



PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4
Street Location for DELIVERY: 22nd floor 360 Portage Ave
Telephone / N° de téléphone : (204) 360-3633 • Fax / N° de télécopieur : (204) 360-6147
ofermandes@hydro.mb.ca

February 23, 2015

Mr. D. Christle
Secretary and Executive Director
Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

Dear Mr. Christle:

RE: Manitoba Hydro 2015/16 & 2016/17 General Rate Application

As of February 18, 2015, Manitoba Hydro received first round Information Requests (“IRs”) from the following parties:

- Public Utilities Board of Manitoba (“PUB”);
- Consumers Coalition (“Coalition”);
- Consumers Coalition and Manitoba Keewatinowi Okimakanak Inc. (“Coalition/MKO”);
- City of Winnipeg (“COW”);
- Green Action Centre (“GAC”);
- Manitoba Industrial Power Users Group (“MIPUG”);
- Manitoba Metis Federation (“MMF”); and,
- Manitoba Keewatinowi Okimakanak (“MKO”) Inc.

The IRs, including all sub-parts to each question, totaled 1,342.

PUB Order 18/15 provided that if Manitoba Hydro would not be filing a full and complete response to any IR, it was to notify the party asking for the information within five (5) calendar days by providing its rationale on the IR form.

In respect of all information requests, Manitoba Hydro has in the short time available conducted an initial, high-level and best efforts review of all IRs with consideration to the scope identified by the PUB in Order 18/15. However, Manitoba Hydro has not had sufficient time to analyze each IR in detail to provide any individual objections it may have on each IR form as requested by the PUB. That said, in order to assist the PUB and all parties at this juncture, Manitoba Hydro is providing its initial and general concerns with respect to the IRs received and the impacts on the timetable as approved by the PUB in Order 18/15.

Procedural Overview of the GRA

Manitoba Hydro understood that certain initiatives and directions introduced by the PUB as part of this proceeding were intended to reduce the number of first round IRs received by Manitoba Hydro, including:

- The PUB's letter of January 16th directed where more than one Intervener identified the same issue to be addressed and tested in the GRA, the PUB expected Interveners to work collaboratively with each other and identify one as being primarily responsible for that issue in terms of IRs, expert evidence, cross examination and closing submissions;
- the Application Overview Workshop hosted by Manitoba Hydro on January 29th, attended by all parties, which was in part intended to identify issues with respect to the scope of the GRA;
- the establishment for the filing of additional Minimum Filing Requirements ("MFR") by Manitoba Hydro prior to the receipt of information requests; and,
- the PUB's direction to intervenors, as outlined in its letter of January 16, 2015 and Order 18/15, with respect to issues to be considered at the hearing and the scope of respective individual interventions.

In addition, the PUB expressed the following concern in Order 18/15 on page 27:

"In recent hearings, the Board has become concerned about both an increasing number of Information Requests from all parties to proceedings before the Board, as well as protracted submissions regarding the relevance of contested Information Requests, all of which have the potential to delay hearing timetables and increase regulatory costs".

Comparison to First Round IRs from the 2012/13 & 2013/14 GRA

In previous GRAs, Manitoba Hydro has been allocated 4 weeks to respond to first round IRs. Manitoba Hydro notes that in the last GRA it received in excess of 1,400 information requests in first round. In Manitoba Hydro's February 4th letter to the PUB, and as discussed at the Pre-Hearing Conference on February 5th, Manitoba Hydro indicated that if it received a similar number of first round Information Requests, as part of its current GRA, three weeks would not be sufficient to provide responses to all of the IRs.

The number of first round IR's (including sub-parts) received in the current GRA compared to the last Electric GRA is as follows:

<u>2015 GRA</u>		<u>2012 GRA</u>		<u>Increase/(Decrease)</u>
PUB	256	PUB	487	(231)
Coalition	423	CAC	565	(142)
MKO-Coalition	57			57
		CAC-GAC	43	(43)
GAC	250	GAC	171	79
MIPUG	90	MIPUG	157	(67)
MMF	217			217
City of Winnipeg	9			9
MKO	40			40
TOTAL	<u>1342</u>		<u>1423</u>	<u>(81)</u>

Despite the direction, initiatives, and concerns raised by the PUB in Order 18/15, as well as the PUB's leadership in significantly reducing the number of its IR's, disappointingly the total number of first round IRs received as part of the current GRA is 1,342, which is only a slight reduction from the last Electric GRA of 1,423.

Manitoba Hydro's understanding of the PUB's objective was that the hearing for this GRA would be approximately 3 weeks in length, concluding by the end of June 2015. To meet this objective, the timetable approved by the PUB in Order 18/15 included 3 weeks for Manitoba Hydro to file responses to first round IR's. Based on the total number of first round IRs received and Manitoba Hydro's previous experience with the time required to sufficiently respond to a similar quantity of IRs, it is unlikely that Manitoba Hydro will be able to fully respond to all of the first round IRs within the time prescribed.

PUB Rules on Information Requests and Order 18/15

Manitoba Hydro understands that the PUB's Rules of Practice and Procedure, and its practice, is to look at the relevance of the information sought, the significance, and the reasonableness of the request when the PUB considers its discretion of permitting IRs. The production of information is limited to information that is not only relevant but significant, and that can be provided with reasonable effort. It is for each intervening party to clearly demonstrate and persuade the PUB why the information sought from Manitoba Hydro is both relevant and significant to the issues before it.

Most importantly, the information sought must also be within the scope of the issues identified by the PUB in its procedural Order 18/15 and that the effort required to provide it is proportional to the probative value it will provide to the hearing.

The Need for a Timely and Efficient Hearing Process

With a view of having the PUB consider the application in a timely manner, and based on Manitoba Hydro's initial, high-level review, there are a number of IRs that Manitoba Hydro wanted to bring to the attention of the PUB and all parties where:

- IRs that appear to be out of scope given the procedural direction in Order 18/15;
- Manitoba Hydro is unable to provide a response; and,
- IRs where Information is not available but Alternatives being proposed

While a summary of these IRs at this time is provided below, this does not represent an exhaustive list of potential concerns. If Manitoba Hydro identifies additional concerns when answering specific IRs, it will bring those to the attention of the PUB and parties at that time.

IRs that appear to be out of scope given the procedural direction in Order 18/15

- **MMF/MH I-18** – This IR requests an update of Mr. Dunsky’s survey and DSM targets from the last GRA, which is not within the scope of this GRA. At page 20 of Order 18/15, the PUB states that “...the specific details of Manitoba Hydro’s DSM targets and specific measures to achieve the targets, including fuel switching initiatives, is not approved for this GRA”. The PUB’s direction in Order 18/15 was that the review of DSM in this proceeding will focus “...on the reasonableness of, and justification for, Manitoba Hydro’s projected DSM expenditures during the test years.” In addition, Manitoba Hydro is not in a position to update the expert evidence of a third party consultant, retained by CAC/GAC at the previous GRA.
- **Coalition/MH I-76 & 80 & MKO/MH I-5** relates to Manitoba Hydro’s Cost of Service Study (“COSS”) methodology and the allocation of net export revenues to the Diesel Zone customers, and requests Manitoba Hydro to file the Diesel Cost of Service Study (“DCOSS”). The allocation of net export revenues is a cost of service study issue, not a revenue requirement issue. As found at page 22, in Order 18/15, it is premature to review these matters as part of this proceeding as Manitoba Hydro is to file its cost of service study with the PUB later this year.
- **PUB/MH I-84(d) & Coalition/MH I-16(c) & (d)** These IRs request information that relates to the financial review of Manitoba Hydro’s financial targets that is currently underway. At page 18 of Order 18/15, the PUB states that “...evidence...related to interest coverage and other financial ratios, may be better suited for a subsequent GRA, to follow Manitoba Hydro’s review of its financial targets...” As the PUB has determined that information with respect to Manitoba Hydro’s financial target review is outside the scope of this proceeding, Manitoba Hydro will provide information with respect to its financial target review at a future GRA.

DSM IRs that are Out of Scope in accordance with Order 18/15

A number of IRs with respect to Demand Side Management (“DSM”) have been filed that are outside the scope of this proceeding based on the PUB’s direction in Order 18/15. The PUB considered the specific details of Manitoba Hydro’s DSM plans to have been extensively reviewed in the prior GRA as well as in the NFAT review and specifically rejected the proposed evidence of Mr. Chernick on DSM targets and specific measures to achieve the targets.

Further, and consistent with the above-noted finding, the PUB stated that it intended to focus its review “...on the reasonableness of, and justification for, Manitoba Hydro’s projected DSM

expenditures during the test years.”

The following IRs request information regarding targets and measures, as well as information outside the test years and from multiple IFFs, that are beyond the scope identified by the PUB with respect to DSM matters:

- **Coalition/MH I-23, 66, 67, 68**
- **MIPUG/MH I-1, 2, 3, 39**
- **MMF/MH I-16, 17, 19, 20, 21, 22, 23, 27, 32, 35, 39, 40,**
- **MKO/Coalition MH I-6, 7, 8, 10, 11**

As per the PUB’s direction in Order 18/15, Manitoba Hydro will provide information on projected DSM expenditures that is available for the test years.

IRs where Manitoba Hydro is unable to provide a Response

Manitoba Hydro is unable to provide the requested information in the following IRs, for the reasons set forth below.

- **PUB/MH I-1(c) & MIPUG/MH I-29(b) & 43(a)** - Manitoba Hydro cannot disclose cabinet confidences nor does it disclose advice, opinions, recommendations, analyses or policy options developed by or for a minister.
- **PUB/MH I-11(a) & 36(b)** - There is no formal agreement between Manitoba Hydro and the Wuskwatim Power Limited Partnership (“WPLP”) at this time. As indicated in response to PUB Directive 11 from Order 43/13, the parties are still in the process of reviewing and negotiating final terms, which when concluded, will be incorporated into a written agreement.
- **PUB/MH I-14(b), 16(a), 56(d), 62(a), 64(c), 81(c)** – The information requested would disclose export price forecasts that are commercially sensitive and confidential, and contract information that is commercially sensitive and subject to confidentiality provisions, which require the consent of counterparties prior to filing with the PUB either as part of the GRA or in confidence. Manitoba Hydro submits that it has provided sufficient information on an aggregate basis in its GRA in order for the PUB to determine the reasonableness of the rates requested in its application.
- **PUB/MH I-18 (h) & Coalition/MH I-35 & 85(e)** – The information presented in Figure 4.12 was specifically developed for this application to be consistent with Manitoba Hydro’s Asset Condition Assessment report. This information is not available in this format for previous years’ actual results or previous CEFs.
- **PUB/MH 32(b) & (c)** – Manitoba Hydro implemented system changes beginning in 2012/13 to align Manitoba Hydro’s capitalization practices with industry standards and support Manitoba Hydro’s transition to IFRS. As a result of these changes, the EFT data is only

available in the new format beginning in the 2012/13 fiscal year; information is not available for prior years.

- **PUB/MH I-62(b)** – The information requested is not available because third party purchases are based on system requirements and are not tracked to specific sales categories (i.e. committed, firm, etc.) and customers.
- **MIPUG/MH I-14(d)** – The information requested in this IR is not readily available to Manitoba Hydro. Given the passage of time and the divergence in practice with respect to the financial reporting frameworks (IFRS, US GAAP) used by Canadian Electrical Utilities, current information to what was provided in PUB/MH I-55 is not readily available, and not capable of being represented in a meaningful way through a simple update.

The information request process is not a vehicle by which interveners may obtain tools and/or evidence from the applicant to assist them in creating their own evidence to propose alternatives to that which has been applied for by Manitoba Hydro. Manitoba Hydro seeks the PUB's direction as to whether the type of detail requested in MIPUG I-14(d) is required in terms of the value such information would provide to the PUB in determining the rate increases for the test years.

- **MIPUG/MH I-19(c)** - Manitoba Hydro is not in a position to respond to independently respond to this IR. A detailed scenario would have to be requested from Gannet Fleming, which would be time consuming and costly. A response would not be available by the deadline for filing first round IR responses. Manitoba Hydro notes that in Appendix 5.6, the Corporation has provided a detailed depreciation study that outlines the major changes between its 2010 and 2014 depreciation study. Manitoba Hydro will be providing additional information in the response to PUB/MH I-38 which explains the rationale for, and impact of changes to a number of individual accounts for which significant changes in depreciation rates have occurred. Manitoba Hydro seeks the PUB's direction as to whether the type of detail requested in MIPUG I-19(c) is required in terms of the value such information would provide to the PUB in determining the rate increases for the test years.
- **MMF/MH I-49** – The information requested in this IR with respect to Government funding and programs available to alleviate energy poverty is not within the control of Manitoba Hydro.

IRs where Information is not available but an Alternative Approach is being Proposed

In accordance with Section 16 b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information, to the following IRs outlined below:

- **PUB/MH I-83(c)** – due to confidentiality reasons with wind farm data, the information requested cannot be disclosed; however, Manitoba Hydro will provide the information in aggregate, which is consistent with its responses provided to similar IRs in previous GRAs.

- **PUB/MH I-5(b) & (c), Coalition/MH I-13-15, 19, 24, 26, 28, 39, 61(a), 63(a) & MIPUG/MH I-34** - A number of IRs have requested comparisons of MH's current forecast against previous forecasts. Manitoba Hydro will respond to these IRs by providing a comparison of its current forecasts (namely IFF14, CEF14, 2014 Load Forecast) against IFF12, CEF12 and the 2012 Load Forecast, which was filed as part of MH's last GRA and relied upon by the PUB to render its decision in Order 43/13. Manitoba Hydro's understanding of the intention of PUB/MH I-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF12/CEF12/2012 Load Forecast to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs. Manitoba Hydro notes that it will provide a response to PUB/MH I-18 (f), which requests a comparison back to CEF08 and submits that the response to this IR should be sufficient to satisfy the request for information in MIPUG/MH I-34.
- **GAC/MH IRs on Residential Low-Income Needs & Responses** - Following a review of the IRs, Manitoba Hydro has noted that approximately 130 of the 250 IRs are identical to those posed in the 2010 or 2012 GRA. GAC is aware, or should be aware, from information provided at previous GRAs, that some of the information requested is not available, some of the information requested is not maintained by Manitoba Hydro in the manner requested, and some of the information requested may disclose personal customer information. Manitoba Hydro's intent is to provide information in response to GACs IRs that is consistent with its responses to those identical IRs in previous GRA's.

Notwithstanding the foregoing, Manitoba Hydro has difficulty understanding the relevance of this detailed information to the current GRA. Manitoba Hydro questions whether or not a collaborative process outside of the current GRA proceeding (and outside of the hearing room) would be better suited, and more advantageous to all parties, to review this issue, as opposed to the adversarial process of a GRA.

- **MMF/MH I-45(a), 50, 51, 52, 54, 53(a), 55, 56** –The referenced IRs are a duplication of effort as they are similar (if not the exact same) as IRs asked by GAC (many of which were the same IRs asked at the 2010 GRA). As such, and subject to the Manitoba Hydro's comments with respect to GAC's IRs noted above, Manitoba Hydro intends to answer the same or similar IRs received from both GAC and MMF in one response.
- **Coalition/MH I-103(e)** – Manitoba Hydro has provided sensitivity analysis in Appendix 3.6 with respect to a C\$/US\$ +/- 0.10 change in its foreign exchange forecast and as well as a +/- 1% change in interest rates, which should be sufficient for intervenors to understand the impact of changes in assumptions on Manitoba Hydro's IFF.

Coalition 104(d) & (e), 105, 107, 108 & 111

These requests include unfounded hypotheses and assumptions and are not proper information requests as contemplated by Rule 14 of the PUB's Rules of Practice and Procedure for "...a satisfactory understanding of the matters to be considered." Any response to these IRs other than "not applicable" is not possible. Furthermore, it is simply wrong, unfounded and inflammatory for the Coalition to suggest as it did in its question/submission that Manitoba Hydro continues to use a "...statistically biased and inaccurate forecast methodology for periods longer than four years".

The information request process is not a vehicle by which intervenors may obtain tools and/or evidence from the applicant to assist them in creating their own evidence to propose alternatives to that which has been applied for by Manitoba Hydro. It is up to intervening parties to prove their own case and not for the applicant to demonstrate why the information sought from it is not relevant or significant to the relief it has applied for.

Manitoba Hydro provides the following examples that demonstrate the unreasonableness of the requests relative to the GRA:

- **Coalition/MH I-104(c)** requests Manitoba Hydro to recalculate depreciation rates based on the turnover of assets at the current replacement rates (for example, transmission wood poles at 255 years) and **Coalition MHI-104(e)** requests Manitoba Hydro re-run the IFF using the revised depreciation rates.
- **Coalition/MH I-105** asks Manitoba Hydro to comment on evidence of Morrison Park Advisors ("MPA") that was filed and tested as part of the NFAT proceeding which has concluded, and the report from the PUB already rendered.
- **Coalition/MH I-107(e) & 108(f)** specify that Manitoba Hydro continues to rely on the unfounded assertion that its forecasts are statistically biased and inaccurate. These are not information request but a position for final argument.
- **In Coalition/MH I-111**, the Coalition requests that Manitoba Hydro test a Manitoba Public Insurance ("MPI") methodology because of a belief that the Coalition has that the proposed MPI methodology may lessen the alleged forecasting error that seems "systemic in the Manitoba Hydro forecast methodology for longer periods". To reiterate, it is not the role of the applicant to assist intervenors in creating their own evidence to propose alternatives to that which has been applied for by Manitoba Hydro. It is up to intervening parties to prove their own case and not for the applicant to demonstrate why the information sought from it is not relevant or significant to the relief it has applied for.

Despite the direction from the PUB that the evidence of Mr. McCormick may be better suited for a subsequent GRA, the above noted IRs appear strikingly familiar to Manitoba Hydro to those previously drafted by Mr. McCormick on behalf of CAC in previous Electric and Gas rate hearings.

Requests for Electronic Models

A number of Intervenors have requested in electronic format, with all formulae intact, the file or files used to produce certain information included in Manitoba Hydro's GRA, including **PUB/MH I-**

41(a)(b), Coalition/MH I-82 to 93 (inclusive), 97, 100, MMF/MH I-16, 17, 19, 20, 40, 52, GAC/MH I-1(a), 20(a-m), 21(a-m) and MKO/Coalition I-1, 4, 6, 7, 8 & 16.

In accordance with past practice, where applicable and readily available, Manitoba Hydro is willing to provide information in Microsoft Excel or other writable format containing data only. However, Manitoba Hydro will not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and Manitoba Hydro would need to invest a significant amount of time and effort to be capable of operating the model correctly.

Allowing other parties to work in and modify spreadsheets and pose questions in Information Requests and on cross-examination based on the modified schedules, will also require Manitoba Hydro to invest a significant amount of time analyzing the changes made to the spreadsheets and to understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome.

Second, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentiality or other reasons. In these situations, in order to remove the metadata, the file must be converted to an Adobe Acrobat portable document format (pdf) file. This is an electronic file format that is an open standard which is readable by many different operating systems, does not require specific software to read and allows all parties to access filed information.

Third, Manitoba Hydro notes that some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed. Models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

Requests for Working Papers

All requests made through the IRs for working papers, schedules and calculations are draft or otherwise incomplete documents that may have no relevance to the position that Manitoba Hydro has ultimately taken in this Application. Such documents, even if relevant, have little significance in the context of this proceeding. Such a "fishing expedition" is unreasonable. The time, effort and expense involved in the preparation and filing of such responses are not warranted by the relevance, if any, of the information sought or by the probative value of the result.

Conclusion

Manitoba Hydro respectfully submits that it is of critical importance at this stage of the proceeding for the PUB to provide additional procedural direction with respect to issues raised within this correspondence in order to have a fair and efficient hearing process, meanwhile preserving the timetable set forth by the PUB in Order 18/15.

Manitoba Hydro will bring to the PUB's attention any other concerns identified with respect to the IRs

The Public Utilities Board

February 23, 2015

Page 10 of 10

as soon as possible but no later than the filing date for first round IRs of March 12, 2015.

Should you have any questions with respect to the foregoing, please do not hesitate to contact the writer at 204-360-3633.

Yours truly,

MANITOBA HYDRO LAW DIVISION

Per:



ODETTE FERNANDES

Barrister & Solicitor

cc. All Registered Intervenors