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February 6, 2015

THE PUBLIC UTILITIES BOARD OF MANITOBA
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

ATTENTION: Mr. Darren Christle, Secretary and Executive Director

Dear Mr. Christle:

RE: Manitoba Hydro Comments on the Consumer Coalition's Budget of February 6, 2015

Manitoba Hydro is in receipt of the letter of February 6, 2015 from the Consumers' Association of Canada (Manitoba) ("CAC") and Winnipeg Harvest (the "Consumer Coalition" or the "CC") for its proposed intervention in Manitoba Hydro's 2015/16 & 2016/17 General Rate Application ("GRA").

Manitoba Hydro has the following comments to assist the deliberations of the PUB:

- Included in the list of tasks allocated to Mr. McCormick is a requirement to "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". Also, included in the estimated hours for Mr. McCormick is approximately 120 hours allocated to "Evidence including interaction with Dr. Booth and La Capra (if necessary)." Additionally, the list of tasks allocated to Dr. Booth included the item "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". This depicts the significant amount of unnecessary duplication of resources between these experts and ultimately contributes toward the significant increase in proposed costs for the current proceeding.
- The scope of work for Ms Menzies, Junior Counsel to the CC is almost exclusively related to the preparation of evidence and witnesses for the rate-payer panel. As explained in its February 4, 2015 letter, Manitoba Hydro is of the view that if the PUB determines it appropriate for a rate impact or community panel to form part of the hearing, these panels should be afforded presenter status, allowing them to provide information from the perspective of a few rate payers in Manitoba. This would limit the involvement of Junior Counsel in this proceeding. Furthermore, as was the case with the Manitoba Metis Federation, Manitoba Hydro disagrees that the costs associated with succession planning (where junior counsel participates to enhance their understanding of issues for future hearings) should be borne by all rate payers of Manitoba Hydro.
- The use of the firm La Capra, especially those same individuals that were directly involved in the very recent NFAT proceeding, as expert witnesses to this proceeding is wholly inappropriate and should not be permitted by the PUB. These experts had access to Manitoba Hydro's confidential information as part of the NFAT proceeding and provided advice directly to the PUB. No other intervening party to this proceeding holds such an advantage. La Capra is conflicted, and unable to separate, unlearn or not be influenced by the confidential information they were provided during the NFAT proceeding. Manitoba Hydro reiterates its strong opposition to the use of La Capra as part of this proceeding.

- The maximum hourly rates for experts and advisors retained to assist the PUB are governed by the PUB's schedule of hourly billing rates and apply to all applicants before the PUB. Awarding higher hourly rates than what is set out in the PUB's schedule to certain experts and not others is impermissible and inappropriate. Any consideration of the appropriateness of the PUB's criteria for awarding costs should not be included as part of the review of Manitoba Hydro's Application but by separate process at the PUB's discretion.
- The CC has provided, for context, an overview of the Bill of Costs submitted by CAC in the past two Manitoba Hydro rate proceedings (the 2010/11 & 2011/12 GRA & Risk Review and 2012/13 & 2013/14 GRA). In order to provide additional context, it is important to note the significant difference in scope between these two proceedings:
 - The 2010 proceeding included an extensive examination of Manitoba Hydro's risk management practices and was not a typical GRA proceeding. The 2010 proceeding took place over the course of 19 months, in which Manitoba Hydro responded to over 4300 Information Requests, and the hearing lasted 42 days (including final argument).
 - In comparison, the 2012 GRA took place over the course of 8 months, Manitoba Hydro responded to over 2100 IRs, and the hearing lasted 23 days (including final argument).
- On page 15 of its letter, the CC noted that Manitoba Hydro inadvertently suggested that CAC called five witnesses during the 2012 GRA hearing. To clarify, CAC retained five experts as part of the 2012 proceeding, and while only one testified, all received an award of costs.

Manitoba Hydro has provided its comments and analysis with respect to the proposed interventions that involve hours and costs that represent a 2.5 times increase over the last Electric GRA process, with the number of expert consultants and lawyers having more than doubled from the previous Electric GRA.

Manitoba Hydro reiterates that the PUB, as part of its deliberations, should consider the overall implications of the proposed interventions on this and future rate application processes. In issuing its procedural direction for this proceeding, Manitoba Hydro urges the PUB to provide strong direction to the proposed intervenors in order to bring the scope back into line with what the PUB envisioned when it provided direction to all parties in its letter of January 16, 2015.

Should you have any questions regarding this submission, please contact the writer at 204-360-3257.

Yours truly,

MANITOBA HYDRO LAW DIVISION

Per:



Brent A. Czarnecki
Barrister & Solicitor

CC. Intervenors of past record (2012/13 & 2013/14 General Rate Application and Needs For and Alternatives To proceedings)