Mr. Harper has never underestimated total hours incurred. The estimate of costs is lower than the total of 384 hours billed by ECS during the 2010/11 GRA. It is higher than the the 137.75 hours billed during the 2013/14 GRA. This is consistent with our expectation that this will be a more challenging hearing than 2013/14.

**Expertise:**

Mr. Harper has led consumer experts in every Hydro rate setting and COSS proceeding over the past decade. He has over 30 years experience in the design of rates and the regulation of electricity utilities. While employed by Ontario Hydro, he has testified as an expert witness on rates before the Ontario Energy Board from 1988 to 1995, and before the Ontario Environmental Assessment Board. He was responsible for the regulatory policy framework for Ontario municipal electric utilities and for the regulatory review of utility submissions from 1989 to 1995. Mr. Harper also coordinated the participation of Ontario Hydro (and its successor company Ontario Hydro Services Company) in major public reviews involving Committees of the Ontario Legislature, the Ontario Energy Board and the Macdonald Committee. Since joining ECS, Mr. Harper has provided consulting support for client interventions on energy issues before the Ontario Energy Board, Manitoba Public Utilities Board, Québec's Régie de l'énergie, British Columbia Utilities Commission and the Saskatchewan Rate Review Panel and CRTC.

**Finance (Interest Rate Forecasting and Debt Management): Mr. McCormick  
Scope of Work:**

- develop case theory relating to interest rate forecast, implications of interest rate forecasting for interest coverage ratio and risks and opportunities associated with debt management
- consider reliability of Manitoba Interest Rate forecast in light of current data and Manitoba Hydro's historical reliability in terms of interest rate forecasting and provide your opinion on whether there is a forecast bias
- consider implications for interest coverage ratio of forecast bias, if any, identified
- consider the implications for the long term forecast of interest rate forecasting bias, if any, identified
- if a bias in the long term forecast of interest rates is identified, please consider options to provide the PUB with a better option for long term forecast and consider the implications for financial results
- consider the implications for the financial ratios of changes, if any,

recommended by La Capra to the forecasts of sustainable capital expenditures for the test years

- critically analyze the risks and opportunities presented by the current Hydro approach to debt management

**Methodology:**

Mr. McCormick's time is more difficult to estimate given unique aspects which differentiate it from his prior evidence to this board. It also may be aimed at a moving target given recent surprising developments in the financial markets.

We chose 600 hours as a rough bound for Mr. McCormick's worst case estimate which is somewhat less than the total he incurred in the contentious 2010/11 Hydro GRA. This created an upper bound in the range of \$130,000. A lower bound of 285 hours was based on a figure which was a bit less than the hours incurred he incurred in the Centra General Rate Application.

To narrow that range, Mr. McCormick looked at two more scenarios. In one he estimated 356 hours. In the other, he estimated roughly 479 hours.<sup>6</sup> The figure of 417.5 hours is the mid point between the estimates. Given the complexity of his assignment and upon reflection, our client believes this is the most reliable estimate for Mr. McCormick's time.

---

<sup>6</sup> This estimate was 502 hours but we removed all time for closing argument with the assumption that Mr. Williams would write this portion of his argument.

**Finance:** Mr. John McCormick (continued)

**Mid-point of estimates**

| <b>ACTIVITY</b><br>(hourly rate)  | <b>ESTIMATED HOURS</b> | <b>ESTIMATED COST</b><br>\$223/hr |
|---|------------------------|-----------------------------------|
| 1) Review Evidence, Issue Identification, Research Recent Bank Forecasts, Prepare Irs, Develop initial models, and refine Case Theory | 120                    | \$26,760.00                       |
| 2) Review First Round Irs, revise analysis, update banking information and prepare Second Round of IRs                                | 90                     | \$20,070.00                       |
| 3) Evidence including interaction with Dr. Booth and La Capra (if necessary)  | 120                    | \$26,760.00                       |
| 4) Review Rebuttal, prepare additional memos  | 25                     | \$5,575.00                        |
| 5) Cross-Examination Support  | 20                     | \$4,460.00                        |
| 6) Review relevant hearing transcripts and prepare supplemental material  | 18.5                   | \$4,125.50                        |
| 7) Prepare power point, Witness Preparation and Appearance  | <u>24</u>              | <u>\$5,352.00</u>                 |
| <b>TOTAL</b>  | <b>417.5</b>           | <b>\$93,102.50</b>                |

**Reasonableness of Expenditure:**

Mr. McCormick's estimate is considerably below the 2010/11 Hydro GRA result. As recognized by other regulators, Mr. McCormick has successfully appeared in panels with experts such as Dr. Booth without material duplication (ie - The Alberta Generic Cost of Capital proceeding - Decision 2004-052 as well as ATCO Gas Decision 2003-72.)

**Expertise:**

Mr. McCormick's expertise in interest rate forecasting and debt management issues has been recognized by this panel on a number of occasions. He has provided finance related advice to both the BCUC and the AEUB. His academic and regulatory credentials are buttressed by his extensive and senior experience in the financial industry including significant placements of financing.

**Corporate Finance, The Behaviour of Regulated Utilities (Dr. Lawrence Booth)**

**Scope of Work:**

- taking into account the existing financial targets of Manitoba Hydro and its existing policy environment, what are appropriate considerations when seeking to understand the implications of its proposed capital expenditures on its access to affordable capital (ie market reaction as captured by the spread between Canadian and Provincial bonds, the analytic approach and advice of debt rating agencies etc)
- given Manitoba Hydro's existing corporate and policy structure, its existing financial targets and the projected results of its most recent IFF what are the implications for its reasonable access to affordable debt
- taking into account the evidence of Mr. McCormick relating to the reliability of interest rate forecasts in the current IFF, what are the implications, if any, for your previous conclusions regarding Manitoba Hydro's reasonable access to affordable debt

**Methodology for Estimate:**

While Dr. Booth has provided related evidence in jurisdictions such as Quebec, New Brunswick and Manitoba, the terms of his retainer here are different. We started with the approved bill of costs from a relatively analogous 2007 proceeding in New Brunswick which was in the range of \$26,000. We allowed for the passage of time and what was considered to be a more complex piece of evidence. Assuming 120 hours for the project, we applied Dr. Booth's preferred market rate which is in the range of \$335 to \$350 an hour to arrive at an estimate of \$40,000. In the event, the Board sets a lower hourly rate for his time based upon the tariff, a revised upper estimate would be \$26,760.00.

**Corporate Finance - Dr. Lawrence Booth (continued)**

| <b>ACTIVITY</b>  | <b>ESTIMATED HOURS</b> | <b>ESTIMATED COST</b>         |
|--|------------------------|-------------------------------|
| (hourly rate)  |                        | \$335/hr                      |
| 1) Review information requests from prior hearings identified by Bill Harper, review file, Prepare Irs | 20                     | \$6,700.00                    |
| 2) Review First Round Irs, revise analysis, prepare Second Round of IRs                                | 12                     | \$4,020.00                    |
| 3) Prepare evidence including interaction with Mr. McCormick (if necessary)                            | 54                     | \$18,090.00                   |
| 4) Review Rebuttal, prepare additional memos   | 10                     | \$3,350.00                    |
| 5) Review relevant hearing transcripts, Witness Preparation and Appearance                             | 24                     | \$8,040.00                    |
| TOTAL  | <u>120</u>             | <u>\$40,020.00</u>            |
|  |                        | <b>Revised to \$40,000.00</b> |
| <b>Total @\$223/hour</b>   | 120                    | <b>\$26,760.00</b>            |

**Reasonableness of Expenditure**

Prior proceedings before the Board have often relied upon the relatively opaque language in bond rating reports and Hydro's interpretation of the meaning of these documents. Little independent evidence has been offered. Based upon his academic and regulatory research, Dr. Booth is uniquely poised to offer insight on these issues at a relatively modest number of hours. While we urge the Board to apply Dr. Booth's preferred market rate, we expect his evidence would be available under the tariff rate.

**Expertise**

Dr. Booth has written leading texts in Corporate Finance. He has presented peer reviewed articles on debt rating in the Journal of Modern Accounting and Auditing and the Journal of Financial and Quantitative Analysis. His analysis of "What Drives

Provincial-Canada Yield Spreads” appeared in the Canadian Journal of Economics. He has provided financial evidence in many Canadian jurisdictions and addressed the specifics of Canadian Crowns in provinces such as Quebec and New Brunswick.

## **Management of Sustainable Capital Expenditures – La Capra**

### **Scope of Work:**

- with reference to Manitoba Hydro's Sustaining Capital Expenditure forecast including but not limited to the years 2014/15 through 2016/17, please explore the reasons driving the increase in capital project activity
- with reference to Manitoba Hydro's Sustaining Capital Expenditure forecast including but not limited to the years 2014/15 through 2016/17, please review the Corporation's capital planning process and program selection criteria for consistency with good, modern practice [we have not asked for a project-by-project engineering review of each individual capital expenditure]

### **Methodology for Estimate:**

At this preliminary stage, the estimate provided is a placeholder. We are not in a position to provide an estimate. We are having further discussions with La Capra tomorrow to discuss members of the project team and to refine the budget should Board approval proceed. I can indicate that based on correspondence from La Capra today, the core analysis will not be done by either Mr. Peaco or Mr. Althos. However, they may have some project management role.

The original placeholder was developed prior to any review by La Capra of the filing. We started with the cost base for a project for the Office of the Consumer Counsel (Indiana) relating to a \$1.8 billion replacement program by Duke Energy over a 7 year period (in the range of \$60,000 US). We determined that the analysis we were requesting was likely more intensive than the one undertaken in Indiana although perhaps not as intensive as other projects undertaken by La Capra elsewhere. Our placeholder estimate pending file review is \$80,000.

### **Reasonableness of Expenditure**

We note that La Capra's hourly rate for a senior consultant are higher than the PUB tariff. We would be pleased to provide them to the PUB and to Hydro in confidence but would require La Capra's consent to make them public.<sup>7</sup> Based on our inquiries of other vendors, these rates would appear to be reflective of the marketplace.<sup>8</sup> At this point in time, we are not confident we can secure an appropriate analyst at a lower rate.

---

<sup>7</sup> We will seek that consent tomorrow.

<sup>8</sup> One vendor who had done considerable work for BC Hydro quoted hourly rates that tended to be somewhat higher than the La Capra hourly rate.

### **Management of Sustainable Capital Expenditures – La Capra Expertise**

La Capra has undertaken analogous analysis for the Indiana Office of Consumer Counsel (2014 – present), Nova Scotia Small Business Administration (2010-present), the Connecticut Office of the Consumer Counsel (2013), Pennsylvania Office of the Consumer Advocate (2012-13), Massachusetts Office of the Attorney General (2010).

### **Consumer Impact Data Backgrounder – Mr. Harvey Stevens**

#### **Scope:**

- identify Manitoba data on the cost of electricity borne by low income households including an estimate of how many of those households are on income assistance and what proportion of those on income assistance pay for their own electricity vs. have the program pay for the utility;
- perform a similar analysis for on reserve households
- perform other data analysis for Dr. Colton upon request

#### **Estimate:**

- prepare data analysis on electricity, low income including consideration of households on reserve – 25 hours @ \$85/hour = \$2,125

### **Contingency**

Given the overall magnitude of the budget, we identified the merits of a contingency of \$20,000. The contingency would allow for additional research if required in areas such as export revenue, load, or O, M and A if it became necessary.

### **Comparison with hours in previous 2 GRAs**

#### **2010/11 and 2011/12 GRA**

We do not consider the hours expended by legal counsel in the 2010/11 hearing (722) to be comparable to the estimate for the 2014/15, 2015/16 GRA because of the number of hearing days. Legal counsel's time is closely related to the number of hearing days.

However, expert witness time is not. CAC Manitoba incurred roughly 1822.5 hours in advisor or witness time in the 2010/11 GRA divided between three expert witnesses and three advisors. We expect the expert witness and advisor time in the current GRA to be significantly below that total.

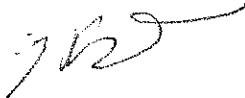
#### **2013/14 GRA**

We note the February 4, 2015 letter of Manitoba Hydro appears to inadvertently suggest that CAC Manitoba called five witnesses during this hearing. CAC Manitoba

called one witness, Mr. Dunsky, who appeared on behalf of CAC Manitoba and GAC. The total number of hours incurred by advisors and experts was 545.7.

Assuming three experts and given the complexity of the file, we would expect advisor and expert time to be significantly higher in this proceeding.

Yours truly,



BYRON WILLIAMS  
DIRECTOR

BW/sk

c.c. CAC (Manitoba)/ Winnipeg Harvest (the Coalition)  
Manitoba Hydro, Ms. Odette Fernandes and Mr. Brent Czarnecki  
Fillmore Riley, Mr. Robert Peters, Board Counsel  
Other interested parties