



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA HYDRO
GENERAL RATE APPLICATION
2015/16 and 2016/17
PRE-HEARING CONFERENCE

Before Board Panel:

Neil Duboff - Acting Board Chairman
Regis Gosselin - Board Chairman (via
teleconference)
Marilyn Kapitany - Board Member (via
teleconference)
Hugh Grant - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
February 5, 2015
Pages 1 to 236

1 APPEARANCES

2 Bob Peters) Board Counsel

3

4 Brent Czarnecki) Manitoba Hydro

5

6 Byron Williams) Consumer Coalition

7

8 William Gange) GAC

9 Peter Miller)

10

11 Antoine Hacault) MIPUG

12

13 George Orle) MKO

14 Michael Anderson)

15

16 Kris Saxberg) MMF

17 Jessica Saunders)

18

19 Denise Pambrun) City of Winnipeg

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1 --- Upon commencing at 9:32 a.m.

2

3 THE CHAIRPERSON: Morning, everybody.

4 Welcome to the pre-hearing conference with respect to

5 Manitoba Hydro's General Rate Application for rates

6 applica -- applicable for its fiscal years 2014/'15 and

7 2015/2016.

8 My name is Neil Duboff and I'm a member

9 of the Public Utilities Board, and I'll be chairing

10 this pre-hearing conference.

11 With me today is -- for this pre-hearing

12 conference is Board member Dr. Hugh Grant, and joining

13 us via teleconference are Board Chairman Regis Gosselin

14 and Board member Marilyn Kapitanv who we just heard are

15 on the line.

16 The Board will be assisted in this

17 process by its new Board secretary and executive

18 director, Darren Christle, who's sitting over here, and

19 by associate Board secretary Kurt Simonsen by

20 administrative assistant Diana Viellegas -- and I hope

21 I pronounced that right -- and Board -- Board counsel

22 Bob Peters who we'll be hearing from shortly.

23 On January 16th and on January 17th,

24 2015, Manitoba Hydro filed with the Board its General

25 Rate Application and its supporting material for the

1 application. Yesterday, on February the 4th, Manitoba
2 Hvdro also filed Tab 11 of its GRA which are the
3 Utilitv's responses to the minimum filing requirements
4 from the Board.

5 At the outset of today's conference, let
6 me address a few procedural matters. While Manitoba
7 Hvdro initially filed material requesting an April the
8 5th, 2015 interim rate increase and also an April the
9 1st, 2016 rate increase, the Board has determined in
10 its letter of January 27th, 2015, which all of you
11 have, that it would not be considering a further
12 interim rate increase for April 1st, 2015, nor will it
13 be considering an April 1st, 2016 rate increase in the
14 General Rate Application at this time.

15 Those remaining -- sorry. By letter
16 dated January 30th, 2015, Manitoba Hvdro has requested
17 the Board reverse these two (2) decisions. And I -- I
18 believe, again, everyone has seen those requests by
19 Manitoba Hvdro.

20 Because Manitoba Hvdro's January 30th,
21 2015 review and vary application is still before the
22 Board, we will be proceeding today for the pre-hearing
23 conference on the basis that the decisions that were
24 contained in the Board's January 27th, 2015, letter are
25 currently in effect.

1 The Board's determination on the request
2 by Manitoba Hvdro to reverse its decisions made on --
3 of the January 27th letter will be communicated once
4 they're finalized. Any additional process issues will
5 be addressed after the Board finalizes its decisions on
6 the review and vary application.

7 Now, in -- on -- from Tab 1 of Manitoba
8 Hvdro's January 16, 2015, filing, Manitoba Hvdro seeks
9 a number of specific rate rulings from the Board.
10 Those remaining rate issues can be summarized as
11 Manitoba Hvdro requesting that the Board finalize the
12 existing interim rates which were approved by the Board
13 in May of 2014, which is a 2.75 percent increase, as
14 well as an additional 3.95 percent rate increase for
15 Manitoba Hvdro's 2015/2016 fiscal year.

16 These two (2) rate increases combined
17 are expected to raise approximately \$97 million per
18 year from Manitoba Hvdro's domestic customers.

19 The Utility also seeks Board approval
20 and finalization of a number of other interim orders.
21 These orders include orders relating to light-emitting
22 diode rates, surplus energy rates, curtailable rates
23 program, and diesel community rates.

24 Manitoba Hvdro is also seeking approval
25 of a brand new time of use rate structure which would

1 be effective as of April 1st, 2016, for its general
2 service large customer class, which is served at
3 greater than 30,000 kilovolts.

4 Lastly, Manitoba Hydro wants Board
5 approval to discontinue the demand-side management
6 deferral account which was established in last year's
7 GRA.

8 Now, as we know, the Board has
9 jurisdiction to set rates for Manitoba Hydro that are
10 just and reasonable in meeting its public interest
11 mandate. Generally, this is seen as balancing the
12 financial health of Manitoba Hydro with the interests
13 of domestic consumers of the Utility. The Board has
14 wide latitude to consider the factors that it
15 determines are relevant to this end, as well as policy
16 considerations in making its rate decisions in this
17 process.

18 Which brings me to why we're here today,
19 the purposes of this pre-hearing conference. They are,
20 1) to identify which parties seek intervention status
21 and to hear the submissions requesting approval for
22 Intervenor status in this process.

23 Second, to address any scoping issues
24 the parties may have, particularly if there is
25 disagreement as to what issues are within the scope of

1 this general rate application. All parties should
2 indicate their issues that they pro -- propose to
3 address if their intervention is approved.

4 And lastly today, we will be considering
5 matters respecting a timetable for the orderly exchange
6 of information leading up to an oral public hearing. I
7 suggest that we use the draft timetable circulated on
8 February the 2nd by the Board so we're all working from
9 a common document. If anybody does not have a copy of
10 that, Kurt has extra copies over here.

11 The format of the Information Request is
12 also something that the parties may address today as
13 the Board is considering a standardized format that
14 permits electronic searching. Again, I understand that
15 the Board has previously circulated a draft. If anyone
16 does not have a copy of this draft form, Kurt will
17 provide you with a copy. All parties should be aware
18 that the Board intends to issue a procedural order
19 after con -- considering today's submissions.

20 I'd now like to turn the microphone over
21 to Board counsel, Bob Peters, to provide his opening
22 comments and to address other procedural matters for
23 the purposes of today's hearing. Bob...?

24 MR. BOB PETERS: Thank you. Good
25 morning, Mr. Duboff, Board Chair Gosselin, and Board

1 members Kapitanv and Grant, and to all those who are
2 present here this morning.

3 For the record, my name is Bob Peters,
4 and I'm a counsel to the Board in this public hearing
5 process. I will act as Board counsel today for this
6 pre-hearing conference, as well as the Manitoba Hydro
7 General Rate Application.

8 In the conduct of this hearing, the
9 Board has the power to set its process under its own
10 rules of practice and procedure. The Board directed,
11 and Manitoba Hydro published, a notice of the general
12 rate application and of this pre-hearing conference.
13 Proof of that filing, together with Manitoba Hydro's
14 filings, and the Board's letters that have been
15 mentioned will be exhibits in this process.

16 With respect to the filings to date, and
17 as noted by Board member Duboff, after Manitoba Hydro
18 filed its initial January 16th letter, which included
19 Tab 1 of the GRA, the Utility also filed what is
20 referenced as supporting materials on January 23rd and
21 as noted again, on Jan -- on February the 4th responses
22 to minimum filing requirements were filed.

23 Now, as one of the purposes of today's
24 conference as noted is to identify prospective
25 intervenors and establish their reasons for

1 intervention. Before awarding Intervenor status, the
2 Board will consider whether prospective Intervenors
3 have a substantial interest in the outcome of these
4 proceedings and whether those prospective Intervenors
5 represent the interest of a substantial number of
6 ratepayers on issues that the Board has determined are
7 within the scope of this GRA.

8 In the Board's January 16th letter to
9 prospective Intervenors, the Board indicated
10 Intervenors were to collaborate and be prepared at this
11 pre-hearing conference to identify the issues on which
12 they seek Intervenor status. And if I can quote from
13 that January 16th letter, quote:

14 "Where more than one (1) Intervenor
15 identifies the same issue to be
16 addressed and tested in the GRA, the
17 Board expects Intervenors to work
18 collaboratively, with one (1)
19 Intervenor being identified as
20 primarily responsible for that issue
21 in terms of the Information Requests,
22 expert evidence, cross-examination,
23 and closing submissions."

24 The Board's procedural Order arising out
25 of today's hearing will identify the Intervenors'

1 granted status in the public hearing process and that
2 may or -- that Order may also designate which
3 Intervenor is primarily responsible for common issues.

4 The Board will also consider the
5 proposed time table for the orderly exchange of
6 information. And a final time table will be set as
7 part of the Board's pending procedural Order in this
8 matter.

9 The format of the Information Requests
10 is something that the parties could also address this
11 morning in an effort to have a standardized
12 electronically searchable format. It's also
13 anticipated that any disputes as to whether an
14 Information Request should be answered will be
15 adjudicated based on the written filings.

16 Now, as indicated by Board member
17 Duboff, one (1) of the purposes of today's hearing is
18 to have prospective Intervenors identify to the Board
19 their reasons for seeking intervention and identify the
20 scope of issues that they think should be addressed in
21 this hearing.

22 Manitoba Hydro circulated a list of
23 issues at a workshop that they hosted and then revised
24 the list following the workshop. Some Intervenors, and
25 notably MKO, Consumers Coalition, and MIPUG have worked

1 from that list in identifying which issues they propose
2 to examine in the GRA.

3 We also should remind parties that last
4 night Manitoba Hydro provided written comments on the
5 issues and, notably, Manitoba Hydro has suggested last
6 evening that there are some issues that could be
7 postponed from this General Rate Application to the
8 next General Rate Application. And the parties should
9 speak to that and we'll hear from Manitoba Hydro on
10 that issue.

11 So in terms of who the Intervenors are
12 who are appearing this morning, first we have the
13 Consumers Coalition comprised of the Consumers
14 Association of Canada Manitoba Chapter, and they are in
15 coalition with Winnipeg Harvest. And for purposes of
16 the record and subject to Mr. Williams' concurrence,
17 we'll suggest this Intervenor be referred to as the
18 Consumer Coalition. I can also indicate that yesterday
19 issues were filed by Mr. Williams to assist parties in
20 his presentation of today.

21 Next, we have the Green Action Centre
22 represented by Mr. Gance. And also seeking Intervenor
23 status is the Manitoba Industrial Power Users Group,
24 which we know as MIPUG. And counsel for MIPUG is Mr.
25 Antoine Hacault. Mr. Hacault also filed additional

1 comments yesterday afternoon that the parties should
2 have available.

3 Manitoba Keewatinowi Okimakanak,
4 referred to as MKO, also seeks status to intervene in
5 these proceedings. And counsel for MKO is Mr. George
6 Orle. The Manitoba Metis Federation will also seek to
7 intervene, in this their first General Rate
8 Application, and they are represented by counsel,
9 including Ms. Jessica Saunders. Mr. Saxberg is here
10 today and they will both be speaking to the matter as
11 may Mr. Masi.

12 The City of Winnipeg is the last
13 Intervenor on my list that seeks Intervenor status.
14 And counsel representing the City is Ms. Denise
15 Pambrun, who is also present today.

16 Just taking a quick scan of the hearing
17 room, I want to make sure I haven't left out any other
18 Intervenor applicants who have not been previously
19 identified or filed materials.

20 Seeing none and hearing none, I wish to
21 note that Manitoba Hydro, the GRA applicant in this
22 process, is represented here today by counsel Mr. Brent
23 Czarnecki. And joining him are a number of Manitoba
24 Hydro's senior staff representatives that he will
25 introduce.

1 We'll shortly turn to these participants
2 for comments and submissions, but before we do, I want
3 to remind the Intervenor applicants who are seeking an
4 award of costs that the Board's current rules of
5 procedure respecting costs are set out in a fourfold
6 test that must be met for the Board to consider
7 awarding costs.

8 I raise this partly because, in a number
9 of the Intervenor application forms, the issue of
10 Intervenor funding is a topic that the Board can expect
11 to hear about this morning.

12 So briefly, in terms of the fourfold
13 test, the Intervenor must make a significant
14 contribution that is relevant to the proceedings and
15 that they have to contribute to a better understanding
16 by all parties of the issues that are before the Board.

17 Secondly and, in addition, they have to
18 participate in the hearing in a responsible manner,
19 cooperate with others who have common objectives in the
20 outcome of the proceedings in order to avoid
21 duplication of intervention.

22 Thirdly, they must be found to have
23 insufficient financial resources to present their case
24 adequately without an award of costs.

25 And finally, the Intervenor must have a

1 substantial interest in the outcome of the proceedings
2 or represent a substantial number of persons or members
3 who will be impacted by the Board's Order.

4 And while I'm on the topic of cost
5 awards, there was perhaps a unique request in the MMF
6 Intervenor application. And I would suggest Intervenor
7 counsel specifically address MMF's request for a
8 predetermination by the Board that MMF qualifies for a
9 potential award of costs.

10 And I suppose, to assist counsel for
11 MMF, my specific question of clarification is whether
12 MMF is asking for a predetermination on the last two
13 (2) criteria of the test that I mentioned, recognizing
14 the first two (2) criteria cannot be determined by the
15 Board in advance of the hearing.

16 And there's one (1) other point that MMF
17 raised that warrants discussion, and that is whether or
18 not the Board would be able to provide interim costs
19 subject to a hold-back being paid out prior to the
20 conclusion of the hearing.

21 I can recall that this was a process
22 that was made available during the NFAT proceedings,
23 and I think we'll hear more when we hear from MMF on
24 that matter.

25 So as for our proceedings today, I

1 suggest, Mr. Duboff, that it would be appropriate to
2 first call on the Intervenor representatives to provide
3 their submissions on the matters mentioned, including
4 the issues of scope, their request for Intervenor
5 status, and the timetable proposed in the Information
6 Request template.

7 After hearing from all prospective
8 Intervenors, it would be appropriate to hear from
9 Manitoba Hydro as to whether there is any opposition to
10 the Intervenor status that has been requested, along
11 with any further reply matters arising from the
12 submissions.

13 So in accordance with the suggestion,
14 the Board should call on first Mr. Williams, followed
15 by Mr. Gange, followed by Mr. Hacault, then Mr. Orle,
16 Ms. Saunders and Mr. Saxberg, and then followed by
17 Denise Pambrun.

18 And following the Intervenor applicants,
19 then we recommend that Mr. Czarnecki be canvassed for
20 his client's reply, including the position on the
21 requests and the timetable.

22 Mr. Chairman, subject to any further
23 questions you have at me now -- of me now or throughout
24 this morning, those are my comments. I would suggest
25 you turn the microphone over to Mr. Williams.

1 THE CHAIRPERSON: Thank you, Mr.
2 Peters.

3 I now would like to call on Mr. Williams
4 on behalf of the Consumer Coalition to make
5 submissions. Mr. Williams...?

6 MR. KURT SIMONSEN: Excuse me, Mr.
7 Chairman, Board secretary. I know there's been a lot
8 of paper the last few hours. The Board does have
9 copies, I believe, of all the materials that have been
10 filed over the last while.

11 So if anybody needs extra copies, please
12 stick your hand up, or anybody in the audience who may
13 want a copy, please let me know. Thank you. Sorry
14 about that.

15 THE CHAIRPERSON: Mr. Williams...?

16

17 INTERVENOR APPLICATION BY CONSUMER COALITION:

18 MR. BYRON WILLIAMS: Thank you and good
19 morning, panel members Duboff, Grant, Kapitany, and
20 Chairperson Gosselin, and other parties in the room. I
21 should start by introducing to my right is one (1) of
22 our clients, Ms. Gloria Desorcy, who's the Executive
23 Director of the Consumers Association of Canada, the
24 Manitoba branch. And I'll just indicate that Mr.
25 Benham from Winnipeg Harvest is ill this morning and --

1 and sends his regrets.

2 I may not come to it immediately, but
3 just for the purposes of the visual display, Diana,
4 I'll be referring to attachment A to the Intervenor
5 application first. And then towards the end of my
6 commentary, I will turn to the -- the green issues list
7 that Hydro generously initiated. MIPUG and CAC
8 (Manitoba) and Winnipeg Harvest have collaboratively
9 been working off that list and we'll turn to that a bit
10 later in the occasion -- or in -- in our submissions.
11 And, Diana, we'll probably need attachment A fairly
12 soon, so.

13 Just -- we noted in both the workshop
14 last week and in Hydro's comments from last evening
15 certainly there's a -- there's a frustration
16 articulated by Manitoba Hydro. And one almost senses a
17 -- a -- and could infer that a sense by the -- the
18 Crown corporation that now that the heavy lifting of
19 the NFAT is over that, perhaps, there will be smooth
20 regulatory sailing towards successive 4 percent or 3.95
21 percent rate increases. And certainly one senses a
22 frustration that consumers, business, and others are
23 putting up more than cursory roadblocks to such an
24 application.

25 Our client has met with all the other

1 parties in -- seeking Intervenor status and before
2 going into the outline of our submission, just for a
3 moment or two (2), I thought it might be helpful to
4 articulate why our client and others, to our
5 understanding, take this hearing so seriously and why,
6 on behalf of Manitoba consumers they're seeking a fair
7 and robust scope for this proceeding.

8 The panel has already noted that at
9 stake in this hearing are \$97 million in terms of rate
10 increases just before the panel in this specific
11 hearing. And those, of course, are based upon very
12 aggressive expenditure forecasts of Manitoba Hydro, as
13 well underlain by some suspect forecasts. And our
14 client realizes the NFAT is done. We've crossed that
15 rubicon.

16 But since then our client has noted that
17 an issue such as Bipole III which just a -- a few
18 months ago we were told would be in the range of \$3
19 billion, there's been a very dramatic increase in the
20 costs associated with that. Notwithstanding the
21 cessation of spending on Conawapa, we still see going
22 out in the short, medium, and long-term 4 percent rate
23 increases.

24 And I can indicate on behalf of our
25 clients that they have received an unprecedented

1 response to this rate application; more than the NFAT,
2 more than any other rate application through consumers
3 and social media, through phone calls, through non-
4 government organizations wanting to intervene or
5 wanting to help out. And so when one looks at the
6 submissions of CAC (Manitoba) and Winnipeg Harvest, the
7 coalition, in terms of their proposed scope of
8 intervention --

9 THE CHAIRPERSON: These communications
10 that have been made -- put forward to CAC, can -- can
11 you speak with -- what -- what was -- what was the
12 message in them? You -- there seems to be some kind of
13 common denominator that you're referring to.

14 MR. BYRON WILLIAMS: There was, I
15 think, three (3) and I -- I think I'll try and capture
16 that. I would say just concern about the
17 sustainability of rate increases of this magnitude; not
18 only for our most vulnerable consumers, but for middle-
19 class folks trying to make ends meet.

20 A skepticism in terms of the forecasts
21 of Manitoba Hydro in terms of whether it's export
22 revenues or otherwise.

23 And also a lack of confidence in the
24 accountability and the management and planning of this
25 Corporation. So that's been the message our clients

1 have received in very -- in -- in surprising degree
2 from -- from the people that they seek to represent.

3 THE CHAIRPERSON: But then wouldn't --
4 would -- has been the case in other --

5 MR. BYRON WILLIAMS: Absolutely. And I
6 con -- I confirm that through email correspondence with
7 our client. That was my intuitive sense, but certainly
8 that -- she -- she -- CAC (Manitoba) has confirmed that
9 for us.

10 If we could turn to Attachment A of the
11 application for Intervenor status of CAC -- of the
12 Coalition. And perhaps we can just scroll down to "Who
13 is CAC (Manitoba)?" And we'll start on page 1, and
14 then, Diana, I'll let you know when to move to page 2.

15 CAC (Manitoba) has been before this
16 Board and before other rate regulators on a variety of
17 issues, but in -- in particular with Manitoba Hydro,
18 for every single rate application, cost-of-service
19 proceeding, and proceeding relating to diesel over the
20 last two (2) decades. This panel, at least some of the
21 members, will be aware of our presence, as well, on
22 behalf of our clients, both in recent NFATs -- and we
23 can turn to page 2, Diana -- as well as in regular
24 environmental proceedings.

25 And on page 2 -- and if we can scroll

1 down the page just a little bit; perfect, Diana, thank
2 you -- you can see the scope of issues that our client
3 has historically addressed, ranging from rate increases
4 and rate design, including issues related to vulnerable
5 consumers; looking to risks: weather, export revenues,
6 new capital, debt management, and drought; the need,
7 which is a critical issue in this hearing, for modern
8 capital asset management, which has been a big emphasis
9 of our client over the last five (5) or six (6) years;
10 the pace of OMA growth; reliability of forecasts; and
11 with our colleagues at the Green Action Centre,
12 affordable, cost effective, accessible energy
13 efficiency to protect Manitoba consumers.

14 I emphasize this point, because from our
15 client's perspective we are suggesting that -- that we
16 take the lead on a number of issues. Certainly, we've
17 developed our issues list in collaboration in
18 particular with MIPUG. And we make that suggestion
19 because we think our client is uniquely placed because
20 of their experience, because of the experience of the
21 legal team, and the experience of expert consultants
22 such as Bill Harper, who's been there every step of the
23 way with CAC through this journey.

24 Just to go to the bottom of the page,
25 CAC (Manitoba) prides itself in providing evidence-

1 based unbiased information to consumers. And these are
2 the -- there's eight (8) great consumer rights that
3 they adhere to. These are the three (3) that are
4 particularly relevant to this proceeding.

5 Finally, as we turn to page 3 of this
6 hearing, and we'll talk about this towards the end of
7 our submission, but CAC (Manitoba) and Harvest have a
8 unique mechanism for seeking input from consumers.
9 They get it in day-to-day contact, but also through the
10 innovative use of both of focus groups and stakeholder
11 advisory committees.

12 Winnipeg Harvest is, of course, well
13 know. Sadly, it is well known to all Manitobans. It
14 seeks to -- its -- its focus is on hunger and to --
15 long-term solutions towards that.

16 THE CHAIRPERSON: Mr. Williams, is it
17 necessary for somebody to be a member of CAC or
18 Winnipeg Harvest in order to communicate their
19 concerns, or are you stating Manitobans, regardless of
20 whether they're a member of your organization?

21 MR. BYRON WILLIAMS: Thank you. And I
22 appreciate that. A lot of the input for CAC (Manitoba)
23 and Harvest comes through contact with folks. So --

24 THE CHAIRPERSON: Not just members?

25 MR. BYRON WILLIAMS: Not just members,

1 absolutely not. And just for example, our focus groups
2 typically will do one (1) focussed on urban consumers,
3 many of them who are se -- selected to get some
4 demographic fit for the community. The last two (2)
5 proceedings, we've done a northern panel as well.

6 THE CHAIRPERSON: So when you do these,
7 when you have these northern pan -- panel or focus
8 groups, how do you communicate with the community that
9 you're going to have these meetings?

10 MR. BYRON WILLIAMS: The focus groups
11 are aimed at getting just a selection from the
12 community. So they're not by invitation. I -- I mean,
13 they are by invitation, so there's not a broader --
14 that community input comes from the day-to-day contact
15 with folks.

16 So focus groups are not designed to
17 invite everyone. They're to get a cross-section of the
18 population.

19 THE CHAIRPERSON: Okay.

20 MR. BYRON WILLIAMS: I should indicate
21 our stakeholder advisory groups, of which our clients
22 are very proud, they involve a selection of low-income
23 persons, senior organizations, persons from rural
24 Manitoba. CAC (Manitoba) --

25 THE CHAIRPERSON: Do -- do you do any

1 in relation to -- to the Aboriginal peoples of
2 Manitoba?

3 MR. BYRON WILLIAMS: Extensively. And
4 again, the northern focus group is -- has a particular
5 angle that comes from indigenous people. On the
6 stakeholder advisory group there will be persons from
7 remote communities who participate.

8 And I should just indicate CAC
9 (Manitoba) and the Harvest also have outreach. So
10 independent business organizations like that, that's a
11 regular part of our outreach. We don't seek to
12 represent their perspectives, but their perspectives as
13 the -- as the CFIB tells our clients, a lot of the
14 people who are small businessmen are -- are residential
15 consumers or, indeed, all of them are residential
16 consumers as well. So that's something that our client
17 takes pride in.

18 In terms of Winnipeg Harvest, in -- to a
19 certain degree, the name 'Winnipeg' is a bit
20 misleading. It works closely with the Manitoba
21 Association of Food Banks, which it helped to found --
22 found -- found. And it serves, through that, over fifty
23 (50) communities and partners with more than three
24 hundred and eighty (380) agencies.

25 And if we can just scroll up, Diana, for

1 a second, this includes First Nations, rural and
2 northern communities as far north as Lynx Lake. And
3 again, our clients don't purport to speak for the
4 specific interests of -- of First Nation people or --
5 or other indigenous people, but we just highlight that
6 to -- to get the scope of the reach of our clients,
7 both through conscious focus groups as well as the
8 services that they provide in many communities in this
9 province.

10 And to scroll down to the bottom of this
11 page, Harvest has worked closely with CAC on a variety
12 of proceedings and has considerable expertise in rate
13 regulation as well.

14 Just to go to page 5 of attach -- the
15 attachment for a moment, I will just note that I used
16 the words here that there's a reasonable possibility
17 that other organizations will join this coalition.
18 Again, our client has been surprised, perhaps, by the
19 interest in this proceeding. Maybe it's just their
20 lawyer who's been surprised. And -- and certainly in
21 the event that their Intervenor status is -- is
22 granted, it's quite a reasonable possibility that
23 there'll be other organizations joining this coalition.

24 Fanatically, in terms of the reasons for
25 our -- our proposed intervention, we've gone through

1 the NFAT; we've gone through approval of Bipole 3. Now
2 the question is: What are the rate-setting
3 implications of an era of aggressive capital expansion,
4 and how can we best shield Manitoba consumers from the
5 risks and potential adverse consequences of aggressive
6 expenditures?

7 And like the panel, our clients rely
8 upon the criteria of just and reasonable rates. And in
9 -- our client is -- in particular wants to focus on two
10 (2) questions, if we scroll down to the bottom of this
11 page. And these really, if we think of the -- the
12 Board's introductory comments about the balance that we
13 seek in the public interest between the health of the
14 Corporation and the health of the corp -- and the
15 people issues, these are really the two (2) central
16 questions our clients asked: Are the effects of the
17 proposed rate -- rate increases sustainable for
18 consumers generally and for those who are particularly
19 vulnerable? What our client calls the 'people' issues.

20 And secondly, using the criteria that
21 has been developed over -- over a hundred years of
22 jurisprudence in terms of the concept of just and
23 reasonable rates, are these rate increases justifiable?
24 Are they the type that would be required by an
25 economic, efficient, and prudently managed corporation?

1 The 'health of the Corporation' issues.

2 If we could scroll to page 6, Diana.

3 Thank you. And I'm going to in a moment go down to
4 some footnotes, but the Board has clearly set out the
5 key elements of rate setting in two (2) seminal orders,
6 Order 5/'12 and 98/'14. The Board has sent out -- has
7 actually set out five (5) central elements of rate
8 setting. One (1) of them though is cost -- is cost
9 allocation between consumers. And our clients
10 understand that that is an issue for a future
11 proceeding.

12 So from our client's perspective, issues
13 related to the cost-of-service proceeding are properly
14 out of scope of this proceeding. And so we will not be
15 addressing cost-of-service issues.

16 A key criteria for the Board is, are the
17 forecasts of Manitoba Hydro reasonably reliable as they
18 relate to rate setting? And if we could scroll down to
19 Footnote 9 for just a second, we learned in the NFAT
20 about the vulnerability and the uncertainty associated
21 with Hydro's forecasts. These are clearly some of the
22 key issues related to forecasts that need to be
23 canvassed. Interest rates are -- and export revenues
24 are ones of particular concern. Others, we have
25 flagged as well.

1 We would just note in terms of load
2 forecasts that we will explore -- because it's -- with
3 the recent developments in the -- in the oil and gas
4 industry, a key story coming out of the NFAT was this
5 new pipeline mode. There's been considerable
6 skepticism in the business papers in terms of whether
7 that will actually materialize. And that's an
8 important issue for our clients in understanding risks
9 and costs both in the short term and in the long term.

10 The second criteria that's caught at the
11 top is has Manitoba Hydro demonstrated -- demonstrated
12 that its actual and projected costs incl -- incurred
13 are necessary and prudent. And one (1) of the dramatic
14 issues in this hearing are sustainable capital
15 expenditures, which seem to be deriving much of the
16 cash flow action in terms of the Corporation, as well
17 as the income statement action; that's of considerable
18 interest to our clients.

19 OM&A, or day-to-day expenditures are
20 particularly important as well and it's something that
21 our client regularly tracks. And a big issue for our
22 clients are the risks and opportunities associated with
23 debt management.

24 Going back up to overall health of the
25 Corporation. Another way to characterize this is risk.

1 And if we go down to Footnote 11, we see some of the
2 major risk factors being: export revenues, drought,
3 capital expan -- expenditures, and debt management.
4 And those are consistently a concern and priority for
5 our client that we share with our colleagues, certainly
6 from the Manitoba Industrial Power Users Group.

7 We don't need to go up to the top again.
8 We'll just stay at the bottom for Footnote 12, which is
9 focussed on the question of just and reasonable rates.
10 And to a significant degree, that balance between the
11 Corporation and between consumers.

12 And a key issue that I think you will
13 hear from our clients, certainly from MKO and the MMF,
14 we suspect, and from -- certainly from the Green Action
15 Centre as well is: How do we shield consumers from the
16 potential harsh impacts of these rate increases?

17 And Manitoba Hydro, certainly in its
18 letter of last evening, seemed to suggest that perhaps
19 some of these are issues we could put down the -- the
20 road a little bit. From our clients' perspective, that
21 is not the case. The message we have received from
22 consumers consistently is that there are acute stresses
23 today. And these aren't issues, from our clients'
24 perspective, that can be punted down the road two (2)
25 years to another Gen -- General Rate Application.

1 From our clients' perspective, that
2 doesn't mean we need to solve these issues today, but
3 it does mean that we need to start. And one (1) of the
4 good ideas put forward by our colleagues at the Green
5 Action Centre is a -- a -- going forward, a working
6 group on protecting consumers from these potent --
7 these potential rate increases. And we'll speak to
8 that in a moment.

9 Just to go up a little bit on page 6 for
10 one more moment. Thank you, Diana. That's perfect.
11 There are certain issues related to consumer impacts,
12 cost-of-service and rate design, which our client is
13 not sure we can get to in these hearings and is not
14 confident that it's appropriate to get to in these
15 hearings.

16 We're -- we're open to dialogue on that,
17 but -- there may be some dialogue on -- on whether
18 there should be a separate class of consumers for all
19 electric consumers. There may be a dialogue -- and --
20 and that's an important issue to discuss. The question
21 we have is whether it should be in this hearing or in a
22 cost-of-service context.

23 Issues such as time of use rates, our
24 clients are very interested in. They have no objection
25 to those being moved to a future proceeding. They

1 recognize that others, though, including MIPUG and
2 Green Action Centre may be -- may put a greater
3 priority on them for this hearing. So from our
4 client's perspective, they have no objection to those
5 moving to another hearing.

6 Issues related to inverted, or so called
7 conservation rates are another issue where the
8 evidence, from our clients' perspective, is not
9 particularly ripe. It's an important issue in how to
10 protect consumers in that environment, but our client
11 is not confident a full dialogue on those issues would
12 be appropriate for this proceeding.

13 So we make those comments recognizing
14 these are from our client's unique perspective. Others
15 may put a greater priority on them. And in -- in terms
16 of the nature of the proposed intervention, and in this
17 section I will try to, on behalf of our clients,
18 respond to -- to some degree to the Hv -- Hydro's
19 letter of last evening.

20 I would note that from our clients'
21 perspective there were some factual inadvertent, no
22 doubt, factual inaccuracies, from our clients'
23 perspective, in last night's letter. Rather than go
24 into those today, we'll provide a response this
25 evening, which just -- without getting argumentative

1 iust tries to highlight where we differ in terms of the
2 characterization of -- of some of the facts.

3 Before I get to proposed evidence that -
4 - that -- direct evidence that CAC (Manitoba) will --
5 will either support, or present, or wishes to support
6 or present, we certainly intend to present cross-
7 examination and closing submissions on the four (4)
8 central elements of the rate setting process that we've
9 identified.

10 And again, I -- on this subject I iust
11 want to go back to the point I made about our clients'
12 experience and the experience of our experts. If our
13 client didn't have a -- an analyst of the quality of
14 Mr. Bill Harper, we might need, or think we needed, in
15 terms of issues like OM&A and IFRS implications, or
16 load forecast, or uncertainty associated with export
17 revenues, it might be a sense that we nit -- we needed
18 to bring evidence on those.

19 Our client is confident based upon the
20 strength of its team that those can be effectively
21 addressed through cross-examination and certainly feels
22 that they are well suited in collaboration with other
23 experienced intervenors to -- to lead discussions in
24 those areas.

25 I'll also note that we have -- our

1 client, I think with the exception of Win -- the City
2 of Winnipeg, who we met with by phone, our client has
3 met with each Intervenor group, in -- in a couple of
4 cases twice, to try and scope out this hearing and
5 allocate priorities. In particular, our client has a
6 longstanding relationship with the Manitoba Industrial
7 Power Users Group in which we meet regularly, certainly
8 we did during the NFAT, to identify, You'll take the
9 lead on this, you'll take the lead on -- on that.

10 It's, in our experience, an -- an
11 effective process. We do benefit from the
12 collaboration, but we believe that it's been successful
13 in minim -- in reducing hearing time.

14 THE CHAIRPERSON: Mr. Williams, you
15 mentioned that in relation to MIPUG. What about the
16 other Intervenors? Have you -- have you been able to
17 work out a protocol with them as to who will -- who --
18 if they're successful in gaining status, who would lead
19 on an issue?

20 MR. BYRON WILLIAMS: I would say that
21 we've -- we've had good discussions with all of them.
22 I think -- generally I think we're on all accord, but I
23 -- I won't try to speak for them. We've -- we've
24 talked with the Green Action Centre on -- in terms of
25 some of the issues where CAC might normally take the

1 lead, the Green Action Centre will be providing
2 evidence on -- on mitigation benefits for vulnerable
3 consumers.

4 So that's an area where we -- we often
5 actually have some analytical differences on the Green
6 Action Centre. And our client agreed in this hearing
7 that, let's just get the ball rolling together and --
8 and we'll sort out those analytical differences in a
9 working group.

10 With the MKO, for example, I think we've
11 -- we've developed a very productive relationship. We
12 propose to share -- to share with them one (1) of our
13 principle analysts, Mr. Bill Harper, so that his case
14 memos on areas where our positions don't conflict are
15 shared with the MKO and they have input in the
16 development of them, which cuts down on -- on their
17 costs.

18 Issues like energy efficiency with the
19 MKO and with Green Action Centre, I think we've said we
20 want to -- to just hold Hydro's feet to the fire in
21 terms of its very ambitious promises from
22 February of 2014 on issues that we share with MKO such
23 as the vulnerability of -- or the lack of access for
24 consumers and low-income -- or, excuse me, substandard
25 housing. I think we've developed a collaborative

1 approach that I'm -- I'm quite confident will be
2 productive.

3 With the MMF, we're certainly -- we've
4 successfully collaborated with them in terms of the
5 presentation of a ratepayers panel in the past. We're
6 confident that will take place.

7 We've got an ongoing dialogue on how we
8 can work with them on -- on issues such as OM&A. And
9 so I think we're getting there. I wouldn't say we've --
10 - in the week and a half or two (2) weeks we've had,
11 we've -- we've achieved nirvana or the new Jerusalem,
12 but I think we've made good progress.

13 Just in terms of our proposed areas that
14 -- that we think would benefit from evidence, an
15 innovation for the first time ever during the NFAT was
16 to treat ordinary consumers as experts. And the
17 implications of rates upon -- on their reality. And
18 that is something that -- that our clients, the
19 coalition, in collaboration with the Manitoba
20 Association of Food Banks, the MMF, and MKO, certainly
21 think the Board would benefit from in this hearing. It
22 may not be exactly the same because the issues change
23 from hearing to hearing. But we think that is very
24 valuable.

25 Going to the second bullet below --

1 thank you, Diana -- here I think our clients, the
2 Consumer Coali -- Coalition agree with the Green Action
3 Centre to the extent that, to start looking at ways to
4 mitigate rate implications for consumers, it's not
5 going to be about one (1) hearing.

6 So our understanding of the Green Action
7 Centre proposal in this hearing is not about
8 determining solutions, but out -- outlining simply a
9 menu of options and proposing, as we understand it, a
10 working group flowing out of this hearing to get at
11 these issues, and also to identify data gaps.

12 So our client is acutely interested in
13 this. Goodness knows whether we will agree ultimately
14 in the future with the Green Action Centre, but we've
15 agreed to work collaboratively on this with the Green
16 Action Centre taking the lead on this particular issue.

17 Going to the next page, it hasn't been
18 determined yet whether the panel would benefit from
19 energy evidence related to cost-effective mechanisms to
20 improve energy efficiency for persons living in
21 substandard housing. This was a big theme that came
22 out of the NFAT, especially in -- in northern
23 communities, cold -- cold communities, inefficiently
24 insulated houses. Are there cost-effective ways to cut
25 down the hydro bills for those consumers? It's also an

1 issue of substandard housing in our inner city.

2 We're not asking to take the lead on
3 this. We are jointly, with MKO, looking at sharing an
4 expert on energy efficiency who can provide some
5 general advice. And if there's merit, our clients may
6 collectively deci -- decide to call a witness, with our
7 clients either assisting or collaborating with the MKO.

8 An area of acute importance to our
9 clients are financial issues including financial
10 targets, risk management including debt management, and
11 interest rate forecasting.

12 Another key issue here is depreciation,
13 and we'll come to that. I'll just note now that the
14 Manitoba Industrial Power Users Group has historically
15 taken the lead on that. And provided it's prepared to
16 do so again, our client has indicated it will support
17 and collaborate with them in those efforts.

18 Our client certainly proposes to take
19 the lead in areas where it's provided advice to the
20 panel in the past on issues relating to financial
21 targets, financial risk management, and interest rate
22 forecasting.

23 And it's not really a -- a Cadillac team
24 of experts that it's -- Cadillac, I -- I just mean in
25 terms of the quality, not in terms of their prices --

1 of experts that -- that it -- that it thinks can assist
2 in this proceeding.

3 And Dr. Lawrence Booth is perhaps less
4 familiar to this panel, although he did give evidence
5 in the early 1990s. But he's well known across Canada
6 as an expert on the cost of capital and the cost of
7 debt. He's provided expert evidence on financial
8 targets relating to Crown corporations in jurisdictions
9 such as Quebec and British Colum -- excuse me, and --
10 and New Brunswick. And he's just coming off a major
11 proceeding in British Columbia.

12 Dr. Booth, and we'll provide his
13 curriculum vita, brings a unique skill set. And I -- I
14 note Manitoba Hvdro in its comments of last night
15 sought to lump -- lump him in with Mr. Bowman, Mr.
16 McCormack, and Mr. Matwichuk is kind of more of the
17 same. The -- Mr. Bowman, Mr. Matwichuk, and Mr.
18 McCormack are all very gifted; they are not like Dr.
19 Booth.

20 And he's, of course, written the -- some
21 of the leading text books, including the Introduction
22 to Corporate Finance. And kev -- a kev -- he
23 certainly, in terms of risk to the Corporation from
24 their financial targets and implications of
25 deterioration in results compared to financial targets

1 over the aggressive capital spending period, he is
2 uniquely presented to give evidence on.

3 And just as an example of that, we had a
4 conversation with Dr. Booth this week on what's going
5 to be the response of the debt rating agencies as we
6 see a deterioration in Manitoba Hydro's expenditure --
7 financial targets over this period --

8 THE CHAIRPERSON: Excuse me -- excuse
9 me. Member Duboff. And I apologize for interrupting
10 but I've been waiting very patiently on -- on the mic
11 to object at this point.

12 This is very anecdotal evidence. We are
13 here for a pre-hearing conference, and this is the
14 first time that I've ever had the chance or an
15 opportunity to hear of a conversation that Mr. Williams
16 had with Mr. Booth about some pretty significant
17 issues. We had no fair opportunity to respond to this.
18 It's purely anecdotal. It sounds more like an opening
19 statement or a closing argument, or evidence. This
20 isn't the purpose.

21 I apologize for the interruption, but --

22 THE CHAIRPERSON: I -- I would -- I
23 would agree with you, actually. I -- I think if you
24 can --

25 MR. BYRON WILLIAMS: Thank you.

1 THE CHAIRPERSON: -- limit yourself to
2 -- to why -- why we might need him in a -- in a much
3 more focussed way.

4 MR. BYRON WILLIAMS: Yeah. And thank
5 you. And I apologize for that.

6 Let me just say this. One (1) of the
7 key indicators of how the market will react to
8 deteriorations in final -- financial performance is
9 what occurs in the financial markets themselves, the
10 yield between Canada and provincial bonds. As you'll
11 see in the footnote, the article of that -- the author
12 of that material is, in terms of looking at what drives
13 provincial Canada yield spreads, is in -- indeed Dr.
14 Booth. That's on footnote 17, just as an example of
15 the type of expertise that he brings to this occasion -
16 - to this opportunity.

17 Mr. McCormack is well known to this
18 Board. He's provided evidence in terms of risks
19 associated with debt management, as well as issues
20 related to interest rate forecasting. And certainly
21 from our client's perspective, these are big ticket
22 items that are driving a lot of these short and long-
23 term costs related to the Corporation. Go ahead, sirs.

24 THE CHAIRPERSON: But, Mr. Williams,
25 one (1) of the things -- because I've read your

1 material over -- one (1) of the things that -- that I
2 noted on your Attachment D dealing with their costs, in
3 many of the other submissions that were made by
4 perspective Intervenors, they -- they gave us an idea
5 of how fees were -- perspective fees were calculated.

6 We have ninety-nine thousand dollars
7 (\$99,000) as a low fee, and actually it's the high
8 range for Dr. -- Dr. Capra; Dr. Booth, seventy thousand
9 dollars (\$70,000); how were those numbers -- how did
10 they come up with those numbers? Those are very large
11 numbers to -- to be coming and giving evidence on the
12 points that you raised.

13 MR. BYRON WILLIAMS: Yes. Thank you.
14 And, Mr. Panel Member --

15 THE CHAIRPERSON: Duboff.

16 MR. BYRON WILLIAMS: Duboff. Yes,
17 thank you. We're happy to provide the -- the breakdown
18 for that. We were just -- we have the -- the numbers
19 that -- that came from them. And I'm happy to go
20 through them to a certain degree right now, but we can
21 certainly file those with us (sic).

22 I should just note, as we indicated by
23 email, Dr. Booth's placeholder, in that -- as you see
24 the number beside it, that is a placeholder -- that is
25 based upon what I put in. I clarified --

1 THE CHAIRPERSON: An exchange rate.

2 MR. BYRON WILLIAMS: -- in
3 correspondence last evening that the -- a more
4 reasonable estimate would be in the range of forty
5 thousand dollars (\$40,000). We can provide that --

6 THE CHAIRPERSON: Is that for -- I'm
7 sorry?

8 MR. BYRON WILLIAMS: That's for Dr.
9 Booth.

10 THE CHAIRPERSON: Dr. Booth.

11 MR. BYRON WILLIAMS: We can provide
12 that. And that's based upon -- that estimate is based
13 upon some evidence that he gave on analogous issues in
14 New Brunswick. But we're happy to provide a -- a
15 detailed analysis for that, and we can do that this
16 evening.

17 And I apologize. We were working to get
18 a lot of information before the panel.

19 THE CHAIRPERSON: I -- I appreciate
20 that, but -- but it's sort of -- three hundred and
21 fifty-seven thousand dollars (\$357,000) or four sixty-
22 one (461), is a number that we have to justify for
23 Manitobans, and indeed your consumers.

24 MR. BYRON WILLIAMS: Absolutely. And
25 our client puts us through this same test, so need to

1 apologize for me.

2 Mr. McCormack's evidence -- estimates
3 are based upon our -- and we'll happily provide them as
4 well as -- look at his approved costs on a number of
5 proceedings before the Public Utilities Board. And we
6 do have an itemization of those, so we're happy to
7 provide that.

8 THE CHAIRPERSON: I think that would be
9 important to provide because at the same time as we're
10 going and dissecting and reviewing what Manitoba Hydro
11 is doing, I think that the same level of vetting is
12 necessary for all the intervenors. We need to ensure
13 that the intervenors are being as thorough in terms of
14 vetting their experts and their own legal counsel as we
15 demand of Manitoba Hydro.

16 MR. BYRON WILLIAMS: Absolutely. And
17 it's normally something that we put in with our
18 estimates, just as you -- we find --

19 THE CHAIRPERSON: I understand, yeah --

20 MR. BYRON WILLIAMS: Yeah. Just to Mr.
21 Harper again, we have a detailed breakdown of his
22 expenditures.

23 For -- the estimates for senior counsel,
24 I guess you could put -- that's related to me. The --
25 the low end for that is based upon an assumption of

1 fifteen (15) hearing days. And our -- our client has
2 gone back over the last ten (10) years in terms of
3 what's the mathematical result -- if you have a number
4 of hearing days --

5 THE CHAIRPERSON: Right. Right.

6 MR. BYRON WILLIAMS: -- what type of --
7 and -- and it ranges between seventeen (17) hours per
8 hearing day and twenty (20) hours per hearing day.

9 As you'll be aware, it's not like we're
10 spending twenty (20) hours on the hearing day. But if
11 we're told that we're going to have fifteen (15) days
12 of hearings, we're quite confident that our -- my hours
13 will come in at or below three hundred (300) hours.
14 For -- again, we'll provide a detailed itemization of
15 this.

16 The one at this point in time we're not
17 able to provide an itemization on is the placeholder
18 for La Capra. And that is simply because we were not
19 in a position to reach out to that organization until
20 Tuesday of this week. So we're going off of a -- an
21 estimate for a -- what they had done in a similar
22 hearing in Indiana and -- and offering -- but we're
23 happy to provide what detail we can, and we'll be
24 prepared to do it this evening.

25 THE CHAIRPERSON: Mr. Williams...?

1 (sic)

2 DR. HUGH GRANT: This John McCormack is
3 the same one referred to in the -- this John McCor --
4 McCormick or McCormack, depending on the spelling, is
5 the same one referred to in -- is it the MMF, the
6 possibility that it was going to be a shared
7 consultant, or is this a different person?

8 MR. BYRON WILLIAMS: Mr. McCormack is
9 the same person.

10 DR. HUGH GRANT: Okay. So when you're
11 -- when listing the costs here, this would be the cost
12 borne by CAC if you're sharing the witness with MMF?

13 MR. BYRON WILLIAMS: Yes. And I'm --
14 I'm not sure that Mr. McCormack is in a retainer
15 arrangement with the MMF --

16 DR. HUGH GRANT: Okay.

17 MR. BYRON WILLIAMS: -- at this point
18 in time. But -- and certainly perhaps, Mr. Grant, I'll
19 chat with my -- my friend, Mr. Saxberg, about that, and
20 -- and we can provide some greater clarity on that.

21 THE CHAIRPERSON: One (1) of the other
22 issues that -- if you can address, and you may be
23 addressing, is in Mr. Peters's comments, when -- when
24 we're looking at cost awards, as you know, one (1) of
25 the criteria is:

1 "...insufficient financial resources
2 to present their case adequately
3 without an award of costs."

4 Can you speak to what, if anything, your
5 -- your organization or Winnipeg Harvest has done to
6 try and raise money from consumers to pay for some of
7 these costs?

8 MR. BYRON WILLIAMS: Well --

9 THE CHAIRPERSON: If anything.

10 MR. BYRON WILLIAMS: -- I'll -- I'll
11 indicate first of all that there is a tremendous
12 donation of time to these hearings from the Consumers
13 Association and from Winnipeg Harvest. The -- the
14 focus groups that -- that our clients undertake, they
15 are not seeking any cost recovery from the Public
16 Utilities Board for that.

17 And so there will be a -- that in itself
18 is a considerable amount of time, as well as the
19 donation of staff time to these hearings. I would also
20 indicate, and it's -- it's well-known, I think, to the
21 Public Utilities Board that our centre, the Public
22 Interest Law Centre, we're definitely not a moneymaking
23 venture.

24 There -- in any of these applications,
25 there will be a considerable donation of our time over

1 and above the bills that you receive. And that's -- we
2 have to pay our bills and keep our lights on. We're in
3 a different position though from -- from other organ --
4 other legal counsel, and so the bills that you will see
5 from our clients will be reflective of a very
6 significant donation of time from legal counsel, as
7 well as from the client.

8 So I'm -- I'm quite confident that
9 you'll -- you'll see that. I -- I haven't -- in terms
10 of perhaps seeking donations to pay the legal fees, our
11 clients believe that this process gives tremendous
12 value for Manitoba ratepayers.

13 And I'm not sure Winnipeg Harvest
14 donors, of which they are very substantial, would want
15 them -- there's people hungry, and I'm not sure that
16 they would be seeking to divert those expenditures in
17 that way. Not to say that this isn't critical,
18 important, and -- and for vulnerable people, but --
19 okay.

20 Just on I -- I do want to clarify
21 something, and I may not -- in terms of the evidence of
22 Dr. Booth, I may not have well communicated this in our
23 original application. We see the -- the -- the
24 implications of his evidence focussing on the treatment
25 and options for financial targets in periods of high

1 capital activity, and its implications for access to
2 affordable debt, as well as the implications of
3 pressures on financial targets on provincial debt
4 rating.

5 So I want to be clear while the
6 necessary context to this discussion from Dr. Booth is,
7 What are the financial targets, are they -- they
8 reasonable, but the question beqged by this
9 Application, and indeed beqged by the Public Utilities
10 Board in its NFAT writing was: What happens when
11 there's pressures on these targets in times of high
12 capital expenditures?

13 And the particular insight Dr. Booth, in
14 our clients' view, will provide is: What will that do
15 in terms of access to debt in the marketplace? And I -
16 - I apologize if I didn't articulate that well in our
17 presentation. In reviewing the material, it seemed to
18 me that I might not have.

19 Turning to page 9 of our material, and
20 if we could scroll down just a little bit more, Diana?

21

22 (BRIEF PAUSE)

23

24 MR. BYRON WILLIAMS: The Board will be
25 well aware that if we look just in the 2015/'16

1 Application, roughly between 590 million and 600
2 million, this is in footnote 22, of the in-service
3 additions relate to sustainable capital. And again in
4 2014/'15, over 570 million are in that area.

5 If we can just scroll up a little bit
6 now, Diana, to implications? Perfect. For a number of
7 years, this is a dominate theme in rate regulation
8 across North America. I think it's generally accepted
9 that large utilities have perhaps not been -- have --
10 have work to do, both in terms of keeping their --
11 their plant up-to-date but also in their management of
12 their expenditures with that plant.

13 The old stories -- well, I can't tell
14 stories. What I can say is this. Our client has for
15 the last half decade been saying, Let's move towards
16 modern capital asset management practice. No more
17 slide rules. What are we doing in terms of
18 prioritization -- prioritizing sustaining capital
19 expenditures, those day-to-day expenditures, and how do
20 we -- how do we make that determination? Are we going
21 to fix the -- the leaky roof, the -- the sink, all of
22 it all at one (1) time, or how do we prioritize that?

23 And there is very much -- within the
24 North American regulatory industry there was a move to
25 a modern approach to this, to looking at it critically.

1 And -- and certainly that's what our client sees, is a
2 major big ticket item in this hearing.

3 We've shared, if we go to the third
4 paragraph under this bullet, examples out of Ontario in
5 terms of leveraging network utility asset management
6 for regulatory purposes. We have encouraged Manitoba
7 Hydro to present independent evaluation of what it's
8 doing with its sustaining capital.

9 We are proposing to bring in a very
10 well-known and high-quality firm, La Capra Associates,
11 to look at this very issue, given the magnitude of the
12 rate increase presented.

13 So it's an issue that, in our client's
14 view, has been under-examined. It's an issue where we
15 are -- the Public Utilities Board is -- is in acute
16 need of an independent look at this. And this isn't
17 going to be digging into how many poles they're putting
18 out in a particular part of the province. It's going
19 to be looking at the -- whether the -- the approach, in
20 terms of capital prioritization and planning, is
21 consistent with good modern practice.

22 Manitoba Hydro has taken objection to
23 the firm La Capra and Associates. One do -- we don't
24 interpret it as objecting to their qualifications,
25 which are well known to this Board. And I should be

1 able to provide to the Board the curriculum vitae of
2 the witnesses who will be appearing in this hearing, if
3 approval is granted.

4 I can indicate that we do not expect the
5 witnesses in this hearing from La Capra to be any of
6 the witnesses that appeared in the NFAT,
7 because those folks were aimed at new capital
8 prioritization and planning. They were aimed at a very
9 different issue.

10 So the witness who will be appearing
11 from La Capra -- and I don't have the names because we
12 just again engaged them on -- or tentatively engaged
13 them on Tuesday morning -- will be from the capital
14 asset management team, a different team, a different
15 skill set.

16 From that perspective, we're -- we
17 certainly don't see any risk of information leaking out
18 from the NFAT to our clients -- or to our experts'
19 deliberations, nor do we see that NFAT-type of
20 information as being relevant to what these folks would
21 be doing.

22 These folks are going to be doing what -
23 - what is being done across North America, whether it's
24 Duke Energy or Ontario Energy, doing -- doing in at a
25 high level, in terms of the methodological approach to

1 capital asset management.

2 THE CHAIRPERSON: Mr. Williams, is
3 there any reason that these individuals all have to be
4 here in person, that we couldn't use some of video
5 conferencing to deal with any of these witnesses?

6 MR. BYRON WILLIAMS: Well -- well,
7 those are always questions that are open to the Board.
8 And we'll -- we'll certainly take our guidance --

9 THE CHAIRPERSON: But I'd like your
10 view on that.

11 MR. BYRON WILLIAMS: We have -- we have
12 done, for the Clean Environment Commission, a video
13 conference of an expert evidence. It did work okay.
14 I -- I would say that there are -- there's some
15 learning from that. One (1) is the delay and the
16 communication. I think the communication, at least in
17 that circumstance, was not ideal. And also, we had
18 some peculiar circumstances where the -- the -- I think
19 the witness's body language -- he was leaning back in
20 his chair and disappearing from the screen. I -- I
21 think we would have witnesses better prepared for that,
22 going forward.

23 I've also done, certainly with -- with --
24 -- on some constitutional matters, video conference.
25 It's worked okay. I think that -- certainly, so it can

1 work from my -- if you're asking for my professional
2 opinion --

3 THE CHAIRPERSON: Yes.

4 MR. BYRON WILLIAMS: -- I believe that
5 the panel would still benefit from seeing the -- the
6 folks up -- up front. But certainly from our client's
7 perspective, that's -- that's doable.

8 And -- and my client just -- the panel
9 asked some very good questions about -- and again, I
10 apologize for not being -- sufficiently detailing our
11 estimates. We'll do that.

12 But our client just reminds me that
13 they're acutely cognizant of the fact that ratepayers
14 pay for the costs of regulation. And -- and our client
15 is privy to these estimates. The Board should be, too,
16 and we're happy to share them. But she just wishes me
17 to reassure you that she's keeping her finger on -- on
18 me as well.

19 I think we've already talked about
20 additional elements of collaboration. And we've also
21 outlined the preliminary elements of our engagement
22 plan.

23 If we go to attach -- Attachment B for
24 just one (1) second, if that's possible, Diana, I just
25 want to remind the panel that the placeholder for Dr.

1 Booth is -- is no longer seventy (70) to eighty
2 thousand (80,000). It's forty thousand (40,000).
3 We'll get a -- a more refined estimate out this
4 evening. So that accordingly reduces the numbers.

5 Members of the panel, I'm mindful of the
6 time that -- that I've already taken. It's an -- and I
7 apologize, except for it's important from our client's
8 perspective. This hearing's a big deal.

9 What I'm going to suggest is, just for
10 efficiency purposes, subject to the panel's
11 deliberations, we could go through our issues list, but
12 we have filed something in -- in great detail
13 yesterday. Much of it is -- is consistent with -- with
14 what our friends from MIPUG have done. So we're
15 available to answer questions about it. We're
16 certainly prepared to do so, but just mindful of the
17 time that I've already taken, that would be my
18 suggestion.

19

20 (BRIEF PAUSE)

21

22 THE CHAIRPERSON: Subject to any
23 comments that Chairman will have or -- or Ms. Kapitany,
24 we're ready to listen to MIPUG on the issues.

25 MR. BYRON WILLIAMS: And just the one

1 (1) thing the Board had asked for was, I think, an
2 estimate of hearing time and days. I'm prepared to
3 provide that when -- when the Board wishes for it.

4 THE CHAIRPERSON: Thank you. Thank
5 you, Mr. Williams for your presentation.

6 I'd like to call on Mr. Gange now from
7 Green Action Centre to -- to give his presentation.

8 Oh. Why don't we do one (1) -- one (1) more, and then
9 we'll take a break. Are we okay with that? We'll --
10 we'll do one more from Bill Gange. Bill...?

11

12 INTERVENOR APPLICATION BY GREEN ACTION CENTRE:

13 MR. WILLIAM GANGE: Thank you, Mr.
14 Duboff. This may not come as a surprise, but my
15 presentation won't be as long as Mr. Williams's just
16 was. And with respect to this, I've provided to the
17 Board the Intervenor request form on behalf of the
18 Green Action Centre.

19 The Green Action Centre has been
20 involved in hearings with respect to Centra Gas, with
21 respect to Manitoba Hydro, the NFAT process, the Cost
22 of Service Study for a significant period of time, and
23 comes to this hearing with the -- the information and
24 the expertise that it's developed over the years of --
25 of presenting evidence before this panel.

1 And I'm happy to say that on many of the
2 occasions that -- that Dr. Miller has appeared or that
3 Dr. Miller and I have appeared, the -- the end result
4 of the decisions of the Board have taken into account
5 the expert testimony that has been presented to a very
6 significant degree.

7 The Green Action Centre is a nonprofit,
8 non-government hub for greener living based in Winnipeg
9 and serving Manitoba. It has many activities and
10 concerns; they're displayed at the website,
11 greenactioncentre.ca.

12 We share the provincial goal for
13 Manitoba to be one (1) of the most sustainable places
14 to live on Earth and the promise to build a strong,
15 resilient green economy. We are guided by principles
16 of sustainability and a robust concept of justice,
17 which includes, A) other things being equal, having
18 users who impose social costs pay for those costs, so
19 user pay and polluter pay by internalizing the social
20 costs imposed, and also, B) ensuring that basic welfare
21 and human development needs, such as health and
22 education, are provided for all citizens.

23 The Green Action Centre believes and
24 urges that in the determination of just and reasonable
25 rates and the assessment of programs for Manitoba Hydro

1 both aspects of justice should be considered.

2 As cited in Manitoba Hvdro's application
3 at Tab 2, page 28, the Green Action Centre does believe
4 that a long-range perspective is more appropriate in
5 rate setting than short-term adjustments based on
6 short-term variability of water flows and export
7 opportunity prices. This is especially true at this
8 time when decisions on major capital projects have been
9 determined on the basis of last year's NFAT -- NFAT
10 proceedings and the subsequent licensing decisions made
11 by the Provincial Government and the knowledge that a
12 massive increase in debt to be serviced is indicated
13 for the next two (2) decades.

14 We, therefore, believe that a three (3)
15 year term for determination of Manitoba Hvdro's revu --
16 revenue requirements is warranted. We also believe
17 that there is unfinished business to be completed in
18 the two (2) areas we have chosen for intervention, low-
19 income affordability and promised DSM measures,
20 including especially the implementation of PowerSmart
21 or conservation rates.

22 On the issue of whether or not to
23 include 20 -- 2016/2017 within the scope for rate
24 setting, Green Action Centre proposes that the current
25 process could determine the revenue requirement and

1 time-of-use rates for large users for 2016 and 2017.
2 This would allow a subsequent process prior to April
3 1st, 2016, to focus on the remaining unfinished
4 business, such as cost of al -- cost allocation,
5 conservation rates for non-time-of-use customers, and a
6 comprehensive low income strategy.

7 I -- I would say, Mr. Duboff, that one
8 (1) of the things that we have been concerned about is
9 -- and -- and we've been directed to consider Board
10 orders pertaining to core topics: rate design and
11 mitigation of bill impacts for low income customers are
12 basic.

13 We -- went extensively into these issues
14 in the 2010/2011 rate hearing. And we would note that
15 there are a couple of points so that, for instance, the
16 -- the Board had -- has held that there's an
17 outstanding directive for Manitoba Hydro to study the
18 merits of implementing an inverted rate structure for
19 all customer classes and to file a report by no later
20 than December 31st, 2004. That was some time ago.

21 And, in fact, an inverted rate structure
22 was eventually adopted. But then because of an
23 inability to deal with the all-electric customers, the
24 Board decided that it would put that off. We look at
25 this and say this is something that is still

1 outstanding and -- and is something that -- that the --
2 that Manitoba Hydro and the Board have to come to grips
3 with. How are you doing to deal with all-electric
4 customers?

5 We also note that -- that the Board
6 provided a directive to Manitoba Hydro to move forward
7 with respect to a low income strategy. That still
8 hasn't -- that -- we just haven't moved forward on
9 that. And so in terms of the -- the process that --
10 that the Green Action Centre sees with respect to this
11 application, there are -- the -- the -- there are a
12 couple of major points.

13 Green Action Centre does not intend to
14 take an active role in -- in terms of challenging the
15 rate increase. That -- that -- others have said that
16 they intend to do that. That is -- that will not be
17 the focus of the Green Action Centre's intervention.

18 But what the Green Action Centre
19 recognizes is that with increases at the rate that --
20 that Manitoba Hydro proposes, and that if one looks at
21 the significant increase in debt allocation due to the
22 Provincial Government's decision to licence the Keeyask
23 dam, that there's going to be a very significant impact
24 upon low income consumers.

25 And at -- and -- and our position is

1 that that is of critical importance, not only to those
2 individuals, but to Manitoba Hvdro itself, because if
3 you -- if -- if you cannot sustain this growth, and --
4 and Mr. Williams puts it that -- that the -- that the
5 rate increases are unsustainable, they may be
6 sustainable for me. They may be sustainable for Dr.
7 Miller, and they may be sustainable for basically every
8 person in this room. But in -- in our view, we are
9 afraid that they are not sustainable for the vulnerable
10 in our society.

11 Two (2) rate hearings ago we brought in
12 Roger Colton. Mr. Colton is an acknowledged expert in
13 the field of low income programs, the design of -- of
14 rates, and the design of process to make -- or to
15 assist utilities in making a -- a low -- a low in -- or
16 making energy affordable. And that's what we intend,
17 if given Intervenor status, to focus on with respect to
18 this hearing.

19 At the same time, Green Action Centre
20 recognizes this is not a problem that can be solved in
21 a period of three (3) months or four (4) months. This
22 is an enormous problem and it requires not just
23 superficial analysis and -- and a review for a -- a few
24 hours in a three (3) week hearing or a four (4) week
25 hearing. It is something that requires an involvement

1 of stakeholders and the Utility itself and this Board.

2 And so what -- Mr. Williams set out our
3 discussions that we've had in terms of collaborating
4 for the low income process that -- that we would see
5 going forward. And that is that what we would like to
6 be able to do is to have Mr. Colton attend, take part
7 in the IR process, and provide to the Board, as -- as
8 Mr. Williams has said, A menu of options in order to
9 establish -- well, to -- to identify the problem and to
10 identify the fact that there are options that -- that,
11 moving forward, can be looked at.

12 So from our perspective, that directive
13 was given some considerable period of time ago by the
14 Board. It's not been one that -- that Hydro has -- has
15 come back to the Board and said, Here's -- here's our
16 idea. Here's our plan.

17 And I -- I read in the -- the material
18 that was provided last night that this is an issue that
19 Manitoba Hydro has referred to the provincial
20 government. We haven't seen anything from the
21 provincial government, and so the -- from -- from the
22 perspective of the Green Action Centre, this is a big
23 issue that has to be tackled. It -- it cannot be
24 tackled in one (1) easy step.

25 But we would expect that Mr. Colton

1 would -- would be able to provide significant
2 assistance to this Board, and from there, we would
3 expect and we would -- what -- what our ultimate
4 recommendation would be for the Board to recommend that
5 a -- that a -- a working group be established which
6 would consist of the -- the Utility itself and
7 stakeholders such as the Green Action Centre, such as -
8 - as the Consumers' Association, such as Winnipeg
9 Harvest, such as the Manitoba Metis Federation or MKO,
10 to move forward to -- to look at that.

11 We know that -- in fact we -- that --
12 that this can be done. Manitoba Hvdro has been working
13 collaboratively in terms of the cost of service
14 methodology, and -- and Professor Miller is -- is part
15 of that whole process.

16 The -- Manitoba Hvdro and -- and
17 Professor Miller made a point in -- in our discussions
18 of -- of commending Hvdro representatives Kelly
19 Derksen, Greg Barnlund, for the -- the cooperation
20 that's been shown in -- in developing a -- a list of --
21 of options, and a list of potential resolutions of
22 problems.

23 It -- it's been an excellent working
24 group. We see that -- that this hearing and the
25 evidence that would be established by Dr. Cole -- by --

1 by Mr. Colton would provide the framework for moving
2 forward in a similar fashion. So that's why we say
3 that -- that the -- the process of the impact upon low-
4 income customers must be part of this process.

5 As Mr. Williams said, We have had a -- a
6 very good meeting. It was a -- it is a -- an excellent
7 meeting in terms of -- of discussion of how we could
8 collaborate and how we could move forward. We have
9 also -- the Green Action Centre has also in -- invited
10 assistants from MKO because we recognize that -- that
11 MKO represents a large portion of the vulnerable
12 customer class, and we need their input. We need their
13 assistance.

14 We've also invited the Manitoba Metis
15 Federation to collaborate with us. We haven't really
16 had enough time to -- to work that out. We have had an
17 expression of interest from Mr. Saxberg, and -- and
18 we've been grateful for that.

19 So that's the first issue. The second
20 issue that the Green Action Centre considers to be of -
21 - of significant importance is --

22 THE CHAIRPERSON: Dr. --

23 MR. WILLIAM GANGE: I'm sorry.

24 THE CHAIRPERSON: -- again, Dr. Colton
25 will be speaking primarily on this issue of low-income

1 rates?

2 MR. WILLIAM GANGE: That's correct.

3 THE CHAIRPERSON: Can -- can you --
4 I've got -- I'm a little confused here. I've got two
5 (2) separate bud -- budget --

6 MR. WILLIAM GANGE: You should only
7 have one (1) because you should --

8 THE CHAIRPERSON: Which -- which is the
9 correct one? I have one (1) showing a hundred and nine
10 thousand (109,000) for his cost, and one showing fifty-
11 one (51).

12 MR. WILLIAM GANGE: Yes, okay. So I
13 sent out -- I -- I sent out a revised estimate.

14 THE CHAIRPERSON: I just can't --
15 haven't been able to keep track of them.

16 MR. WILLIAM GANGE: Okay.

17 THE CHAIRPERSON: Which -- which is the
18 reason, because --

19 MR. WILLIAM GANGE: Yes. Yes, the --
20 the revised one is the lower one.

21 THE CHAIRPERSON: Okay. Thank you.

22 MR. WILLIAM GANGE: And -- and that was
23 my fault, Mr. Duboff. The -- the --

24 THE CHAIRPERSON: No problem.

25 MR. WILLIAM GANGE: What -- what

1 happened there was that we asked Mr. Colton to provide
2 us with an estimate of what it would cost to come, take
3 part in this hearing, ask Information Requests, and all
4 of that, and -- and that's -- the total amount of that
5 one is fifty-one thousand dollars (\$51,000).

6 THE CHAIRPERSON: Thank -- thank you.
7 And -- and I had asked a question of Mr. Williams
8 relating to video conferencing for -- for his
9 witnesses. What's your view on that, Mr. Gange?

10 MR. WILLIAM GANGE: I -- I'm not -- I'm
11 not particularly impressed with video conferencing.
12 These are hearings where there is interaction between
13 the Board -- there's significant interaction between
14 the Board and the -- the people giving their testimony.

15 My own sense, and -- and it may be that
16 I've been a litigator in courtrooms for far too long,
17 but body language and the ability to connect -- the
18 ability for the -- for the witness to be looking not
19 only at the person that's asking him the question, but
20 watching Dr. Grant and what his body language is, or
21 long -- looking at -- at Board member Kapitany and
22 seeing what -- how talk -- how Ms. Kapitany reacts.
23 Those are all very important points.

24 So -- so from my own personal view, and
25 -- and I'm quite prepared to hang onto the handle of

1 dinosaur on -- on this part of the process, it -- it --
2 the amount of money that's saved by -- by not flying
3 people in is, to me, insignificant in comparison to the
4 need for the Board to be able to see the person and to
5 be able to ask the appropriate questions.

6 THE CHAIRPERSON: Thank you for that
7 answer. Now, you were going to...

8 DR. HUGH GRANT: I -- I'm afraid to say
9 this after you referenced my body language, but I
10 suspect there are some people in the room that need a
11 break. I -- do you know how long you're going to be
12 going?

13 MR. WILLIAM GANGE: I -- I'm only --
14 well, I can break now. I -- I would expect I'm going
15 to be no more than ten (10) minutes at the -- at the
16 outside.

17 THE CHAIRPERSON: Whatever. Let's have
18 you finish your ten (10) minutes.

19 MR. WILLIAM GANGE: Okay. And -- and
20 I'll -- I'll get to the Reader's Digest version. With
21 respect to Mr. Chernick, Mr. Chernick is a person that
22 has been here on -- on a number of occasions. The
23 Board has in -- in -- from my review of the Board's
24 decisions, the Board has always found Mr. Chernick to
25 be instructive in terms of his review of design issues,

1 rate issues.

2 And in -- in this hearing, what we've --
3 what -- what we've talked to Mr. Chernick about is the
4 time of use and -- and the conservation rate aspect of
5 this application. We think that his evidence again
6 would be instructive. We think that his evidence would
7 be very helpful to the Board.

8 Now, I understand that Manitoba Hydro
9 has said that perhaps time of use for industrial users
10 could be put off to -- to the next hearing, or to -- to
11 the -- to the cost of service study.

12 Our sense is that -- that the discussion
13 in this hearing would be useful, but at the same time,
14 we're not the ones running the -- making the decisions
15 as to what issues are going to be considered. But we
16 do think it would be valuable. So that's -- that's the
17 point with respect to Mr. Chernick's evidence.

18 With respect to our -- our -- you asked
19 the question of Mr. Williams with respect to the
20 justification of -- of a -- a cost award. Usually,
21 that issue, Mr. Duboff, is -- is dealt with at the end
22 of the hearing where the -- where the panel can hear
23 from -- the panel already understands. Did we waste
24 your time or were we of -- of use to the panel?

25 However, you also asked Mr. -- Mr.

1 Williams, Is there an ability for CAC to come up with
2 funds on its own? Green Action Centre, I can say
3 without much difficulty, the answer is no. It's --
4 it's not that big an organization. It has -- the -- my
5 last review of -- of membership of -- of the Green
6 Action Centre is around two thousand (2,000) people.

7 The funds that the Green Action Centre
8 obtains are usually directed at specific projects, and
9 it has a number of specific projects in terms of
10 recycling processes and various other initiatives that
11 it has. And the fund -- the funding is usually
12 dedicated towards those -- those -- those projects.

13 I can tell you that the -- that the --
14 that -- and I read in Manitoba Hydro's letter last
15 night somewhat of a dismay -- that's probably a -- a
16 gentle word -- at the increased cost of -- of the
17 proposed budgets. I can tell you that -- that the
18 budget that is being presented, the revised budget of a
19 hundred and ninety-nine thousand dollars (\$199,000), is
20 less than what the Green Action Centre was awarded in
21 the 2013 hearing when it was awarded costs of two
22 hundred and fifteen thousand dollars (\$215,000).

23 So the -- the budget that we are
24 attempting to present to you is restrained. It is --
25 it is designed for a three (3) week to a four (4) week

1 hearing and it is meant to reflect the very focussed
2 approach that the Green Action Centre has traditionally
3 brought to these hearings.

4 If we don't have a -- an interest on an
5 issue I don't ask any questions. I don't -- I don't
6 waste any time. And I don't want the Board to listen
7 to me just for the sake of listening to me. Even I
8 can't stand listening to me myself. But -- so that --
9 so that we focus on the issues that are of interest to
10 us and -- and we present that evidence in as succinct
11 and precise way as we can. In terms of collaboration,
12 we are attempting to do that.

13 And, I believe, subject to getting a nod
14 from -- from Professor Miller, that that is our -- our
15 submission with respect to the intervention.

16 THE CHAIRPERSON: Thank you, Mr. Gange.
17 Dr. Grant, do you have any questions? Ms. Kapitanv,
18 any questions?

19 MS. MARILYN KAPITANY: No. No, thank
20 you, Mr. Chair.

21 THE CHAIRPERSON: Chairman Gosselin,
22 any questions?

23 MR. REGIS GOSSELIN: No questions.

24 THE CHAIRPERSON: If -- if not, I'd
25 like to propose a break till twenty (20) after. And

1 we'll reconvene in twenty (20) after. Thank you,
2 everybody.

3

4 --- Upon recessing at 11:07 a.m.

5 --- Upon resuming at 11:24 a.m.

6

7 THE CHAIRPERSON: Welcome back,
8 everybody. I'll welcome you back again in a minute.
9 I'd like to call on Manitoba Industrial Power Users
10 Group, MIPUG, Mr. Hacault, my -- my former classmate to
11 make a presentation.

12

13 INTERVENER APPLICATION BY MIPUG:

14 MR. ANTOINE HACAULT: Thank you, Mr.
15 Duboff, Monsieur President, Regis Gosselin, Board
16 members, Board advisors and staff, all lawyers present,
17 all parties present. Good morning, and here with me
18 today is Patrick Bowman from InterGroup Consultants,
19 and also Melissa Davies.

20 I gather, and this is just a procedural
21 thing, that the documents that have been received by
22 the Board have been attributed some kind of an exhibit
23 number for purposes of record keeping?

24 THE CHAIRPERSON: Those are the ones
25 dated February the 2nd?

1 MR. ANTOINE HACAULT: All documents,
2 because I'm going to be referring to the notes that we
3 sent last night, for example, and also the letter of
4 Manitoba Hydro.

5 MR. KURT SIMONSEN: Mr. Hacault, we
6 usually don't assign exhibit numbers to PHC materials
7 but I think all parties have your documents and there
8 shouldn't be a problem.

9 MR. ANTOINE HACAULT: As long it's part
10 of the record of this pre-hearing conference because I,
11 as Mr. Williams, didn't intend to go through all of the
12 material and I just want it to be part of the record
13 that is in front of the -- the Board as part of this
14 pre-hearing conference.

15 THE CHAIRPERSON: Just to be clear,
16 it's the form Preliminary Issues List and on the top
17 right-hand corner it says "February the 2nd, 2015"?

18 MR. ANTOINE HACAULT: That's one of the
19 documents. It was attached to the Intervenor
20 application.

21 THE CHAIRPERSON: And there was another
22 one, a document which is one (1) of six (6) pages and
23 it is entitled Notes For Pre-hearing Conference 2015,
24 February the 2nd.

25 Those are the two (2) documents you'll

1 be referring to?

2 MR. ANTOINE HACAULT: Yes and also the
3 letter of Manitoba Hvdro sent last night. I think it's
4 a useful outline --

5 THE CHAIRPERSON: Yes.

6 MR. ANTOINE HACAULT: -- that I can use
7 it to direct some of my comments. So my presentation
8 would be organized as follows: Firstly, I would do an
9 introduction to MIPUG for the benefit of the new
10 members; secondly, deal with the proposed intervention
11 in a brief way. In that context, also comment on
12 Manitoba Hvdro's February 4 letter. Contents with
13 respect to the estimate of time, I'll deal with that
14 immediately. We estimate a day and a half (1 1/2) to
15 perhaps two (2) days in cross-examination.

16 THE CHAIRPERSON: You're not referring
17 to this morning, a day and a half?

18 MR. ANTOINE HACAULT: The main hearing.
19 Half (1/2) a day to present Mr. Bowman's evidence and
20 perhaps a quarter (1/4) day to present depreciation
21 evidence, and one (1) or two (2) hours in summation;
22 that's our best estimate at this time.

23 We do thank the Board for seriously
24 dealing with costs related to hearings. MIPUG has
25 expressed on a continuing basis at pre-hearing

1 conferences issues about how lengthy these hearings are
2 now becoming and how costly they are. The initiative
3 of trying to get parties to focus on issues we think is
4 a very useful step and thank the Board for that. We
5 also thank the Board for having hearing efficiency
6 initiatives such as the electronic document management
7 which has worked so well in the NFAT hearing and Diana
8 and Kurt do a wonderful job. They have to be
9 complimented for that.

10 Now this brings me to the notes and the
11 -- the presentation with respect to MIPUG group. In
12 addition to the bullets that are set out at the top of
13 the page under the heading MIPUG, we note under the
14 second bullet, as you can see that MIPUG is about 20
15 percent of the domestic energy sold. So, if you look
16 at it that way, MIPUG has been paying its own freight
17 in these GRA hearings, plus it's picking up, through
18 rates, a pretty significant portion of the costs of the
19 entire hearing in addition to picking up its own rates
20 -- its own costs, so, we're very concerned about
21 keeping the costs reasonable and the time length
22 reasonable and focusing on issues.

23 In addition to the small bullets there,
24 we point out that the MIPUG members generate
25 approximately 4300 full-time jobs with wages in the

1 range of \$457 million, 1300 contract workers with
2 contracts worth about \$72 million. We contribute -- or
3 when I say "we", MIPUG contributes about \$2.3 billion
4 to the provincial GDP and they contribute about \$260
5 million to local governments, Manitoba and Canada.

6 They have made over \$6.5 billion in
7 capital investments in this province and I address
8 these issues because one (1) of the Intervenor issues
9 is the substantial interest in the proceedings and we
10 think with those factors, and the factor's MIPUG really
11 is the only Intervenor before you that deals with
12 industrial and the commercial sector of your customer
13 base, that we do have that substantial interest and
14 broad representation.

15 Now, the one (1) thing that was asked of
16 MIPUG in the NFAT hearing was to do some consultation
17 with some of the chambers of commerce and kind of other
18 basic commercial customers. We had done that, and
19 MIPUG had been allocated, in those special
20 circumstances, a budget to do that.

21 MIPUG remains open to do -- doing that,
22 but notes that so far it's been carrying its own
23 freight. And that would impose an additional cost on
24 it to perform those additional functions with respect
25 to the other commercial and industrial people that

1 aren't specifically members of its group.

2 THE CHAIRPERSON: Mr. Hacault, I -- I
3 heard from Mr. Williams that -- that his organization
4 represents small business persons I think was the way
5 he worded it. And clearly, your organization
6 represents some of the largest users.

7 Do you -- does your organization at all
8 deal with the medium-size business, the fifty (50)
9 employees?

10 MR. ANTOINE HACAULT: The answer is no
11 as far as membership, Board member Duboff. The way we
12 had dealt with that in the NFAT hearing at a discussion
13 of the Board at that time was to do some consultation
14 through various kind of key groups that Manitoba Hydro
15 put us in contact with, to the Manitoba chambers of
16 commerce --

17 THE CHAIRPERSON: Right.

18 MR. ANTOINE HACAULT: -- and through
19 the Winnipeg Chamber of Commerce.

20 THE CHAIRPERSON: Which -- which is
21 what you mentioned.

22 MR. ANTOINE HACAULT: That's correct.

23 THE CHAIRPERSON: And that's how you
24 connected to the medium-size business.

25 MR. ANTOINE HACAULT: That's correct.

1 THE CHAIRPERSON: And is that something
2 that you would be open to for this process?

3 MR. ANTOINE HACAULT: We indicated yes.
4 But I'll also indicate that my repeated concerns for
5 MIPUG is it's carrying its own --

6 THE CHAIRPERSON: M-hm.

7 MR. ANTOINE HACAULT: -- costs. And
8 the group is going to have to make a decision at one
9 (1) point in time to what extent it participates. And
10 questions may be pressures that cause it to -- to
11 change its scope or limit its -- its scope because we
12 are talking about having two (2) hearings this year,
13 firstly, the GRA, and secondly, the cost of service
14 hearing.

15 THE CHAIRPERSON: Thank you.

16 MR. ANTOINE HACAULT: So that if we go
17 down, Diana, further down the page to after the listing
18 of membership, which all people can -- can read, in the
19 -- my notes, I've noted the fact that we're facing some
20 major challenges with respect to hearing costs.

21 One (1) of the former members, Vale, is
22 currently not a member. We've -- and which is --
23 forces higher costs for remaining customers, although
24 we do represent all the -- people benefit from it
25 whether they pay or not.

1 This is a new development, and, as
2 explained just moments ago, this may cause some
3 fluidity in MIPUG's potential level of involvement
4 given the challenges with funding.

5 I do make some notes with respect to
6 MIPUG not having direct resources. It's a voluntary
7 group. To make it clear, though, we have not presented
8 a budget and are not asking for a ruling of this Board
9 on a budget item at this time.

10 We understand that there's some kind of
11 a process that's being looked at by the Board to
12 perhaps consider whether or not the rules as presently
13 configured need some change. And we'll await the
14 Board's process in that regard.

15 With respect to -- going to the next
16 page, Diana, on the schedule -- we note Manitoba
17 Hydro's comments with respect to the schedules in their
18 February 4 letter. We have no suggested changes to the
19 schedule and the timetable. We think we can work with
20 it.

21 The -- MIPUG issues carry true and are
22 applicable to customers generally, except for some
23 things that are specifically rated -- related to the
24 industrial users. So the issues are set out there.

25 Again, I didn't want -- I don't intend

1 to go through all of -- all of that. I think focussing
2 on Manitoba Hvdro's letter of February 4 will be more
3 useful for the Board.

4 The key issues for hearing scope,
5 though, I will take the Board, with its indulgence,
6 through those issues that MIPUG identified as core
7 issues. Firstly, the merits of the proposed rate
8 increases and rate issues as affecting general consumer
9 rate levels and particular rate -- industrial rates,
10 priority issues would be to review the items
11 highlighted in the table. And I don't intend to go
12 through those. I think they're fairly well presented.
13 And again, thank you for Manitoba Hvdro preparing that
14 table. I think it allowed us to put our comments in
15 the right-hand corner as to what we think is a priority
16 and we've explained how we've attributed different
17 numbers to different items.

18 The next bullet on page 2 of 6 of the
19 notes at the bottom of the page indicates a concern
20 about setting rates in the present environment where
21 Hvdro has been directed to review its financial
22 targets. So you'll -- I'll have a comment specifically
23 organized based on Manitoba Hvdro's letter.

24 Our view is that if Hvdro is completing
25 a study on that, it's premature to deal with it at this

1 time. We should await the study, assuming it's coming
2 out this year. And that is something which needs to be
3 dealt with, but perhaps not at this GRA, because it
4 would make a lot of sense for Manitoba Hydro to have
5 completed its study, completed its analysis, share it
6 with everybody so it can be tested and looked at in a
7 very considered way.

8 Now, we have indicated that -- turning
9 to page 3 of 6, given that we won't be dealing -- or in
10 our submission, not be dealing with the financial
11 targets analysis in a full way at this GRA, we
12 nonetheless think that the discussion of practical
13 approaches to rate setting and defining the revenue
14 requirement in the near term needs to be done. And
15 there's going to be some collateral discussion that
16 we've heard at least in the presentation that Hydro made
17 to all the intervenors at its office that it's
18 focussing in part, I'm not going to say majority, but
19 on cash flow requirements.

20 So if our understanding is right, we'll
21 try to deal with that in this hearing as to whether or
22 not that's an appropriate approach for these two (2)
23 test years while we wait for the in-depth study by
24 Manitoba Hydro to be completed on the financial targets
25 as being an appropriate metric.

1 We will want to deal, and I'm into the
2 third bullet on page 3 of 6, with the concerns of
3 reasonableness of cash flow targets for rate setting
4 purposes as I've indicated. Also, Hvdro's approach to
5 budgeting and cost control methods. For example, and
6 it was raised a couple of hearings ago and we, in fact,
7 got a memo from Bob Brennan at that time, some
8 corporations do a rigorous exercise to see, Well, if we
9 only had the rate of inflation, what would we do? How
10 will we control costs?

11 There isn't that kind of analysis, and
12 I'm just providing that way by of example. I'm not
13 intending to make a submission. But that type of an
14 issue we intend to deal with. And I think in long term
15 it's in the interest of Manitobans generally to -- to
16 have a rigorous budgeting and cost control method.

17 The next bullet, the appropriateness of
18 Hvdro's approach to depreciation for rate making. And
19 here we'll see again, in the Hvdro letter, that Hvdro
20 has suggested that things that relate to financial
21 reporting should be out of scope. And for the members
22 who weren't part of previous hearings, a lot of the
23 discussion occurs about whether or not for rate-making
24 principles you have an approach that matches the tests
25 and the priorities for rate making and whether it's

1 desirable or not to have two (2) sets of books, and
2 whether or not IFRS which may not necessarily have rate
3 making in mind when they require certain things to be
4 done ought to drive rates in Manitoba.

5 So while technically it may be correct
6 that in a rate hearing you don't start changing
7 financial reporting requirements, we disagree that that
8 makes issues in the financial reporting irrelevant for
9 rate-making purposes. I don't know if I've explained
10 that distinction correct, but --

11 THE CHAIRPERSON: And I presume you'll
12 be dealing with it in the broader sense of not just
13 depreciation but IFRS in general.

14 MR. ANTOINE HACAULT: Correct, and
15 there's four (4) items, for example, in the letter that
16 I'll specify -- was specifically identified by
17 Manitoba Hydro and would apply to each of those four
18 (4) factors, which I will identify when I go through
19 that letter.

20 The last item which we believe is of
21 importance for this GRA to review is the industrial
22 customer impacts, relationship to other classes, and
23 specifically curtailable rate program changes; that we
24 think is important. Time of use rates could be dealt
25 with in the cost of service. It's not set in stone but

1 I'll deal with that again.

2 As far as processes and the witnesses,
3 we expect to call Mr. Patrick Bowman from InterGroup as
4 a witness. He has been presenting evidence before this
5 Board in hearings for a lengthy time period, and has
6 been accepted by this Board as providing significant
7 and useful evidence on different issues.

8 We identified potentially a specialist
9 depreciation expert that is qualified, again because of
10 budgetary concerns, and the instructions we'll be able
11 to obtain from MIPUG. We do note, while I'm dealing
12 with the depreciation expert, that Manitoba Hvdro had a
13 directive from this Board to provide average service
14 life analysis as part of its filings.

15 As of February 4, which was yesterday,
16 as I understand it anyways and my -- the reference --
17 we don't need to bring it up on the screen but it's Tab
18 11 of Manitoba Hvdro's Application, page 14 of 18,
19 Hvdro initially thought it was going to provide some of
20 that information prior to the first round of inquiries,
21 IRs. Now it advises that it's likely only going to
22 come at the end of February. And we're not exactly
23 sure what that evidence is going to be.

24 So that causes two (2) issues. How can
25 you retain a depreciation expert and provide

1 instructions when you don't even know exactly what's
2 going to be filed? How can you ask IRs about it, and
3 it's a significant issue, when it's not filed?

4 I bring that to the Board's attention
5 because we are working with a strict timetable, and if
6 it is one (1) of the issues that we're going to deal
7 with, it will present a challenge for MIPUG to deal
8 with it in a proper and full way.

9 Next, which I won't deal with in detail,
10 we've provided pages 4, 5, and 6 to the notes, some
11 background with respect to MIPUG's view on what key
12 things this Board should focus on, and what ratemaking
13 and rate-making analysis should focus on, and perhaps
14 should not focus on. And I'll leave that for the Board
15 to read at its leisure.

16 I would now move to the February 4,
17 2015, letter from Manitoba Hydro. And move into page 3
18 of that letter, please, Diana? The first category
19 which Hydro has identified under number 1, if you can
20 bring that up a bit please, Diana. Thank you. Is
21 issues that have recent -- been recently and
22 extensively canvassed in previous PUB proceedings.

23 I have limited comments on -- on that
24 with respect to the little (I), which talks about
25 demand-side management plans. We just want to explain

1 our view that sometimes curtailable rate programs are
2 dealt with as a decide -- demand-side management issue.
3 It was dealt with in a fairly cursory issue last time
4 and there are recommendations to review it this time.

5 We just want to make sure that -- that
6 we're not taking as saving, Well, listen, the
7 curtailable rate program was previously canvassed and
8 should not be canvassed. We believe it should be.
9 It's one (1) of the requested approvals, in fact, in
10 the application made by Manitoba Hydro. So we would
11 expect it -- it gets dealt with in a detailed way.

12 With respect to the interest rate
13 forecast method -- methodology, we don't have any
14 particular comments on that. With respect to demand-
15 side management, again, that's the little (I). We want
16 to make it clear, though, that the issue of the
17 reasonable cost of DSM is part of what we intend to
18 deal with. If it's not reasonable and it's uneconomic,
19 it can affect rates. And although some plans have been
20 dealt with, the precise impacts on rates should not be
21 excluded.

22 I will now move to the issue number --
23 headed number 2, issues that could be deferred to a
24 cost of service proceeding. We agree with the items I,
25 ii, and iii. Time of use rates, which is the ii, we

1 think could be deferred to the cost of service
2 proceeding, which is also planned for this year and
3 still be dealt with by the April 1, 2016, suggested
4 implemena -- implementation date.

5 The other item which is not listed
6 there, which might also be dealt with as part of that
7 second hearing would be the inverted rates, or what
8 some people refer to as conservation rates. That would
9 normally, in our view, be a rate design issue. And
10 cost of service in that in traditional rate-making
11 analysis is a separate analysis from the revenue
12 requirement. So we would see where that issue of
13 conservation rates and inverted rates could also be
14 dealt with in the second hearing that's proposed to be
15 held.

16 This brings me to title number 3,
17 entitled "Issues that are currently under review by
18 Manitoba Hvdro" and are premature to review in the
19 current proceedings. As indicated in my preliminary
20 comments, MIPUG is of the view that Hvdro should be
21 allowed to complete its analysis of the financial
22 targets. That was one (1) of the recommendations that
23 came out of direction from the government, I think, and
24 NFAT recommendations.

25 We believe that Dr. Booth would be very

1 useful for that review as far as an expert, having
2 knowledge in that area. It doesn't prevent, though,
3 the need for an analysis of how do we deal with the two
4 (2) years that we do have to review. And our comment
5 that there was a vacuum is that if we are not going to
6 delve in, in a very detailed way, about the
7 appropriateness of financial targets, we are somewhat
8 operating in a vacuum. Because we can't say, Well,
9 let's not talk about that. But it's important.

10 It creates kind of a vacuum on a
11 specific issue if we're deferring that. So we believe
12 that there's still some discussion that needs to be
13 had, and we would intend to adduce evidence on that
14 with respect to what do we do and how do we deal with
15 these two (2) specific years in the interim. Is it
16 driven by cashflow requirements? Is it -- how do we
17 deal with it?

18 Turning to page 4, ii, the
19 recommendation with respect to integrated resource
20 planning, the request or expectation of MIPUG would be
21 that Hydro would update its progress on -- in that
22 regard.

23 With respect to iii, conservation or
24 inverted rates, we've indicated where we think that
25 fits in the hearing to be occurring this fall on costs

1 of service.

2 That now brings me to the fourth
3 heading, Issues That Are Out of Scope. With respect to
4 number 1 on the issue of DSM, there are some issues
5 which MIPUG believes were not fully canvassed with
6 respect to the cost of DSM for industrial customers and
7 the capabilities of Manitoba Hydro to do that in a very
8 cost-effective way which would end up in low rates for
9 all Manitobans.

10 So, the recommendations with respect to
11 DSM -- and generally we agree would be out of scope as
12 it relates to NFAT, but there may be collateral issues
13 that arise with respect to the impacts on industrials
14 and whether or not they are, in fact, very satisfied
15 with the product that Manitoba Hydro is giving and
16 whether that would lead to lower rates by Manitoba
17 Hydro continuing to provide those services.

18 I jumped to iii for my next comment.
19 MIPUG agrees that justification for capital projects
20 including Bipole III and Keeyask generating station are
21 out of scope.

22 But with respect to levels of sustaining
23 capital, MIPUG respectfully disagrees. There's an
24 issue of prudent cost and timing of that spending and
25 the impact on the rates.

1 The next items in that list, starting
2 with Roman Numeral VII to Roman Numeral X, deal with
3 financial issues which I briefly touched upon a moment
4 ago. For the record, it talks about asset lives for
5 financial reporting services; that's a depreciation
6 issue.

7 Roman Numeral VIII talks about use of
8 ELG and removal of net negative salvage value for
9 financial reporting purposes. Accounting policy
10 section for financial reporting services was Roman
11 Numeral IX. And finally, Roman Numeral X, use of IFRS
12 for financial reporting purposes.

13 Although MIPUG agrees, if you look at a
14 very technical approach, that the PUB's mandate is not
15 to tell Manitoba Hydro what the financial reporting
16 requirements are in IFRS, if you would change that in
17 each case to asset lives for rate-making purposes, use
18 of L -- ELG and removal of negative salvage value for
19 rate-making purposes, and you continue down that list
20 on all the financial impacts, we would say that that
21 definitely should be in scope.

22 And if it causes two (2) bucks or
23 whatever, that's a kind of --

24 THE CHAIRPERSON: And -- and your
25 rationale for that?

1 MR. ANTOINE HACAULT: Because those
2 directly impact rates. I don't want to get into
3 evidence, but based on previous evidence that had
4 started to be elaborated with respect to deprecia --
5 depreciation rates, there was a pretty vivid discussion
6 between the parties as to whether or not one (1) method
7 was pushing a lot of costs at an early stage,
8 therefore, requiring ratepayers today to pay a higher
9 rate under one (1) method as compared to another
10 method.

11 THE CHAIRPERSON: Well, you mentioned
12 before about depreciation issues, and I agree with
13 that, and that's probably small Roman Numeral Number
14 vii.

15 But can you comment about IFRS more
16 generally and why that would be relevant?

17 MR. ANTOINE HACAULT: With -- again,
18 don't want to get into evidence. But an example of
19 something that was discussed in a previous hearing,
20 Board member Duboff, was the way costs for staff
21 dealing with new projects were either included in
22 capital costs or were expensed.

23 And if they were expensed, it raised an
24 immediate increase in the rates, whereas if they were
25 capitalized and amortized over a long -- longer period

1 of time, it did not have as a severe impact on rates
2 immediately. So, there are other issues like that that
3 were discussed in previous hearings and which also may
4 be the subject of discussion in this hearing as to
5 whether or not the proposed financial reporting
6 approach has an adverse impact on rates.

7 The other item that I would comment on
8 would be financing of capital expenditures. Projected
9 financial impacts may be relevant with respect to the
10 accuracy of forecast to the extent the forecast driving
11 rates.

12 So I guess what I'm saving is some of
13 the specific items, if they're interpreted too broadly,
14 may prevent an ancillary analysis which, quite frankly,
15 is being advanced in the application by Manitoba Hydro
16 saving. Well, listen, based on our forecasts of this,
17 based on our forecasts of that, we think the rates
18 should be.

19 So, generally, we're okay with what's
20 stated there as long as it's not interpreted to be a
21 catchall and prevent the Board from doing a critical
22 analysis of the reasons advanced by Hydro for the rate
23 increase.

24 This brings me to the next section of
25 the February 4 letter. And MIPUG has no specific

1 comments on all of the Intervenor applications
2 generally, such as MMF, MKO, Green Action, and CAC.
3 MIPUG must admit, though, it was surprised when it got
4 the list of issues from MMF, who had never
5 participated, as to the extent of MMF's interest to
6 participate in the hearing and deal with issues that
7 were dealt with by CAC in the past.

8 We draw to the Board's attention in the
9 same way that we said, Well, we represent one (1)
10 sector of the client base. The Board may, it'll be up
11 to it, decide -- or have to decide how many of lawyers
12 like me need to be representing another sector which is
13 substantially similar.

14 Is MMF going to be representing or does
15 it represent a different sector of customers of
16 Manitoba Hydro on all issues? Does MKO represent a
17 different sector of customers on all issues? Maybe on
18 specific issues.

19 So it may be something that the Board
20 wishes to consider if it's considering controlling
21 costs because the more people are sitting throughout
22 the hearing to deal with the same general issues, the
23 higher the cost that MIPUG ends up picking through --
24 picking up through being 20 percent of the rate base,
25 and the more Hydro and Manitoba consumers pick up

1 generally. It doesn't mean that efficiencies can't be
2 had and we can't do it, but it is a concern that we do
3 raise as a group of industrial users.

4 We do echo though that -- and I think
5 previous Board members who have sat here have seen that
6 there has been a collaboration between Intervenors, and
7 that in the past because there didn't happen to be an
8 interest by MMF, that occurred quite well with CAC on
9 issues which were common to both parties.

10 Mr. Williams and I would segregate
11 things, and as you know my style of cross-examination I
12 would tell the witnesses, This is the focus, this is
13 how it fits into the hearing, this is why I'm going to
14 be asking these questions, now I'll ask the questions.
15 So our -- our interventions and also the number of IRs,
16 I would submit, by MIPUG have always been very
17 focussed.

18 And we've managed to collaborate with
19 others, and that includes Green Action also on issues,
20 and we intend to continue to take that approach with
21 whomever this Board decides to grant Intervenor status
22 to, whether it be all parties or a more limited view
23 and more limited scopes for some parties.

24

25

(BRIEF PAUSE)

1 MR. ANTOINE HACAULT: Subject to any
2 comments that the Board has, I've left substantial
3 discussion that would otherwise be occurring through
4 the schedule for the Board's review. And in light of
5 the fact that it's noon, and I've been harping on cost
6 issues, I would put my presentation to an end and thank
7 the Board for listening to our comments.

8 And if the Board has any questions of me
9 before we take the noon break, I would be pleased to do
10 my best to answer them.

11 THE CHAIRPERSON: Dr. Grant, do you
12 have any questions?

13 DR. HUGH GRANT: No.

14 THE CHAIRPERSON: Ms. Kapitany,
15 Chairman Gosselin...?

16 MR. REGIS GOSSELIN (VIA PHONE): I have
17 no questions.

18 MS. MARILYN KAPITANY (VIA PHONE): No
19 questions. Thank you, Mr. Chair.

20 THE CHAIRPERSON: Chair -- Chairman
21 Gosselin, did you have a question?

22 MR. REGIS GOSSELIN (VIA PHONE): No, I
23 don't have any questions.

24 THE CHAIRPERSON: If -- if not, thank
25 you very much for your presentation on behalf of MIPUG.

1 The next Intervenor that I have -- Intervenor
2 Application I have here is from MKO.

3 Mr. Orle, do you have a sense as to how
4 long you might be? I don't want to rush you at all, I
5 just -- any sense on how long you might be?

6 MR. GEORGE ORLE: My mic -- there.
7 Probably an hour.

8 THE CHAIRPERSON: If that's the case,
9 maybe we should break. Maybe we should break, and --
10 and I would recommend that we break -- is forty-five
11 (45) minutes too short a time? Can everybody do it in
12 forty-five (45) minutes? Okay. Let's try and do it
13 for quarter to 1:00 to be back, and be back here for
14 quarter to 1:00 and we'll continue at that time with
15 MKO's presentation. Thank you.

16

17 --- Upon recessing at 12:04 p.m.

18 --- Upon resuming at 12:49 p.m.

19

20 THE CHAIRPERSON: Chairman Gosselin,
21 Board member Kapitanv, are you on?

22 MR. REGIS GOSSELIN (VIA PHONE): This
23 is Reg Gosselin here.

24 MS. MARILYN KAPITANY (VIA PHONE):
25 Yeah, and Marilvn Kapitanv here.

1 THE CHAIRPERSON: And John Todd, I
2 assume will be on.

3 MR. JOHN TODD (VIA PHONE): Yes, I'm
4 here.

5 THE CHAIRPERSON: Thank you.

6 MR. JOHN TODD (VIA PHONE): Yes, I'm
7 here.

8 THE CHAIRPERSON: Welcome -- oh.
9 Welcome back from the break, everybody. We're now
10 going to reconvene and our first presenter will be Mr.
11 Orle on behalf of MKO.

12

13 INTERVENOR APPLICATION BY MKO:

14 MR. GEORGE ORLE: Thank you. My notes
15 started off with "Good morning," which indicates how I
16 thought we were going to be actually out of here by the
17 lunch time.

18 First off, good afternoon, Mr. Duboff,
19 Dr. Grant, and I extend a hello to Ms. Kapitanv and
20 Chairman Gosselin. Your voices come to us disembodied
21 from above, so they carry actually more weight than
22 they did before. It's almost as though God was
23 speaking directly to us.

24 And -- and that -- that bit of an aside
25 leads to a question that had been raised by the Chair

1 at this meeting as to the availability of video
2 conferencing to be an effective way of gathering
3 evidence. My experience with that has been generally
4 in the court system through the Federal court and the
5 Supreme Court. And the systems set up by them are very
6 sophisticated, very expensive systems. And they're not
7 dealing with face time or Skype or anything of that
8 type. The cost is -- is very expensive and generally
9 people avail themselves of a common studio in order to
10 do that.

11 Looking around this room and the number
12 of people that are involved and that would have to be
13 accommodated within that type of studio, I think it
14 would be prohibitive. It would certainly disrupt the
15 proceedings to a large extent. So unless the PUB is
16 intending on building its own studio for that purpose,
17 I'm not sure whether it's a cost-effective way of being
18 able to deal with the witnesses.

19 The main presentation will be made by
20 Mr. Anderson from MKO. I do have a couple of
21 preliminary comments I'd like to make, Mr. Chair. And
22 these echo some of the comments, but it's also
23 something that I've discussed with at least a couple of
24 the potential intervenors. And we're in agreement on
25 these comments.

1 And I'm specifically talking about
2 Hvdro's letter talking about the -- the manner in which
3 this particular hearing has evolved into a much greater
4 hearing than was anticipated, the number of experts --
5 excuse me -- the cost involved. And I think it has to
6 be put into a certain context.

7 If you take a look at Tab 1 of the
8 information filed by Manitoba Hvdro, in particular
9 paragraph 4, you'll see that -- that Hvdro's
10 expectation is that for 2015/2016 they're expecting to
11 receive fifty-seven (57) extra million dollars and that
12 the rate increase for 2016/'17 is going to be \$60
13 million. So we're talking about -- about a \$117
14 million increase that's being asked of the ratepayers.

15 Any corporation that would go to its
16 investors and say, We're making a call upon you for
17 \$117 million would not be met with a -- a reply of,
18 Well, just give us what you've got to justify it and
19 we'll accept that. There -- there's a very important
20 consideration to be had in this particular hearing and
21 there's a reason why it's going to be longer and more
22 costly than others.

23 This is the first hearing out of what we
24 are going to expect to be raises for the next twenty
25 (20) years. What's decided here, the manner in which

1 it's dealt with is going to have an impact and a
2 precedent for the -- all of the other hearings that
3 come up. If we don't do it right this time, we may not
4 get an opportunity to make it right again.

5 Hvdro has filed, in my last look at the
6 application, is over fourteen hundred (1400) pages of
7 material. It contains a number of outside research
8 papers and they have relied upon this as part of their
9 application. I know that application wasn't put
10 together by three (3) junior clerks, and I know that
11 it's been vetted by probably at least a half a dozen
12 lawyers.

13 To then expect that the Intervenors are
14 going to take a superficial look at it, not devote the
15 resources to it that they might resort to, I think is -
16 - is an unreasonable position to take on this type of
17 hearing. I've been told by PUB counsel that they do
18 not intend on calling any experts which means that the
19 only information that you will have to counter or to
20 test Hvdro will be the experts that we call.

21 And when you're talking about the type
22 of money that we're talking about to be penny wise and
23 pound foolish in choosing who you get, how much you're
24 going to pay them, or what limitations you're going to
25 put upon them is going to be a disservice to the

1 province.

2 The ratepayers have already paid for a
3 part of this application. They've done it through the
4 rates that they pay to Hydro. Hydro doesn't have any
5 other source of income other than the money it gets
6 from the ratepayers.

7 And, Mr. Chair, you'd raised the
8 question of whether the intervenors could go out
9 themselves and raise some money. With respect, that's
10 really unfair, because Hydro didn't have to go and do
11 anything other than its rate to collect what they
12 needed. So why should the intervenors now go to the
13 ratepayers and say, You're going to pay an additional
14 amount to your rates for Hydro to have made their
15 application. And now we're going to require you to pay
16 some extra money to fund the intervenors who are really
17 the best ones to come before the PUB and to test this
18 evidence and to make sure it meets the requirements of
19 what the Board has to -- to look at.

20 Hydro is -- is a monopoly. It's been
21 one for a long time and I'm not saying whether that's
22 right or wrong, but it tends to have a certain
23 management style and a management idea. And one (1) of
24 my favourite sayings has always been, If the only tool
25 you have is a hammer every problem looks like a nail.

1 We're the only ones that are going to
2 bring extra tools to the table, which are going to be
3 our experts and the testimony that we bring forward.
4 This is going to be the test that I think will be the
5 most effective in dealing with it.

6 So I -- I wanted to -- to raise those
7 comments, but also to temper them with, I'm fairly new
8 in this process, but I have been impressed when I was
9 at the NFAT as to the collegiality and the cooperation
10 between counsel for all Intervenors. As an example,
11 from my own case, MKO had received a budget in excess
12 of fifty thousand dollars (\$50,000) for experts. By
13 the beginning of the hearing it was clear to us that
14 experts that had been called by others were effectively
15 doing the same job that we would require ours to do.

16 We then terminated those experts and
17 relied upon what was put before the Board; that's an
18 example of the type of work that you can do. But I
19 caution you that by imposing limits at the very
20 beginning, before the Intervenors know what the experts
21 are going to say, before they know what sort of cross-
22 examination there's going to be of the clients, it's
23 very difficult for you to say, I will only be in scope
24 on these matters, or I will be out of scope.

25 Our suggestion is that the Board be very

1 liberal and generous in the manner in which they allow
2 scope to be defined as against each of the Intervenors.
3 Leave it open. There is enough mechanism in the policy
4 and procedures of the Board that if a matter has been
5 canvassed to the extent that there's no question that
6 you have the answers you need, someone wanting to
7 continue questioning or to -- to bring in additional
8 evidence can be told by the Chair at that time that
9 that information is redundant or that it's unnecessary.

10 But to, at the very beginning, say to an
11 Intervenor, You will have no interest in this and not
12 only do we not think you'll have an interest now, but
13 you won't have an interest no matter what else comes up
14 in the hearing. So on -- on behalf of -- of at least a
15 couple of us Intervenors, I wanted to bring this square
16 before the -- the Board so that you knew what our
17 feelings were in terms of entering into this, that we
18 regard this as a very novel and important General Rate
19 Application hearing and that we'd like it treated in --
20 in as ambitious of fashion as it can be at this time.

21 Thank you, Mr. Chair. And I'll turn it
22 over to Mr. Anderson to -- to deal with our main
23 intervention.

24 THE CHAIRPERSON: Thank you, Mr. Orle.
25 Mr. Anderson...?

1 MR. MICHAEL ANDERSON: Good afternoon,
2 Mr. Chair, Board member Kapitanv, Board member Duboff,
3 and Board member Grant. It's very -- it's great to be
4 in front of the PUB once again on a -- on a rate
5 matter.

6 I -- as George had indicated on our
7 behalf, we think this is a very important rate
8 application, because it follows on the heels of the
9 NFAT proceeding and all of the knowledge that was
10 gleaned during that proceeding. As a general comment I
11 would say that that is one (1) of the most
12 comprehensive collections of information about Manitoba
13 Hydro's business, about financing, about risks, capital
14 plans, and projects that has been recently before the
15 Board. And its currency, I think, is extremely helpful
16 in providing some conceptual foundations for where we
17 would go forward.

18 Clearly, though, the concept of currency
19 is critically important because we have a changing
20 energy marketplace and every day there's something new,
21 something different, forecasts are changing, demands
22 are changing, technology is changing.

23 So in order for the Corporation to be in
24 step with the reality around it, it's important that we
25 take whatever benefit we can from the NFAT information

1 and update it. And so as George was explaining, the
2 Intervenors are the ones that will be able to bring
3 that before the Board. I don't intend to add anything
4 to Mr. Orle's comments except to say that it is
5 important that we have the best available information
6 to assist in making the best possible decisions.

7 I have one (1) housekeeping matter just
8 that I wanted to get out of the way as I proceeded.
9 Our Intervenor request and Appendix A was filed on
10 February 3rd, 2015, with the Board, and I believe that
11 everyone has a copy, and the Board does.

12 I had requested that we also circulate
13 to the parties and to the Board the Appendix 1 from
14 MKO's April 1st, 2014 Intervenor request on the interim
15 rate application. The purpose for that is to request
16 that the Board and -- and parties please read into
17 MKO's current scope of issues set out at Schedule A,
18 the items that are identified at item 8(a) through (h)
19 on Appendix 1 of our April 1st, 2014, Intervenor
20 request form.

21 The reason for doing that is that the
22 document that is Schedule A on the February 3rd
23 document is filed in the spirit of following along with
24 the preliminary issues list prepared with the
25 participation of parties by -- by Manitoba Hydro dated

1 January 30th. Our comments refer to that.

2 And -- and again, that's an example of
3 us trying to contribute to efficiency in the
4 proceedings, because instead of generating yet another
5 set of legal size tables with MKO's specific issues
6 listed on it, which we will clearly advance in the
7 proceedings, we've attempted to adopt the core issues
8 list that at least Man -- that Manitoba Hydro has
9 presented and speak to that.

10 However, the items (a) through (h) on
11 the Appendix I Intervenor request form April 1st, 2014,
12 succinctly cover the -- the sorts of issues that MKO
13 has requested Intervenor status to canvas in prior
14 proceedings. So I just wanted to maintain a connection
15 between our past interventions and the current one by
16 circulating that document.

17 So I appreciate the Board's
18 consideration of this housekeeping item and, again,
19 request if you would be so kind as to read in those
20 items when you review our Intervenor request. They do
21 cross reference to the other elements in -- or in many
22 of the issues lists, but it is a concise summary of the
23 types of issues that we generally participate in.

24 THE CHAIRPERSON: Just one (1) second,
25 Mr. Anderson. Mr. Simonsen, do we have these? I don't

1 know whether I have this.

2 MR. MICHAEL ANDERSON: We provided
3 fifteen (15) copies to Board clerk, to the secretary.

4 THE CHAIRPERSON: I'm sorry, I don't
5 seem to have that here. Do you have that? Just on the
6 screen I have it. Thank you. Thank you, Mr. Anderson.

7 MR. MICHAEL ANDERSON: Thank you very
8 much.

9 THE CHAIRPERSON: Thank you.

10 MR. MICHAEL ANDERSON: Yeah, we
11 provided fifteen (15) copies. Oh, Mr. Orle advises me
12 that he circulated them already to parties in the room.

13 THE CHAIRPERSON: Okay, I'm sorry, I
14 don't -- didn't seem to have one.

15 MR. GEORGE ORLE: I wasn't presumptuous
16 not to sneak stuff onto your desk while you were gone.
17 I -- I left them with Kurt to --

18 THE CHAIRPERSON: Thank you.

19 MR. GEORGE ORLE: -- as we were getting
20 into --

21 THE CHAIRPERSON: Thank you. Sorry to
22 interrupt. I've got it now.

23 MR. MICHAEL ANDERSON: And -- and thank
24 you. It's an -- it's an excerpt from a document which
25 is a matter of public record in the previous interim

1 rate application. So with that housekeeping item I'll
2 just proceed to say, as I've already said, it's been
3 some time since I've sat behind a microphone here.

4 THE CHAIRPERSON: I'm sorry to
5 interrupt again. This is showing 1 of 2 pages. The --
6 the -- what I was just handed was all the same page.

7 MR. MICHAEL ANDERSON: That's correct.

8 THE CHAIRPERSON: No, but there is no
9 page 2 of 2.

10 MR. GEORGE ORLE: No, there isn't. All
11 -- all we're asking you to do is take what's shown at
12 number 8 --

13 THE CHAIRPERSON: M-hm.

14 MR. GEORGE ORLE: -- and to incorporate
15 that into Schedule A of our Intervenor --

16 THE CHAIRPERSON: It is up. Okay.

17 MR. GEORGE ORLE: Yes, it's -- it's a
18 more concise way of -- he's done in one (1) paragraph
19 what I put into an entire page. And we just thought it
20 would be easier for you to deal with it that way.

21 THE CHAIRPERSON: Thank you.

22 MR. MICHAEL ANDERSON: And for the
23 referen -- we had inter -- wanted to place that before
24 you because this reflects historically the types of
25 issues that we have presented to the Board in our

1 Intervenor request applications in the manner in which
2 we've historically pursued them.

3 THE CHAIRPERSON: Does anybody need a
4 copy of this? Mr. Simonsen, do you think we should
5 mail these off to Ms. -- Ms. Kapitany? Do we -- do you
6 have a digital version of that so we can email it off
7 to --

8 MR. GEORGE ORLE: That's what's showing
9 up on the screen right now, Mr. Chair. It's already
10 part of the record before the PUB from the previous
11 proceedings. So it's -- it's in the material available
12 to -- to the secretary.

13 THE CHAIRPERSON: Thank you. Sorry to
14 interrupt.

15 MR. MICHAEL ANDERSON: No, I'm happy
16 that we're addressing this -- this housekeeping
17 question, and I appreciate the time, Mr. Duboff, to
18 make sure that everyone has copies and understands the
19 requests that we've made. I appreciate it. We're
20 ready to proceed?

21 Manitoba Keewatinowi Okimakanak
22 Incorporated represents the thirty (30) northernmost
23 First Nations in Manitoba, and some sixty-five thousand
24 (65,000) treaty First Nations citizens who have entered
25 into the Treaties Number 5, Treaties 4, 6, and 10.

1 Geographically, the MKO region extends
2 across approximately three-quarters (3/4) of the
3 present-day political boundary of Manitoba, from the
4 Duck Mountains on -- near the Saskatchewan border to
5 the Nunavut boundary, across the Nunavut boundary to
6 the Hudson Bay coast, and along our coast line down
7 into the Island Lakes region and back to the Lake
8 Winnipeg. Everything north of that region is part of
9 the MKO territory.

10 All of the citizens of the MKO First
11 Nations and the MKO First Nation governments'
12 facilities receive electrical service solely from
13 Manitoba Hydro. The citizens of the MKO First Nations
14 are residential ratepayers, and the First Nation
15 governments are general service ratepayers.

16 The three (3) diesel First Nations,
17 which also pay electricity bills for the schools at the
18 First Nation education rate, are also customers of
19 Manitoba Hydro.

20 In the past and -- and typically, MKO
21 has been the only Intervenor which represents both
22 residential and general service customers. So that
23 would be the Band office, the arena, the stores in our
24 community.

25 And indirectly, when we're working here,

1 we're -- there's a benefit to our work on rate
2 reduction in communities by northern stores and others
3 because we're thinking about the costs of facility
4 accounts, as well as businesses within our communities.
5 So we take that perspective in all of our intervention.

6 The proposed rate increases will
7 disproportionately affect MKO First Nations as the
8 majority of our citizens are in the low-income
9 category, and the general service customers have very
10 limited ability to absorb any additional costs.

11 On the absorbing of additional cost, we
12 have placed before the Board, including in our
13 submissions during the NFAT proceedings and prior, the
14 fact that our facility accounts are funded by Indian
15 and Northern Affairs Canada through a formula-based
16 approach which does not come anywhere near matching
17 actual bills to the funding that they receive.

18 Without giving evidence, the quick
19 answer is that, for a category 3 asset like the Band
20 office or the arena, a First Nation government only
21 receives 20 percent of the estimated cost of
22 electricity for those facilities.

23 There is never a comparison of the
24 actual bill to the foundational assumptions made in
25 calculating the cost of which they only will receive 20

1 percent. So the gap is often very large between
2 funding received and bills received by the First
3 Nation.

4 The proposed rate increases will also
5 disproportionately affect MKO in a second fashion in
6 that many of the benefits that are generated by the
7 increases will flow to the provincial government to be
8 used for general purposes.

9 And the MKO First Nations typically
10 receive little or no benefit from provincial
11 disbursements because of a very clear distinction that
12 is often made between the provincial government about
13 federal and provincial responsibilities affecting our
14 First Nations and so on.

15 And in terms of the disproportionate
16 impact of rate increases on our First Nations, as we
17 highlighted in the NFAT proceedings, according to the
18 responses to the Information Requests that we filed in
19 the Interim Rate Application, 86.3 percent of every
20 account in the MKO First Nations was in arrears as of
21 April 1st, 2014. 86.3 percent of all general service
22 and residential accounts in the MKO First Nations were
23 in arrears as of April 1st, 2014.

24 And I repeat for that many reasons. In
25 -- in addition to indicating the significance of rate

1 impacts on our customers who are already demonstrating
2 difficulty in the ability to pay, it was at the time
3 Manitoba Hydro's policy that if you were in arrears,
4 you did not qualify for Power Smart.

5 So it meant that in our communities, the
6 very citizens and customers who needed Power Smart the
7 most, couldn't get it. So we're keenly interested in
8 the impacts of rate increases on our customers.

9 One of the things I'd like to also add
10 in terms of our participation is that, subject to
11 check, I think that MKO has participated in proceedings
12 before this Board since 1989, and certainly since at
13 least 1992. We've participated in cost of service
14 proceedings, diesel rate proceedings, general rate
15 applications, capital projects review, the NFAT of
16 course, and so forth.

17 Also at one point I previously appeared
18 as a witness before this Board on energy conservation
19 and demand-side management matters in a much earlier
20 proceeding as a witness for the CAC. And so we're
21 quite familiar with the proceedings of the Board.

22 Even though we may not be present, and
23 at least myself personally, we have the kindness and
24 consideration of the Board, and have always received
25 the materials and -- which we carefully review. The

1 fact, we've received so much information and -- from
2 Manitoba Hvdro over the years that we had to construct
3 a special space in my office to store all of the paper
4 copies of our Manitoba Hvdro proceedings.

5 Having said this, we strongly encourage
6 that one (1) previous point, and we very much
7 appreciate that now we have electronic filings, and
8 that Manitoba Hvdro similarly makes all these documents
9 available at the same time they're filed with the
10 participants and the Board on their own website.

11 We thank Manitoba Hvdro for doing this,
12 and for the Board's support in previous years for
13 making this happen. The Board will notice that I
14 always bring my trusty laptop, so I can access all the
15 documents online without having to bring them here as
16 well, which provides some convenience to us, which is
17 significant.

18 And although we don't have it yet, we
19 always appreciate very much Board counsel's book of
20 documents and those that are prepared by the other
21 Intervenors to help focus on those issues and exhibits
22 that are particularly interest and concern to the
23 participants.

24 We encourage everyone to continue along
25 that line of preparation to be as efficient and

1 effective as possible, and also to continue to have
2 information made available as widely as possible. Our
3 interests are set out in this proceeding in our
4 Intervenor request form, Appendix 1, which we've just
5 discussed, including the items that I had requested be
6 read in from the April 1st, 2014 form. And we've
7 confirmed that the Board has copies of all these
8 documents, and for that I thank you.

9 In general, there's a broader picture of
10 examining and testing matters that drive the financial
11 forecast as reflected in the amount of hydro revenue
12 requirement. These are a common interest to all of the
13 Intervenors, whether it be MKO, MIPUG, or -- or the
14 consumers.

15 And that, of course, speaks to the
16 corporate -- Corporation's ability to raise capital,
17 proceed with projects, and all of the things that flow
18 from that. It creates a level of risk that we're
19 interested, in terms of changes in revenue. And an
20 interesting element in our view is the relationship
21 between revenues and the variability of reservoir
22 operations.

23 The Board may recall in reviewing
24 transcripts of earlier proceedings that MKO has
25 consistently taken a very keen interest in the

1 relationship between operations and reservoir levels,
2 and particularly reservoir energy and storage in terms
3 of the impact that it has on our citizens, both in the
4 terms of rates, in terms of short-term cash flow for
5 rate -- meeting rate requirements, but also in terms of
6 the actual changes in water elevations that affect our
7 communities. So their operations to generate revenue
8 affect us on a daily basis in a real and physical way.

9 An important element of this proceeding,
10 as I've just described in reservoir elevations, is that
11 Manitoba Hydro and the citizens of the MKO First
12 Nations have a very intimate relationship with Manitoba
13 Hydro. Most of the large scale developed waterway is
14 within in the MKO region: The Churchill River system,
15 the Nelson River system, the Burntwood River system,
16 the diversions, most of the large scale 500 kV
17 transmission network, much of the 230 and 130 kV system
18 is largely within our territory.

19 So everything that Manitoba Hydro does
20 is of great interest to our citizens. And, of course,
21 the place where we can get the largest picture and have
22 the greatest detailed discussion of at least the
23 financial side of how that's reflected through rates,
24 and then the policy that the Board considers just and
25 reasonable in setting rates, draws -- we draw here from

1 our long history in the proceedings before the Board,
2 and hope to contribute that --

3 THE CHAIRPERSON: Mr. -- Mr. Anderson,
4 I've read over these -- these notes here, and if you
5 can focus perhaps on -- on a couple of these issues
6 that you've noted here, these eight (8) issues in your
7 point 8, because I'm curious how points (a), (b), and
8 (c) in particular are not dealt with by the work that
9 CAC does, or the work that Mr. Derringer's (phonetic)
10 client does. Because it seems to me it's -- it's very
11 similar sorts of issues and -- and those are examined
12 and tested matters that drive in the financial
13 forecast, examine and test the proposed rate design,
14 determine the impact on customers.

15 How is that different than what the
16 other Intervenors are trying to do?

17 MR. MICHAEL ANDERSON: Well, the -- the
18 short answer is that we do it from the lens of First
19 Nation customers living with the particular realities
20 of living in a First Nation community. Both the First
21 Nation governments, and there are very different
22 sources of resources and funding that are specifically
23 tied to their financial and other relationships with
24 the federal government primarily. And also with those
25 unique circumstances of the levels of employment, the

1 rates of unemployment, levels of low income, and the
2 levels of arrears accounts that are in our communities.

3 So the distinction is, is that we
4 particularly focus on bringing to the Board's attention
5 a First Nations' viewpoint on all of those items. So
6 while clearly every consumer in Manitoba has an
7 interest in keeping rates low, whether that be
8 industrial or residential or general service, what we
9 bring to it is a very peculiar and unique perspective
10 through the lens and realities of First Nation
11 customers of Manitoba Hydro. And we are the only
12 Intervenor requesting Intervenor status in this
13 proceeding that can bring that point of view to the
14 Board.

15 THE CHAIRPERSON: I -- I guess where
16 I'm having some difficulty, and I need your help with
17 this, is the First Nations of our province are -- are a
18 -- an essential element of who we are as Manitobans.
19 But at the same time, the issues that they face are as
20 cu -- customers, not as First Nations people. The --
21 the -- as -- as consumers of electricity it's a -- it's
22 a poverty issue. It's an issue dealing with being
23 unable to pay their bills.

24 Where is the special issue -- where is
25 the First Nations' element of that? I'm not sure I

1 understand -- I'm seeing that.

2 MR. MICHAEL ANDERSON: Well, I'm -- I'm
3 happy that you're asking. Clearly, the ability of the
4 customer to respond to the circumstances of their bill
5 is unique in a First Nation community. They are
6 definitely special circumstances that affect bills.
7 Like, for example, and using it as an example, we
8 constantly have issues with the distinction between
9 rates and bills in our communities. The rates, in
10 fact, are uniform on the integrated system.

11 But it is almost impossible for me to
12 dis -- to convince many people from our communities
13 that there are not separate rates, in fact, being
14 charged. We have to actually pull bills out and look
15 at the Manitoba Hydro rate schedules to show this
16 because of the significant difference. One (1)
17 difference which is different than, clearly, customers
18 in the south is that our bills are significantly higher
19 for homes of the same general size.

20 One (1) of the largest drivers for that
21 is in many cases a First Nation dwelling has multiple
22 families living in it. Several of our First Nations
23 deal with boil water orders, so they're actually
24 consuming energy to make water drinkable safely. And
25 those vary throughout our system. In addition to that,

1 the building envelopes of most of our homes are
2 considerably different, a poorer quality than most of
3 the housing stock of the province.

4 And I -- and leaving not one (1) of the
5 largest impacts for last would be that we cannot fuel
6 switch. All of our heating loads generally are
7 primarily all electric, even though there are several
8 wood stoves and multi-fuel devices. In the north where
9 it's diesel, it's forced air, gas -- oil-fired
10 furnaces.

11 But in the electric served integrated
12 system, where a 200 amp service is permissible, our
13 First Nation customers are heating their homes
14 primarily with electricity. And as a result their
15 bills are often several hundred dollars a month higher
16 than those that are living in southern regions. We
17 also have, of course, the changes and differences in
18 climate to address which require -- our heating day.
19 Our -- our -- the days that will require heating loads
20 are -- are longer and more extensive within our region.

21 So we have a -- a number of
22 peculiarities that are very -- are unique to First
23 Nations in that they all typically share them. And so
24 it's the ability to respond to those circumstances, the
25 limited abilities to find the finances and others to

1 pay bills and to address the differences in housing
2 stock and conditions that we bring to the Board's
3 attention. George -- Mr. Orle has a comment he'd like
4 to make, Mr. Chair.

5 MR. GEORGE ORLE: Mr. Chair, that's a -
6 - the question is -- is a legitimate one in terms of
7 where there may be a difference. And I think that part
8 of that can be answered if you just take a look at what
9 the -- the latest census figures dealt with. We -- we
10 all, I think, as a matter of just common knowledge know
11 that -- that the northern areas of the province are
12 significantly different than the southern areas, in
13 terms of -- of the needs and just the -- the
14 variabilities that occur up north.

15 The census for the northern region, the
16 last census is that there are eighty-eight thousand
17 (88,000) individuals living in the northern area.
18 Sixty-five thousand (65,000) of those are First Nations
19 on reserve. So out of the entire population of the
20 north, which makes up a significant portion of our
21 province, the vast majority of those are First Nations.
22 And First Nations do have, as Mr. Anderson said, some
23 very different needs and -- and ways of dealing with
24 matters than those in the south, particularly where you
25 have almost 80 percent of our population within

1 Winnipeg, Brandon, Portage la Prairie, and the
2 surrounding towns.

3 I -- I just wanted to add that because
4 it's -- it's easy to say that poor people are poor
5 people and that one (1) group can look after them. But
6 this is such a significant group of people that have a
7 common interest and common problems, that we believe
8 that they ought to have a separate ability to intervene
9 to the extent that -- and -- and as Mr. Williams has
10 said, and -- and we have confirmed, we're prepared to
11 work on a lot of these, but we want to be able to put
12 in the -- the additional information to those
13 particular experts or that testimony that would be
14 reflective of the First Nations's needs.

15 Mr. MICHAEL ANDERSON: I thank Mr. Orle
16 for those comments. I was going to bring the Board's
17 attention, of course just in general comments for your
18 question, of course the recent media coverage on
19 everything that Mr. Orle has just described, that there
20 is a distinction between all of these elements and our
21 First Nations.

22 The other distinctive aspects that we
23 try to address is that in -- in dealing with things
24 like customer disconnect policies and general relations
25 between our customers and Manitoba Hydro, a significant

1 number of our customers speak an Aboriginal language as
2 their first language. So there's a -- a special
3 circumstance that we take a keen interest in in
4 ordinary customer relations, the ability to call
5 somebody on a telephone and ask questions about making
6 billing arrangements and so on.

7 A -- a number of our customers also
8 don't have the ability to make long-distance phone
9 calls. There is a 1-800 number, but it's just
10 navigating the system to be able to find someone within
11 Manitoba Hydro that you can make arrangements with.

12 So we often have these kinds of
13 arrangements and customer contacts being made through
14 the First Nation government offices through the band
15 office. So we have a group of citizens that are going
16 to their First Nation government in order to continue
17 their relationship with Manitoba Hydro.

18 When Manitoba Hydro goes to a First
19 Nation community to effect disconnects, they go to the
20 Band office. So the Chief, and council, and other
21 officials are often involved. So we have a -- a unique
22 relationship with the company on multiple levels,
23 whether it be the relationship with the waterway,
24 whether it be the -- the issues with poverty and
25 billings, whether it be the language issues. And we

1 bring all of that to the Board's attention and -- and
2 seek the Board's interest, and certainly the Board's
3 orders in respect of trying to address those concerns
4 that MKO has.

5 I -- I would also, on the one (1) point,
6 briefly make the -- the point that on the -- the
7 corporate disconnect policy, the one that's most often
8 sent along in the billing notices is actually the
9 combined electric gas policy, which, strictly speaking,
10 is inapplicable in its whole to the electric-only
11 service. And we'll -- we typically make some comment
12 on that.

13 As one (1) final comment on a historical
14 exchange between our ourselves and Hvdro, when they
15 were pursuing the maximum implementation of PowerSmart
16 in our communities with previous witnesses, we were
17 advised that a factor which affected the penetration of
18 DSM programs in First Nation communities was a
19 perception, at least at that time, by Manitoba Hvdro
20 that the ultimate beneficiary was the Government of
21 Canada.

22 Now, we typically put that transcript
23 reference in every single final argument, because we
24 think it's important to bring to everyone's attention,
25 because that's a unique feature. If the Corporation is

1 planning any of its actions in our communities because
2 they believe that the ultimate beneficiary of a DSM
3 measure is Canada, I don't believe that that -- subject
4 to evidence on it, I don't believe that that
5 distinction is made in -- with any other group of
6 customers.

7 So we have multiple reasons why we have
8 a -- a need for MKO to be present before the Board to
9 act as an advocate, certainly, of our interests and
10 concerns, but to take the careful review of the
11 application before the Board and then make comments
12 accordingly.

13 In terms of the discussion that we just
14 had about the uniqueness, I'd mentioned that we have a
15 mix of fuels that are serving our First Nation, whether
16 it be wood, forced air oil, or electric. We're keenly
17 interested in the whole picture of how a utility like
18 Hydro can provide energy services to a community and
19 influence the choices of supply by customers, that is
20 to look at the whole requirement for energy by all the
21 users of electricity or energy in the community, and
22 then to try to target and tailor its programs
23 accordingly.

24 So we have maximum use of electricity,
25 most efficient, the use of oil where it's the most

1 efficient and cost effective, the use of other
2 resources, wood and others. In terms of the special
3 interest, we've already mentioned the -- the direct
4 relationship of the effect of extremes of highs and
5 lows in water levels. Those have other costs in our
6 communities, including in terms of electricity bills.

7 For example, the extreme high water
8 sequence that extended for fourteen (14) months, from
9 July 2010 to October 2014 -- to two -- October 2011,
10 resulted in additional facility costs for many First
11 Nations in the operations of their water and wastewater
12 facilities. And so they were having higher electricity
13 bills, attempting to accommodate the adverse effects on
14 their community facilities as a result of that.

15 So again, those are features that we
16 bring because it's our First Nations that are along the
17 developed waterway that are dealing with those kinds of
18 impacts on an operational basis and receiving billings
19 for it.

20 In terms of the matters that the Board
21 is keenly interested in, which is close collaboration
22 between all potential intervenors to make the process
23 as efficient as possible, an entity such as MKO repriming
24 -- representing thirty (30) First Nations spread across
25 all -- two (2) -- three quarters (3/4) of Manitoba,

1 speaking three (3) primary languages means that we are
2 implicitly engaged in consultation in almost everything
3 we do on an extensive basis, be -- whether it be with
4 our First Nations, whether our -- our leadership, our
5 board of directors, which are all the Chiefs, or
6 executive council.

7 So we are basically ingrained with the
8 concept of asking people, How can we work together, how
9 can we be as efficient as possible. Typically, we do -
10 - we pay close attention to the -- the matters of
11 interest, the experts that are presented.

12 Mr. Orle indicated that we had made a
13 decision regarding our own experts in the NFAT
14 proceedings because many of the technical items that we
15 had -- were enabled to covered with our very limited
16 scope in NFAT were being addressed by others but only
17 on a technical basis. We still needed to put MKO's
18 voice to what we thought those conclusions were. But
19 we've already been receiving information, having
20 discussions with Mr. Williams and others about
21 potentially sharing witnesses and so forth, which is
22 why 'to be determined' is what appears on our budgets
23 regarding that.

24 We've created a cost estimate based on
25 past experience, but we'll do everything that we can to

1 ensure that our intervention is as efficient as
2 possible and make maximum benefit of advisors from
3 other Intervenors.

4 Now, one (1) of the other matters that
5 we have a particular interest that I referred to in --
6 in Manitoba Hvdro's submission, in their letter of
7 application it appears at Item 1J of -- and in the
8 issues listed it appears at Item 47. And that is we'd
9 like to pursue with this Board the issuance of final
10 orders regarding the diesel rate svstem.

11 As the Board may be aware, we -- MKO has
12 engaged in an extensive and lengthy med -- mediation
13 process in which we resolved many issues with Manitoba
14 Hvdro which I don't need to pursue here, except to say
15 that we've been in recent contact with our colleagues
16 at Aboriginal and Northern Affairs Canada to advise
17 them that there's a stranded benefit of great
18 significance that was due and accruable on -- as of May
19 1st, 2014.

20 That's the trigger date on which net
21 expert revenues were supposed to be contributed toward
22 the cost of service of the diesel First Nations on the
23 same basis as contributions were being made to the
24 customers on the class -- customer classes on the
25 integrated svstem.

1 That is set out in Order 117/'06 that
2 the Board had considered in that cost of service
3 methodology proceeding and have issued its directive
4 that that be done. The Board was -- that order was
5 subsequently modified to be conditional on the
6 production of a certified true copy of the settlement
7 agreement and a deposit of that agreement with the
8 Board, which is precisely what Manitoba Hydro describes
9 as the next step, both in its application and at its
10 issues list at Item 47.

11 It's our intention to get the job done
12 and have this completed during the time frame of this
13 proceeding so the Board will be in a position to make
14 that order. The reason that it's still continuing, I -
15 - in summary terms, as I've said previously, is that
16 there are still outstanding administrative matters
17 between ourselves and Canada that will be closed when
18 that certified true copy is issued.

19 So we need to resolve those matters
20 first so that we can do this. And we're hoping that
21 the incentive to the department of the considerable
22 stranded benefit to it in its reduced operation and
23 maintenance cost toward the diesel service will be
24 sufficient motivation to work with us quickly to get
25 the job done.

1 I would also make the point that the
2 Board had previously considered the possibility of
3 removing the 2,000 kilowatt hour step for general
4 service customers. And we're hoping that one (1)
5 additional positive effect, and we'll speak to that, of
6 the final orders being issued by the Board subsequent
7 to the deposit of the certified true copy of the Diesel
8 Settlement Agreement will be an amenable consideration
9 to remove that -- that 2,000 kilowatt hour step from
10 diesel -- from general service customers in the diesel
11 communities, which ought to have the effect of reducing
12 the cost of foods and services in the community. It
13 would be less expensive for the store to keep the milk
14 refrigerated and we're hoping that'll be reflected in -
15 - in the lower cost of -- of food and other products.

16 So in -- so in the scope of the
17 proceedings we'd also mentioned several elements in the
18 NFAT proceedings that we'd like to pursue here. We
19 grouped them in our comments on NFAT as bill reduction
20 and -- and rate mitigation. We see those as separate
21 items. I had mentioned earlier that our customers
22 firmly believe -- our customers, our citizens, and -- and
23 bill payers firmly believe there's two (2) rates in
24 the province because of the high differences in the
25 bills which I've gone through explaining why those

1 differences exist.

2 We're keenly interested in making
3 optimal steps to -- to do rate mitigation which would
4 mean to remove costs from the cost of service that we
5 believe are not applicable to certain classes of First
6 Nation customers. We've made the position which the
7 Board commented on again in 117/'06, to remove the
8 costs of -- of Hvdro mi -- mitigation projects from the
9 cost of service paid through the rates by Hvdro-
10 affected customers.

11 In general, the Board had suggested that
12 they wanted to see more information from Manitoba Hvdro
13 on that and we submitted that as a rate mitigation
14 measure in our NFAT summation. We believe that that's
15 important. Not to have the benefits of Hvdro's
16 mitigation efforts regarding Hvdro-affected customers
17 be effectively clawed back through the rates.

18 Another rate mitigation measure that we
19 had taken a very keen interest in was the possibility
20 of the removal of water rentals from the rates of
21 Hvdro-affected customers. There -- I -- I would not
22 make a legal submission on the nature of the lawfulness
23 of charging a tax against a First Nation customer.
24 I'll leave that to Mr. Orle in further pursuit in
25 questions and summation that we believe that it may be

1 an unlawful tax on First Nation customers to flow
2 through the water rental through their bills. So we
3 leave that as a matter that we'd like to pursue.

4 And we do know that in the NFAT
5 proceeding there was some discussion of revenue sharing
6 arrangements regarding water rentals of which NCN,
7 Nisichawavasihk Cree Nation, is as I understand the
8 only one (1) in the province that has an arrangement
9 with the province to do that, because that's how it
10 would be done. But consideration is being given --
11 done for the Keevask Cree Nations to do a similar
12 arrangement. This is a different topic. This is
13 removing water rental fees or costs from the cost of
14 service charged in rates.

15 And lastly, a matter that we are excited
16 and keenly interested in pursuing is the two (2) meters
17 that Manitoba Hydro uses for its employees north of the
18 53rd parallel. During the NFAT proceeding, during
19 Keevask it was filed that Manitoba Hydro employees
20 north of fifty-three (53), in order to be treated
21 equitably with other employees south of fifty-three
22 (53), that Manitoba Hydro has established a separate
23 rate that is equivalent to the lowest average cost of
24 heating in Winnipeg. And if I recall, subject to
25 check, it was Exhibit 65 in the Keevask proceeding that

1 was filed with the Board in the NFAT proceeding.

2 And we believe that equity suggests that
3 that same second rate, which would be equivalent to the
4 cost of heating with natural gas, be charged to
5 everyone north of fifty-three (53), including First
6 Nation customers. That would help deal with these huge
7 differences between the bills actually paid and
8 received by First Nation customers in the north that
9 are not able to fuel switch to gas, and those in the
10 south who can, including other customers. So that's
11 rate mitigation.

12 On bill reduction we see the whole suite
13 of energy efficiency and PowerSmart measures, and
14 building envelope improvements, the replacement of
15 refrigerators, everything that's in every pamphlet that
16 Manitoba Hydro and others have. And certainly we've
17 endorsed and suggested and adoption by the Board and
18 Hydro of much of what Mr. Dunsky has provided to the
19 Board.

20 Having said that, you'll recall that
21 Mani -- MKO was alone, or the only Intervenor that made
22 this suggestion at the NFAT proceedings in our
23 summation, and that was to sever PowerSmart from
24 Manitoba Hydro and place it in a arm's length entity
25 separate from Manitoba Hydro in order to get the job

1 done.

2 We were very concerned that after all of
3 the years of the Board ordering urgent priorities for
4 PowerSmart in the diesel communities, and to address
5 the concerns of First Nation customers, that the
6 evidence that was -- little concrete steps had been
7 taken, but also using that one (1) bit of evidence that
8 86.3 percent of our accounts were in arrears and
9 therefore ineligible to PowerSmart, we needed to set up
10 some mechanism where we could make concrete progress
11 toward their reduction through energy efficiency.

12 We note that the Board adopted our
13 recommendation, and we thank the Board for that. We
14 also note the government has endorsed or adopted the --
15 the PUB's recommendations in NFAT. So we're keenly
16 interested in following up on the status of that
17 recommendation because we believe it has great
18 potential for actually proceeding with real meaningful
19 steps in bill reduction in the -- our communities,
20 which as I have already described have unique
21 circumstances in terms of numbers of families in
22 houses, the building envelope conditions, and a variety
23 of other features that may affect the utility and
24 efficiency, even of PowerSmart programs.

25 So we need to do something different, I

1 guess, is our message and we're keenly interested in
2 following that. So ultimately there's many good
3 reasons why the Chiefs in Assembly of MKO endorsed our
4 NFAT recommendations as a body, and called for
5 collective action, which is again why we're here and
6 why our executive council has authorized our
7 intervention and have retained Mr. Orle to assist us in
8 doing so.

9 And with that, Mr. Chair, Mr. Duboff,
10 I'm open to any questions the Board may have in respect
11 of our Schedule 'A's that we have submitted in respect
12 of our intervention here. We request Intervenor status
13 in this proceeding. And I have forgotten one (1) item
14 that I -- that Mr. Orle has included in our submission
15 in terms of costs that I really should repeat.

16 The cost award rules of the Board have
17 never allowed MKO to cost recover the cost of its own
18 participation and engagement, including myself, in any
19 of the proceedings that we have engaged in since 1989.
20 Certainly 1992. The effect of that is Her Majesty the
21 Queen in Right of Canada has provided the funds for MKO
22 to participate, at least through its technical
23 expertise, and myself and -- and others.

24 We have been able to receive cost awards
25 for the cost of our experts and legal counsel, for

1 which I thank the Board and Manitoba Hvdro for
2 agreeing. Typically with small -- with small comments,
3 our requests for cost revery have been -- have been
4 approved by the Board with little objection from
5 Manitoba Hvdro. Again, that I -- I thank them for
6 that.

7 But there -- it remains that the depth
8 of our participation has been significantly limited by
9 my ability to dedicate time to this as one of those
10 persons in Manitoba who has the greatest breath of
11 knowledge on the issues that we've just described that
12 are the reasons for our intervention.

13 So in -- in doing that, it means that
14 particularly to answer some of the questions that Mr.
15 Duboff is asking, and I've made a shopping list of them
16 while we were proceeding, in terms of the ability to
17 raise funds from alternate sources the Board may be
18 aware that MKO's corporate funding from Aboriginal and
19 Northern Affairs Canada was cut by 80 percent effective
20 April 1st, 2014.

21 So the MKO executive counsel's agreement
22 to continue to pay the cost of my participation before
23 the Board on NFAT, limited as it was, but also here in
24 these proceedings is made after great deliberation
25 because we really just don't have the resources to

1 otherwise cover it.

2 In pervious vears, we mav have been able
3 to cover some of it because I included it in our work
4 plans that were approved by the Department, but no
5 longer. So on the matter of costs, we do have a need
6 and have no alternate source of resources specifically
7 to participate in proceedings before the Public
8 Utilities Board despite all of the significant add --
9 benefits that mav accrue from our being successful in
10 our submissions to the Board, particularly looking
11 forward to the final orders on diesel and the capture
12 of significant stranded benefits that are presently
13 accruing to that separate electricity svstem at the
14 present time.

15 The -- are there questions or a specific
16 set of issues. You asked that much earlier. Medium-
17 sized business. We represent general service
18 customers. Mr. Orle has commented on our experiences
19 with video conferencing. I would simply add that MKO
20 has participated in numerous attempts at video
21 conferencing with the Senate of Canada and the House of
22 -- and committees of the House of Commons, but they're
23 -- it's iust not the same as being face-to-face with
24 senators and members of Parliament to answer and ask
25 questions.

1 We though, having said that, MKO has a
2 video conferencing system that we've set up between our
3 Thompson and Winnipeg offices expressly to attempt to
4 reduce our costs; that involves a dedicated fibre
5 pipeline directly from Thompson to our office in
6 Winnipeg, and we use it as often as we can.

7 But even in those environments, where
8 there's a lot of give and take and questions and
9 calculations and documents in evidence, we find that
10 the process that the Board has established in this room
11 with participants is really the most suitable format
12 for doing that.

13 Thank you, Mr. Duboff.

14 THE CHAIRPERSON: Thank you, Mr.
15 Anderson. Dr. Grant, any questions? Ms. Kapitanv, any
16 questions?

17 MS. MARILYN KAPITANY (VIA PHONE): No,
18 thank you, Mr. Chair.

19 THE CHAIRPERSON: Chairman Gosselin,
20 any questions?

21 MR. REGIS GOSSELIN (VIA PHONE): No,
22 thank you, Mr. Chair.

23 THE CHAIRPERSON: If not, thank you
24 very much. Oh, Mr. Orle...?

25 MR. GEORGE ORLE: Yes.

1 THE CHAIRPERSON: Your mic is off,
2 George.

3 MR. GEORGE ORLE: That -- that dealt
4 with the -- the main part of the application. But I
5 had told Mr. Anderson that I would entertain any
6 questions in regards to the budget. And he didn't
7 touch anything other than -- than the -- the request
8 for -- for certain consultant payments, but if -- if
9 you would take a look at it. I -- I'd be remiss if I
10 didn't at least go through it to try to explain it so
11 that if you -- if you make the -- the budget you'll --
12 you'll understand what it was that we were asking for.

13 The -- the first part, dealing with --
14 with preparation, appearance, and argument is all in
15 respect to -- to one (1) counsel. There's no second
16 counsel being requested, and part of that is the reason
17 later on in the disbursements.

18 For disbursements we have a rate panel
19 which we found was a very effective way of providing
20 evidence to the Board during the NFAT. And we, right
21 now, only have an estimated cost. We're -- we're not
22 sure to what extent we're going to be able to share an
23 entire panel with others, but this would be the -- the
24 ultimate cost of us proceeding with a full panel of our
25 own.

1 And as I said, it's estimated because of
2 the -- the varying distances that -- that potential
3 panel members may have, we -- we can't really tell what
4 the -- the costs are going to be. The -- the costs at
5 the NFAT for -- for us to bring a panel to Thompson was
6 about three thousand dollars (\$3,000), and we wouldn't
7 expect to have them come anywhere but Winnipeg on -- on
8 this occasion.

9 We haven't put anything in for
10 disbursements in regards to photocopying documentation.
11 We made a great effort to keep our involvement in paper
12 down to a minimum in the NFAT, and we hope to do the
13 same thing again, but we -- we have no idea as to what
14 amount we'd have to do there, and that would be a
15 matter that would be flushed out later.

16 The fees are also fees that do not
17 include any of the applicable taxes, so the -- these
18 are net. We would expect that if the budget is
19 approved for the fees, that it would also approve any
20 of the taxes that are applicable to those -- to those
21 fees.

22 And I'll just take a moment to deal with
23 the request for -- for fifteen thousand dollars
24 (\$15,000) to have Michael Anderson as a
25 consultant/expert. Mr. Anderson, prior to being a

1 full-time employee of MKO, was brought before this
2 Board, was qualified and had his evidence acc --
3 accepted as an expert. He was brought here by -- by
4 Arne Peltz during the time that he was acting on behalf
5 of some of the Intervenors. And his evidence was --
6 was crucial to certain areas dealing with the manner in
7 which energy conservation can be dealt with in -- in --
8 on the reserves, and also dealt with matters of -- of
9 funding, matters of -- of how diesel communities are
10 dealt with. This is all a store of knowledge that --
11 that Mr. Anderson has accumulated over the -- the last
12 two (2) decades.

13 It's only available to us by having him
14 do the experts. He reviews the experts' reports on how
15 they actually applied to the First Nations'
16 communities. He has extensive experience working
17 within the energy business in -- in British Columbia,
18 was heavily involved in -- in helping develop policies
19 for -- for hydro projects in British Columbia.

20 So he's not being brought here as -- as
21 a member of the Intervenor group who has an interest in
22 -- in sitting here listening and perhaps promoting a
23 general opinion as to what the organization may want.
24 He is the researcher for MKO.

25 When other experts come to get

1 information they get the information from Mr. Anderson.
2 He is the direct pipeline to provide that information.
3 So what we're asking is that, allow us to skip that
4 step of having to have someone else take that
5 information and include it as part of their report and
6 allow us to have Mr. Anderson deal with -- with those
7 matters.

8 THE CHAIRPERSON: Mr. -- Mr. Orle, on
9 that point, as you know, there's been no sense of
10 whatsoever a determination by the Board whatsoever on
11 these points. But from my perspective, the -- the
12 point of a budget is to deal with costs to an
13 Intervenor to come here. But if I -- am I wrong that's
14 there no marginal cost to MKO to have Mr. Anderson --
15 he's been paid by MKO and MKO will pay him regardless.
16 Un -- unless you can tell me that MKO has to go and
17 hire somebody for fifteen thousand dollars (\$15,000) to
18 replace him while he's doing his work, where's the cost
19 to MKO?

20 MR. MICHAEL ANDERSON: Mr. Duboff, I
21 can answer that directly. There isn't an ability to
22 cover costs. The -- with the reductions in staff, the
23 attrition that we've taken, smaller workspace, and so
24 forth, it puts a great strain on the few remaining
25 expert staff at MKO to do business. The short answer

1 to your question is vast amounts of unpaid overtime.
2 So I put in the time that's necessary to engage MKO
3 before these proceedings because there isn't the
4 funding to hire other people to work at MKO to do some
5 of the jobs that I would otherwise be doing.

6 Administrative. As I explained, due to
7 my length of service with MKO, I've been the Director
8 of Natural Resources since 1988. I have a -- there is
9 a -- a sort of a chief cook and bottle washer element
10 to that kind of corporate knowledge within any
11 organization, and as a result I'm called on to do a
12 wide variety of things. And those things don't get
13 done if I'm unavailable because I'm here present before
14 the Board.

15 So, in effect, in terms of the marginal
16 cost to MKO, it allows us to deal with the impact it
17 has on our existing total workload as a corporate by
18 having the ability to find other people to assist in
19 doing the other tasks that I would otherwise be doing.
20 The end result of not funding it is, as I said before,
21 there are times that I'm spending for which no one is
22 receiving remuneration or funds for it. And that's the
23 choice.

24 So the choice is either we don't
25 intervene and don't involve ourselves, or we do, and

1 then just sort out how we're going to deal with that in
2 human time. But there is no ordinary corporate linkage
3 between our available resources and the time we really
4 need to dedicate to a proceeding like this.

5 THE CHAIRPERSON: But -- first of all,
6 I want to be clear. No one here is questioning your
7 expertise. So -- so you -- de -- debating that isn't
8 the issue. What I'm debating is that if fifteen
9 thousand dollars (\$15,000) gets allocated to this, it's
10 fifteen thousand dollars (\$15,000) that MKO is getting
11 to their core budget that this -- the PUB and -- and
12 Manitoba Hydro is paying that is over and above from
13 the monies they otherwise would have. It seems to me
14 that it's a -- it's a bonus for -- for MKO because
15 you're being paid regardless. So it seems to me that
16 the fifteen thousand dollars (\$15,000) is monies that
17 they'll have over and above what they otherwise would
18 have had in their revenue sources.

19 MR. MICHAEL ANDERSON: Mr. Duboff, I
20 would again just say that the fifteen thousand (15,000)
21 allows MKO to make other arrangements with retaining
22 other personnel to do the other things that I would
23 otherwise do. As many participants here know, that I
24 spend not as much time in these proceedings that I
25 would certainly like to, that the Board itself has

1 expressed an interest many times in having me be
2 present more frequently before the Board. It's simply
3 that there isn't the resources to justify making a
4 financial decision to have me not available doing the
5 other tasks.

6 So it's ex -- what the money does is not
7 just get added in -- into our core in that way. It's
8 not wat -- water poured into a glass that disappears.
9 It allows us to make planning decisions to retain other
10 individuals to assist MKO to broaden our existing human
11 resource base in order to provide for me to dedicate
12 the time to be present and to support Mr. Orle at the
13 level that he's requesting.

14 THE CHAIRPERSON: Thank -- thank you
15 very much, Mr. Anderson.

16 MR. MICHAEL ANDERSON: You're welcome.

17 THE CHAIRPERSON: Does any -- any other
18 Board members have any questions or comments?

19 Thank -- thank you, Mr. Orle. Thank
20 you, Mr. Anderson.

21 I'd like to turn now to -- I'm not sure
22 who's speaking, if it's Ms. Saunders or Mr. Saxberg,
23 but to the MMF and their representative to speak.

24

25 INTERVENOR APPLICATION BY THE MANITOBA METIS

1 FEDERATION:

2 MS. JESSICA SAUNDERS: Thank you, panel
3 member Duboff. Good afternoon, Chair Gosselin, panel
4 members Grant and Kapitany. Jessica Saunders. I will
5 be speaking first on behalf of Manitoba Metis
6 Federation. And you are right, Mr. Saxberg and Mr.
7 Masi are here as well to assist. In the event our
8 client is provided standing in these proceedings, they
9 will be taking over, as you can see in our -- in our
10 proposed budget, as I will be on mat. leave and have
11 other matters to attend to, of course.

12 There were some comments made this
13 morning, and, respectfully, I think that a chart that
14 we might have circulated last night might have been
15 misinterpreted. So I will look to Mr. Saxberg to speak
16 to that when he is speaking to our -- our proposed
17 intervention, or issues in our -- our proposed budget.
18 He will also provide the MMF submissions on those
19 issues regarding, like in scope, MMF involvement in
20 them, how we propose to -- to deal with them, as well
21 as timetable, format of IRs, and the submissions that
22 we have with respect to the predetermination of costs
23 and the possibility of an interim order of costs.

24 I'll just speak briefly to the
25 introductory sections of our Intervenor request form,

1 providing a general overview of the MMF, and why we're
2 here today seeking separate standing from other
3 intervenors involved.

4 So I acted as counsel to the MMF in the
5 NFAT. You've heard from other intervenors that this is
6 very much -- there's momentum on the heels of the NFAT
7 for this very important GRA. The NFAT was the first
8 time that the MMF appeared before the Public Utilities
9 Board, and the MMF came out of that process with a
10 clear understanding of the issues that the Board
11 considers on behalf of all Manitobans in the regulation
12 of Hydro's electric matters.

13 The MMF worked well in collaborating
14 with intervenors in that process, and was able to make
15 significant contributions to the proceedings. The MMF
16 similarly looks forward to contributing to these
17 proceedings in this very important GRA.

18 So to provide a brief introduction to
19 the MMF, the Metis Nation, as -- as you were discussing
20 this morning I think with -- with Mr. Ander -- just
21 immediately prior to me with Mr. Anderson, regarding
22 his -- his client's membership, is the Metis Nation is
23 one of the Aboriginal peoples of Canada referenced in
24 Section 35 of the Constitution Act, and the Manitoba
25 Metis community is part of the Metis Nation. The MMF

1 is the democratic and self-governing political
2 representative of the Manitoba Metis community. The
3 MMF promotes, protects, and advances the collective
4 rights of approximately a hundred thousand (100,000)
5 citizens of the Manitoba Metis community at the local,
6 regional, and provincial levels.

7 The MMF is organized into seven (7)
8 province-wide regions with approximately a hundred and
9 thirty-four (134) Metis locals in communities
10 throughout Manitoba that are located within the seven
11 (7) MMF regions. Elected through province-wide ballot
12 box elections, the MMF Board of Directors is comprised
13 of one (1) president, one (1) vice-president, and two
14 (2) board of directors for each of the seven (7)
15 regions, as well as a spokesperson for the Infinity
16 Women's Secretariate. As was noted by the PUB in the
17 NFAT final report, the history of Manitoba is vitally
18 connected with the history of the Metis as founders of
19 Manitoba.

20 To speak briefly to MMF's interest in
21 the GRA; as we represent over a hundred thousand
22 (100,000) residential and small business customers
23 across the province, we know that they will be impacted
24 by Manitoba Hydro's proposed rate increases. While the
25 MMF promotes, protects, and advances the diverse

1 interests of its members in urban, rural, northern, and
2 southern areas of the province, the MMF is particularly
3 concerned about the interests of its low income members
4 in rural areas who rely primarily on electric space
5 heat and do not have access to gas heating. Many of
6 these customers are elderly, low-income single parent
7 families, young families, struggling to make ends meet.

8 The MMF also supports and advocates on
9 behalf of a number of members of the Manitoba Metis
10 community that operate businesses throughout the
11 province that will be impacted primarily as small
12 general service customers. Many of these customers are
13 either starting out or are struggling to make a living,
14 or are more established but require more certainty in
15 costs in order to ensure they can maintain their
16 businesses.

17 The MMF will speak to these issues
18 facing customers who are citizens of the Manitoba Metis
19 community, and will not purport to speak to the
20 interests of other customers being represented by other
21 intervenors.

22 I think it's important to note what
23 makes the MMF different from other intervenors in these
24 proceedings, and why separate standing is required in
25 our view. I may be going a little off on this, but I -

1 - I think it is important to go back to the distinct
2 community that -- the broader Aboriginal community
3 we're a part of. There's the Metis, the First Nations,
4 and the Inuit.

5 The unique interests of these people
6 have been distinctly represented over time in many
7 spheres of advocacy. There are many examples I could
8 refer you to, where the unique interests of these
9 communities, the First Nation, the Metis, are brought
10 through their culturally distinct channels, and when
11 that happens the process is almost always better
12 enhanced.

13 Now, bringing that concept of the
14 spheres of advocacy we're dealing with here today to
15 the PUB's hearings on rates, you might wonder how those
16 distinct channels would enhance this process.

17 In the NFAT's first pre-hearing
18 conference where standing in the proceeding was
19 discussed, Manitoba Hydro originally suggested that the
20 Manitoba Metis Federation join up with the Consumers
21 Association of Canada.

22 The CAC is a well-respected and well-
23 established Intervenor, and having been through the
24 NFAT process, the MMF supports much of the evidence
25 that is brought forward by the CAC on behalf of

1 Manitoba consumers. But also having gone through the
2 NFAT with separate standing, the MMF was able to bring
3 a unique perspective that would have been lost had it
4 not been given separate standing.

5 MMF is a new Intervenor to these
6 proceedings, and I'm sure the other Intervenors who may
7 have been here longer could put it better than I could,
8 but I'll -- but I'll just try. The interests of the
9 Intervenors represented in these hearings are -- are
10 then -- more than just mere consumers of energy.

11 The interests of the members that the
12 Intervenors represent are distinct. They're
13 industrial, low-income, environmentally conscious.
14 They have rights relationships that -- that make their
15 energy requirements unique. They have ways of
16 sustaining their livelihoods but at the same time
17 contributing to energy efficiency. Just to name a few.

18 And because the Intervenors are able to
19 consider the issues from different views, they come
20 with unique perspectives and propose unique solutions.
21 Probably the best demonstration of the unique
22 contributions each of the Intervenors brought to the
23 issues of rates was seen in the evidence of the NFAT
24 ratepayer panel which was jointly sponsored by the CAC
25 and the MMF. It was the first time the PUB heard

1 directly from the people who stood to be most impacted
2 by rate increases. It was an idea brought to life by
3 the CAC, and the MMF was more than happy to contribute.

4 The CAC utilized its focus group process
5 and had one (1) new Canadian witness, as well as
6 collaborated with its contacts to provide a witness
7 from Winnipeg Harvest. CAC also collaborated with its
8 contacts to present two (2) witnesses from Pimachicamak
9 who brought the perspective of on-reserve First Nation
10 ratepayers.

11 The MMF, who, while new to -- to these
12 proceedings, was able to organize quickly and was very
13 proud that it could contribute two (2) members of the
14 Manitoba Metis community as witnesses, one (1) from
15 Duck Bay in the Bipole III area, and one from Vita in
16 the Manitoba-Minnesota Transmission project area, both
17 who fuel switched, utilizing wood in the winter in
18 order to significantly save costs on their hydro bills.

19 While we're dealing with the subject of
20 rates, and there are broad issues that many parties
21 could really speak to, as was seen in the CAC and MMF
22 ratepayer panel, we all bring different kind of
23 flavours to the fight and unique perspectives to the
24 considerations of the issues. Our clients' concern is
25 that these perspectives and positions will not -- will

1 not be heard if we're all grouped together under the
2 heading of consumers or customers.

3 The CAC/MMF ratepayer panel, I think,
4 reflects the perspectives to be brought in the GRA,
5 showing that while there are these common general
6 issues that all of these communities fall within,
7 there's a real opportunity here for these distinct
8 communities to greatly contribute to and enhance these
9 proceedings if given their distinct channels to call
10 evidence and speak to those issues.

11 I would also note that in previous GRAs
12 MKO has been given separate standing to speak to the
13 unique interests of its community members. And clearly
14 they -- they contribute significantly.

15 And Mr. Williams spoke this morning to
16 his clients' focus groups, including representation
17 from northern First Nation communities. And he
18 respectfully acknowledged that CAC does not purport to
19 speak on behalf of those First Nations.

20 As I've just discussed, I -- I think the
21 MMF and the over one hundred thousand (100,000) members
22 that they represent should be given the same
23 consideration.

24 So with that, I -- I believe that,
25 unless you have any further questions, I was just

1 intended to bring a brief introduction and speak to
2 those -- those issues briefly brought up this morning.
3 And I would refer, then, to Mr. Saxberg for the
4 remainder of the submission.

5 MR. KRIS SAXBERG: Good afternoon,
6 Member Duboff and Member Grant and those listening by
7 phone, Mr. Chairman Gosselin and Kap -- Member
8 Kapitany.

9 My name's Kris Saxberg. And as Jessica
10 just alluded to, I'm going to be -- she's handing off
11 the matter to me for this particular hearing while
12 she's away on maternity leave. But Ms. Saunders
13 obviously has a good, rich history with MMF as an
14 organization, and probably far better suited to
15 indicate their particular interests in -- in the
16 proceedings. And I think she's just done that, and
17 done a -- a good job at it.

18 But what I'm going to try to tackle is
19 the regulatory cost side of -- of our proposed
20 intervention, and how -- and try to express, in precise
21 and easy to understand terms, how we propose to -- to
22 proceed and what it's going to cost.

23 But I should just say that Jessica has
24 indicated she has to -- she may have to leave the
25 proceeding during my presentation to plug the meter, so

1 -- so if there are any questions that I can't handle,
2 we'll get her to answer those when she comes back.

3 If I could start by turning to my first
4 topic, which is the question concerning standing and
5 costs. We had indicated in our Intervenor request that
6 we're looking for a type of pre-determination. And as
7 everyone in this room is very familiar with the rules
8 of procedure, we'll all know about the four-fold test
9 for standing and for -- in particular for an award of
10 cost. The first being the party has to make a
11 significant contribution. The second is the avoidance
12 of duplication. Third, financial resources. And the
13 fourth, a substantial interest. MMF is confident that
14 if given standing it will satisfy all four (4) of those
15 criteria.

16 In terms of substantial contribution,
17 MMF is proposing to actively participate in the hearing
18 in terms of cross-examining the Hydro witness panels,
19 and perhaps presenting expert evidence. MMF believes
20 it can contribute in a constructive and meaningful way
21 by identifying numerous issues of concern and providing
22 evidence, and information, and recommendations to the
23 Board on how it could address those issues.

24 And MMF believes that the process will
25 greatly benefit from its participation, such that the

1 Board would be provided with perspectives and
2 information it may not otherwise have understood or
3 obtained. Some of those may simply be a result of a
4 different approach to the technical issues. Some --
5 and most, though, I would say, would be as a result of
6 the unique experience of the Manitoba Metis Community.

7 In terms of avoiding duplication, MMF is
8 undertaking here that we're going to be scrupulous in
9 terms of directing consultants on the particular
10 issues, which we -- we'll be engaging in this
11 proceeding, and in terms of working closely with other
12 Intervenors and -- and their consultants. And I'll
13 have more on that later when I go through the issues
14 list. And I'll explain how -- how we believe it's
15 going to work and be regulatorily efficient in terms of
16 costs and procedures.

17 Now -- so that's significant
18 contribution and cooperation with other Intervenors.
19 The Board is not going to make a -- a determination in
20 -- in regard to those two (2) items until the hearing
21 is over. But what I would suggest is, if we don't meet
22 the promise that I've just made, that we will make a
23 significant contribution, the effect of that is going
24 to be in terms of the quantum of the costs awarded.
25 The same applies if we are not, quote/unquote, playing

1 nice with the other Inter -- Intervenors and reducing
2 regulatory costs by avoiding duplication, then the hit
3 is going to be on the cost award.

4 So those decisions, we're not asking
5 this Board, obviously, to -- to consider that until
6 after the hearing. What we are asking is, we say that
7 items number 3 and 4, that those are condition
8 precedents that have to be satisfied and can be
9 determined at the very outset of the proceeding. And
10 then that will allow us -- and when I say "us", I'm --
11 I'm speaking of the consultants and the lawyers -- to
12 avoid the substantial risk of not receiving a cost
13 award and not being paid for providing advice to MMF.

14 And I -- so I just want to -- so -- so
15 what we are asking is to -- to ensure that those two
16 (2) criteria, that the Board is not considering MMF to
17 -- to be a -- to have any hurdles with respect to those
18 two (2) criterias. And with respect to that decision,
19 the Board has already decided in Board Order 132/14 --
20 that was the cost order in the NFAT proceeding -- that
21 MMF met all the requirements for the cost award which
22 isn't to say that the Board can't come to a different
23 conclusion if it's a different type of proceeding,
24 which this is.

25 And -- and so that's why we're raising

1 it right now to ensure that the -- the Board isn't of a
2 different view since this is a rate hearing as opposed
3 to the Needs For and Alternatives To hearing.

4 In terms of resources, financial
5 resources, it --

6 THE CHAIRPERSON: Mr. Saxberg, before
7 you go on, you touched on a really central point. This
8 is a different type of hearing and -- and, yes, there
9 is an award made in an NFAT hearing. But the point-
10 four criteria says very clearly the outcome of the
11 proceeding. This is a different kind of proceeding.

12 Can you speak to why there is a -- how
13 MMF connects to this kind of proceeding --

14 MR. KRIS SAXBERG: Yes.

15 THE CHAIRPERSON: -- as opposed to the
16 NFAT proceeding?

17 MR. KRIS SAXBERG: Yes, I -- I -- I'm
18 going to touch on the issue of substantial interest
19 which I think is the test for determining whether or
20 not an Intervenor upon request is granted standing --

21 THE CHAIRPERSON: Substantial interest
22 in connection with the type of hearing that it is.

23 MR. KRIS SAXBERG: In connection with
24 the outcome of that particular type of hearing, right.

25 THE CHAIRPERSON: Right.

1 MR. KRIS SAXBERG: But I just -- I just
2 want to on the financial side just indicate and in as
3 plain of terms as possible that MMF does not have the
4 financial resources to contribute to this intervention.
5 And that it's a non-profit organization and it relies
6 on government funding for which there is none for this
7 particular intervention.

8 There was an affidavit sworn previously
9 in connection with the NFAT on that subject. We've
10 spoken to the clients and the information in that
11 affidavit, which essentially said what I just said, is
12 -- is confirmed for the present hearing.

13 THE CHAIRPERSON: But -- but aren't
14 there two (2) elements to this? One (1) is whether or
15 not they have the capacity to pay, which is point 3.
16 And -- and as you've said that's a precondition and
17 it's been satisfied in a previous hearing. But in
18 relation to the actual application for a budget,
19 there's three (3) lawyers there.

20 MR. KRIS SAXBERG: Yeah.

21 THE CHAIRPERSON: And not one (1). And
22 -- and I'd like you to speak to why there might be a
23 need for more than a single counsel.

24 MR. KRIS SAXBERG: Okay. I can -- I
25 can -- if I -- if I answer that question it's my fault

1 for not answering your earlier question first. I'll
2 answer that question first on the counsel and then I'll
3 go back to your question about is this hearing so
4 different from the NFAT that there should be a
5 different consideration in terms of whether MMF has a
6 substantial -- has a substantial interest in the
7 outcome.

8 So I'll answer the -- the counsel
9 question first. So it -- it's D'Arcy and Deacon as a
10 firm that's acting for MMF in this proceeding. And the
11 -- the proposal is -- first there are -- there's --
12 there's going to be two (2) counsel involved. Ms.
13 Saunders's involvement ends today and that's -- that's
14 what the budget explains. So it's -- it's two (2)
15 counsel and -- but one (1) firm.

16 And in terms of the firm, what we're
17 proposing, and I'll go through it when we get into the
18 issues, is I will be dealing with certain issues. Mr.
19 Masi will be dealing with other issues. There will not
20 be a duplication between the two (2). What it results
21 in is that D'Arcy and Deacon is putting forward its
22 legal services for the average hourly rate of a hundred
23 and seventy-five dollars (\$175) an hour.

24 What we've proposed is the senior
25 counsel is at one-ninety-seven (197) in accordance with

1 the Board's guidelines; that's for counsel between ten
2 (10) and twenty (20) years experience. That's myself.
3 Mr. Masi, we've put him at the understudy rate of a
4 hundred and forty-one dollars (\$141). What I'm saving
5 is there is going to be -- and I'm undertaking this,
6 there will be no duplication between the -- the work
7 and the issues that Mr. Masi is doing and the work and
8 the issues that I'm doing.

9 The net result of that is that the
10 hourly rate is a hundred and seventy-five dollars
11 (\$175) an hour and it's one (1) firm. And now, in
12 terms of the budget, when we go through that budget one
13 (1) of the areas where there is a duplication in terms
14 of counsel is the attendance at the hearing. And what
15 I -- where -- and that's the largest driver of cost in
16 this matter.

17 So you've got fifteen (15) days of
18 hearing, which was the assumption, ten (10) hour days;
19 that's a hundred a fifty (150) hours between two (2)
20 counsel, three hundred (300) hours, and that's a big
21 chunk of the cost.

22 What we are -- what we've put on the
23 table in terms of the budget is our preference is for
24 Mr. Masi and I to be at the hearing on every day. The
25 reason for that relates to our, quote/unquote, "Plan of

1 succession," which -- which would involve Mr. Masi
2 taking over these proceedings and, also, the regulatory
3 work on the gas side, and so this is a opportunity for
4 -- so the reason we would have him at the hearing is to
5 hear those issues to help him get up to speed.

6 And that's one (1) of the criteria that
7 the Board has set out in its -- in its paper on cost,
8 is that there's an exception to -- to duplication when
9 you have two (2) counsel, and that's because we
10 recognize that you need to have understudies and there
11 has to be mentorship with regard to -- to regulation.

12 THE CHAIRPERSON: As you saw in the
13 letter from Manitoba Hydro that came out yesterday, the
14 hours that CAC is putting forward is four hundred and
15 fifty-eight (458) and CAC three hundred (300) and MKO
16 three forty-four (344). MMF is seven hundred and
17 forty-four (744) hours. That -- the -- Manitoba Hydro,
18 the consumers -- your -- your clients, consumers, would
19 be paying for that. And I'm not sure how we can
20 justify that as a system to create an understudy
21 process, particularly when you say Ms. Saunders will be
22 back after her maternity leave.

23 MR. KRIS SAXBERG: Yeah. I -- and I --
24 I'd like to try to tackle that question head on. We've
25 provided a very detailed budget which -- in which you

1 can review on a line-by-line basis. It's realistic in
2 terms of hours. It's honest in terms of how much work
3 you would need to do as a responsible professional to
4 engage in a serious hearing like this.

5 More than that, I mean, I've been
6 involved in regulatory hearings for -- for a long time,
7 and I've been putting -- before this Board, and I've
8 been putting forward this exact format for costs. And
9 I can tell you -- and that's on the gas side. But I
10 can tell you that the -- the costs that we've put
11 forward using this analysis in this case are far less
12 than the ones we put forward on the gas side which
13 have, for the most part, all been approved by this
14 Board.

15 So what's the answer? Why is --

16 THE CHAIRPERSON: I'm not sure that
17 that was an argument, actually. I'm not sure that
18 that's an argument, what -- what happened in the past
19 and your experiences. Right now, we're talking about
20 this process and right now. And -- and sort of I'm
21 asking how do you justify seven forty-four (744)
22 compared to the other parties that have been here
23 before, and they have the experience?

24 MR. KRIS SAXBERG: Yeah. Well, let me
25 try it again. What I'm saying is that we -- D'Arcy and

1 Deacon put this budget together for legal fees. D'Arcy
2 and Deacon appears before the Public Utility Board on
3 matters just like this and has put forward these
4 numbers because they're realistic; they've been
5 approved.

6 So I -- I think that has some indicia.
7 Why are Mr. Williams' costs so much lower? That's the
8 question. And he answered it today. He said he works
9 for free. He does it -- he -- there's a huge discount
10 of time. And I can tell you that -- that, intuitively,
11 of course that's true. Three hundred (300) hours is --
12 is what his estimate was at two twenty-three (223),
13 three hundred (300) hours, a hundred and fifty (150) of
14 which will be the hearing, sitting at the hearing, not
15 working.

16 And you look at the reams of material,
17 the amount of technical information, the meetings to --
18 with all of those experts. And if he's charging 25
19 percent of his actual time I'd be surprised. MIPUG
20 isn't charging anything. And so you've got a situation
21 here. I'll address the issue that I think you're
22 getting to, which was Manitoba Hydro's saving: This is
23 just too costly. This hearing is going to cost too
24 much, we've got to do something about it.

25 I -- I'm going to spin it on its head

1 and say they've been getting one heck of a deal. The
2 two (2) main participants as Intervenors in these
3 proceedings who do excellent, excellent work, Byron
4 Williams for CAC and Winnipeg Harvest, and MIPUG,
5 they're the principal Intervenors. They participate
6 the most. They always contribute. They do an
7 excellent job. One's not charging and the other's
8 barely charging and is essentially being subsidized by
9 the Province of Manitoba. So the Province of Manitoba
10 is subsidizing that intervention because of the nature
11 of the Public Interest Law Centre.

12 So now what we have are three (3)
13 parties, three (3) groups of Manitobans, that have a
14 significant, substantial interest in the outcome of
15 this proceeding, which, as Mr. Williams already
16 indicated, is a big ask. It's a \$100 million ask.
17 It's a big proceeding because it sets -- it sets the
18 story for the future of how these huge capital costs
19 are going to be dealt with in terms of rate. So it's a
20 big deal.

21 So who are those three (3) other com --
22 people? The indigenous people. And so you heard from
23 MKO, and that was an absolutely excellent presentation
24 that Mr. Anderson gave in which I think he -- he
25 answered your question -- I'm glad he went first -- far

1 better than I ever could in terms of why does MKO have
2 a separate interest? They have an interest, and
3 they're here representing indigenous people.

4 The Metis are the other big group. As
5 Ms. Saunders has alluded, there are approximately one
6 hundred thousand (100,000) Manitoba Metis com --
7 community, and -- and we all know the history of that
8 group.

9 And then the third group is the
10 environmental group.

11 So you've got three (3) groups here, and
12 all three (3), by the way, are proposing more limited
13 interventions than the two (2) main Intervenor are.
14 So I -- and I've -- you know, I mean, this is -- you
15 may say this isn't -- isn't helpful, but the point is
16 regulatory costs in other jurisdictions eclipse what
17 we're talking about here, absolutely eclipse it.

18 And so at the end of the day, worth \$100
19 million at stake, one (1) small adjustment in Manitoba
20 Hydro's forecasting assumptions wipes out all of these
21 Intervenor costs. I think we can't be -- we -- we
22 can't be penny wise and pound foolish in terms of -- of
23 interventions and -- and what we allow and what we
24 don't.

25 I -- I think that also sort of answered

1 the question of why we think we have a substantial
2 interest in the outcome. It's because of the -- what -
3 - what Ms. Saunders had said. It really relates to the
4 fact that one (1) of the big issues that we're going to
5 pursue is that there's a hundred (100) and -- let me --
6 let me put it this way.

7 Last -- last night, I was on Facebook.
8 I'm not a big fan, but every once in a while, I -- I
9 check in on what my family's doing. And I was
10 interrupted in looking at those posts by a Manitoba
11 Hydro advertisement which was essentially, you know,
12 that the -- the impact of rate increases is
13 significant. If you want to do something about it,
14 switch to gas.

15 And one (1) of the big areas of interest
16 for the MMF is there's approximately a hundred and
17 sixty thousand (160,000) people, many of which belong
18 to the Metis community, that don't have that option,
19 don't have that ability to mitigate the fact that their
20 energy costs are going through the roof, and will for
21 the next ten (10) years, because of this capital cost
22 spending spree. So that's -- that's the area, then, of
23 the substantial interest.

24 THE CHAIRPERSON: Do -- do you have a
25 sense of the members, the hundred thousand (100,00)

1 members that you've identified in your material will be
2 living outside of the City of Winnipeg or Brandon or
3 Portage la Prairie?

4 MS. JESSICA SAUNDERS: We can provide
5 that. It -- it's helpful in our client discussions
6 when they can break down within their regions.
7 Currently, we have a breakdown of, like, locals within
8 the regions that we just haven't been able to -- to tie
9 in any numbers.

10 I know there's been Winnipeg versus the
11 rest. I wouldn't feel comfortable disclosing that,
12 because it was just very in loose conversation, but
13 those are numbers that we are working to provide.

14 THE CHAIRPERSON: If -- if you could
15 provide them sooner than later so that we can use that
16 in our deliberations, because you know where I'm going
17 with that comment. To the extent that they're in the
18 City of Winnipeg, then it's a different phenomena than
19 we might be talking about in the remote areas of the
20 north.

21 MS. JESSICA SAUNDERS: I can -- I can
22 comfortably say that most of those are rural, but I
23 will provide -- if -- would it be just Winnipeg and
24 then rural you're interested in, or just specifically--

25 THE CHAIRPERSON: No. I'm looking at -

1 - I'm looking at urban areas. I'm looking at Portage -
2 - Portage, Brandon, Winnipeg, Selkirk, the -- the
3 larger communities. Even Thompson I wouldn't put in
4 that, because they have choices in Thompson.

5 I'm -- I'm talking about the people who
6 don't have choices.

7 MS. JESSICA SAUNDERS: I can see if I
8 can get that for you. The MMF, again, is a nonprofit
9 organization, and they do try to get sophisticated in
10 their -- their numbers, and how they keep track of
11 their information, but I will make that request to see
12 if --

13 THE CHAIRPERSON: I -- I'm sorry if
14 it's difficult, but you can see why it's important,
15 because if they're in the urban areas, some of the
16 arguments about the alternate -- lack of alternatives
17 sort of isn't there. So if it's 90 percent in -- in
18 the -- outside the urban areas, it's a different
19 phenomena than if 10 percent is.

20 MS. JESSICA SAUNDERS: I might be able
21 to say outside of Winnipeg, and -- and maybe northern -
22 - I'll see what breakdown I can get you. I believe I
23 can get you something good.

24 THE CHAIRPERSON: Okay. That would be
25 very good. Thank you.

1 MS. JESSICA SAUNDERS: Thanks.

2 MR. KRIS SAXBERG: So the next topic
3 area, then, is to deal with the issues list, and -- and
4 try to graphically demonstrate that we are attempting
5 to cooperate, reduce duplication, and to be focussed.

6 So first thing to note about the
7 document that we all see in front of us is we're -- we
8 have not engaged or made any commentary on that issue
9 of what's in scope and what's of limited scope. What
10 you see before you are just the topic areas which I --
11 which all the parties agree there's some scope to. And
12 there's a difference between Manitoba Hvdro and some of
13 the other Intervenors on the level of scope. We're not
14 engaging in that here.

15 All we've done is we're trying to show
16 which areas we want to participate in, and which areas
17 we won't participate in, because, let's face it, on the
18 technical side, there are many common issues. I am
19 regretful that I used the term 'lead Intervenor' and
20 'secondary Intervenor'. The term used by Manitoba
21 Hvdro was 'primary Intervenor'.

22 But what I understood the Board to be
23 requesting, and Manitoba Hvdro to be trying to
24 facilitate, was, Let's figure out who's taking the lead
25 on a particular issue. So I wrote 'lead Intervenor'

1 and 'secondary Intervenor'. And I don't put anything
2 in -- in these boxes other than where MT -- MMF wants
3 to be.

4 But I think you should stroke out "lead
5 Intervenor," because it should really have been what we
6 meant to be, which is participating. Participating.
7 And under "secondary Intervenor," it's, for lack of a
8 better word, listening. We wouldn't be engaging in
9 cross-examination. We wouldn't be leading evidence.
10 We're going to listen, and we may be talking or
11 commenting in closing.

12 But under the lead intervene --
13 Intervenor column, we're talking about participation.
14 And what I also didn't do, because I didn't believe
15 that I had the finalization of matters, most of these
16 areas where we have put "lead," we've already arranged
17 with the other Intervenor to work with them.

18 So what we -- what is being proposed is
19 that there would be three (3) main pieces of evidence
20 that MMF would be involved in. The first would be a
21 ratepayer panel. And you've heard the consumers refer
22 to that, and -- and Ms. Saunders referred to it. MMF
23 was a part of it at the NFAT hearing, and we have, I
24 believe I can say, agreement to work with CAC and
25 Winnipeg Harvest, and -- and we've already begun that

1 work in terms of duplicating that ratepaver panel. And
2 MKO, I believe, is also going to be part of that
3 presentation. So that's the first piece that we want
4 to be involved in presenting.

5 We have an expert, Jerry Oppenheim, who
6 is familiar to this Board. He's -- he's been an expert
7 in the past, been qualified by this Board on DSM
8 issues, but he's also very much involved in low income
9 issues and access to DSM and -- and those kind of
10 issues that the -- that this rate panel would -- would
11 be speaking of.

12 So that's the interconnection there.
13 The next panel where we'd be involved is the financing
14 panel, the finance experts. That's where CAC -- the
15 Consumers Coalition, I should be calling them -- is
16 calling -- proposing to call Lawrence Booth and John
17 McCormack. And the idea is, if Mr. Matwichuk has
18 something of worth to say, he'll be on that panel.

19 Mr. Matwichuk is another -- is then --
20 the other expert that we to engage. He is extremely
21 familiar to the Board. He has appeared at least since
22 1998 in Centra Gas rate applications, and he's crossed
23 over onto the electric side on a couple of occasions.
24 He's always -- has something valuable and insightful to
25 say.

1 So what we would propose is we want to
2 hire him as our consultant to look at the application
3 and help us in terms of the areas where we want to
4 cross with some information, which, by the way, we have
5 agreed we will share all of that with the -- the
6 Consumers Coalition. All of Mr. Matwichuk's
7 information will be shared.

8 And -- and the other expert is John
9 McCormack. And -- and that's an expert that's been
10 retained by the Consumers Coalition. He's an expert
11 that -- that provides a lot of value. I can't say
12 enough good things about him. We simply put him in the
13 budget. I may have put too many hours in there, but
14 simply to have access.

15 As we're sharing the information from
16 Mr. Matwichuk with the Consumers Coalition, then
17 they're going to reciprocate and they're going to let
18 us receive some of Mr. McCormack's evidence. So if we
19 want to, we can participate responsibly on that issue
20 on an informed basis.

21 So if you look at the list of items, I
22 think what we see for the most part is where we have
23 shown that we really are limiting our involvement. So
24 we're on page 2. Maybe if we could go to the first
25 page, you'll see -- so on number 1 where it's OM&A,

1 that's an area where the Consumers Coalition has done
2 excellent work in -- in these proceedings, and they
3 don't need us to -- to assist them or back them up.

4 So we put in MMF in the secondary
5 Intervenor. That's what I say is listening. We're
6 going to be there, but we're not engaging or expending
7 costs on those issues.

8 When it comes to forecasting, we've only
9 said that we're going to be active in terms of the
10 methodology that's being used in terms of -- of
11 alternatives. But we're not going to get into the
12 forecast for all those -- the -- the big items below
13 that. We're leaving that to MIPUG and to the Consumers
14 Coalition.

15 So on the next page, you'll see we're
16 not dealing with the capital expenditure forecast long
17 term either. We're going to be quiet on that. When it
18 comes to financial targets, we -- we say we want to
19 participate. And we'll be participating in cooperation
20 with the Consumers Coalition. Mr. Matwichuk has
21 testified on this topic before the Board in electric
22 hearings.

23 In terms of -- of depreciation, an issue
24 that MIPUG said that it's going to run with, we're not
25 participating. We're listening.

1 Number 6, risks and risk management. It
2 maybe looks a little bit like we're doing more than --
3 than we propose. It's to -- obviously a necessary area
4 to participate in in some regard in -- in an
5 application like this. So we are going to participate
6 along with the other Intervenors.

7 Next page, please. Rate stability.
8 Same -- same comments apply.

9 In -- in asset con -- condition
10 assessments, the -- the capital asset management,
11 that's the big issue that the Consumers Coalition are
12 bringing forward in this hearing. We're -- I -- I have
13 us as no participation.

14 Same applies to export markets. We're
15 not participating on that issue.

16 Accounting changes. Why we want to
17 participate is Greg Matwichuk is a regulatory expert
18 who participates in regulatory proceedings all across
19 the country, and he can assist us and then allow us to
20 assist the Board in terms of the IFRS issues and -- and
21 accounting changes, et cetera.

22 Finance expense, number 11. You have us
23 listening. Next page. Same with the -- the same with
24 the debt manage -- management and credit rating,
25 although on those, I will hedge a little bit. There --

1 there may be with -- consultations with John McCormack
2 and with Greg Matwichuk's advice, there may be some
3 limited issues we cross-examine on.

4 When it comes to DSM, we would like to
5 participate fully, because we feel that's one (1) of
6 the avenues to address the issue that I raised about
7 the all electric in the rural remote areas. So -- so
8 we want to participate there. We've hired Jerry
9 Oppenheim to assist us.

10 The rate increase section, that's all
11 about the ratepayer panel. So we're participating
12 there in the ratepayer panel. That's number 16.

13 And if we change the page, the diesel
14 issue is -- is the only other one where we say we want
15 to participate with some more substance or with
16 substance. And that's an issue that's at its -- its
17 infancy -- infancy in terms of our preparation, but
18 there is a Metis community that's significantly
19 affected by this. And there's a -- a Metis local, MMF
20 local, in that community.

21 And then the -- the next page, I just
22 want to make one (1) last point. Other. In other,
23 let's face it, I mean, in highly technical proceedings
24 like this, we are all extremely dependent on our
25 experts and consultants. We are only lawyers. And we

1 and the client hire these experts to review the
2 application. They tell us what they think about it and
3 what the issues are. And then our job as lawyers is to
4 try to communicate that in an effective, cost-effective
5 way to the Board. So we don't know what those other
6 issues are, but rest assured, there will be other
7 issues.

8 So that's the issue list and our -- our
9 proposal to participate in a limited fashion in terms
10 of the level of participation. But at the same time, I
11 would characterize that as full participation on
12 limited issues. But it's still full participation. I
13 -- I just want to say, in -- in terms of the estimate
14 of hearing time for direct evidence, I really can't
15 provide a -- a quote on that. I -- it'll depend on --
16 on how -- on what the Board rules in terms of our
17 standing, obviously.

18 The timetable. We have no problem with
19 the revised timetable. We just -- we want to say it's
20 very important to MMF that February the 18th be the
21 first date for IRs, and that's because, quite frankly,
22 we really can't get into this until we hear from the
23 Board in terms of the level of involvement. So we need
24 at least a week to put that -- those Information
25 Requests together.

1 There is another issue that I need to
2 put on the record, and it's on the topic of conflict of
3 interest. D'Arcy and Deacon are the lawyers for the
4 Consumer's Association of Canada in gas regulatory
5 proceedings before the Public Utility Board, and have
6 been for a long time. I personally have acted for them
7 since 1998. I think the last hearing I did was in
8 2011. Mr. Meronek and Mr. Masi have been doing it
9 since then. That relationship will continue.

10 The Manitoba Metis Federation does not
11 participate in the gas side of the regulation of
12 Manitoba Hydro. We have canvassed issues of potential
13 conflict with MMF and with CAC through Mr. Williams,
14 and the clients have given their approval for D'Arcy
15 and Deacon to act. They don't foresee any conflicts.
16 And as you can see from the -- the approach that we're
17 putting forward, we're going to be working very, very
18 closely with the Consumer's coalition.

19 If there are any conflicts, then the
20 indication that we've received is that -- I mean, if
21 there were any, you know, they would be in terms of
22 approach and/or recommendations that may be slightly
23 different on certain topics. There's a -- there could
24 be a debate as to whether that constitutes a conflict.
25 I don't believe it does, but it would be waived by the

1 clients. That's what they've indicated. So I -- I
2 just wanted to put that on the record.

3 And those are my comments, subject to
4 any questions.

5 THE CHAIRPERSON: I -- I have one (1)
6 question. The other panel members may as well. You --
7 you started mentioning before, Mr. Saxberg, about how
8 usually what happens is the process takes place, and
9 then the PUB goes and assesses the value you made to
10 the process and then determines cost awards, if any.
11 That's typically how it works.

12 And -- and you mentioned that that's
13 very difficult for your client because of the
14 uncertainty. And -- and you in your -- in your
15 submission asks for funds in advance because of the
16 uncertainty and the fact they have limited resources.

17 How do you deal with the -- the
18 possibility that the PUB decides after they've heard
19 everything you and D'Arcy Deacon and the MMF have to
20 say that you have no value at all? If they conclude
21 that and -- and they've already paid you funds, how do
22 we deal with that?

23 MR. KRIS SAXBERG: Yeah, thank you for
24 that, because I -- I didn't -- I didn't touch on that
25 request that we'd made about interim billing that you

1 alluded to.

2 Just to be clear, what I was saving was
3 if the -- I'll just put it as plainly as I can, if the
4 Board doesn't believe that MMF meets the financial
5 criteria for standing, that it -- that it -- if it
6 doesn't meet that, and/or it doesn't meet the test of
7 having a substantial interest, what we're asking is,
8 Just tell us now. The risk that -- the risk that I'm
9 saving we avert is that risk, just with respect to
10 those two (2) determinations, because then it would be
11 zero in terms of costs whether we made a contribution
12 not.

13 THE CHAIRPERSON: But -- but maybe I'm
14 not making my point clear enough.

15 MR. KRIS SAXBERG: Yeah.

16 THE CHAIRPERSON: If -- if you're
17 getting an advance now, we give you fifteen dollars
18 (\$15) now to assist in this process, and you get that
19 dollar -- those dollars now, and after we've listened
20 to everything you have to say after the GRA is
21 concluded, we concluded you never should have had the
22 fifteen dollars (\$15), how do we get it back?

23 MR. KRIS SAXBERG: Yeah, well, if that
24 happens, then I'll quit law. And --

25 THE CHAIRPERSON: Well, maybe it does.

1 I don't want to -- I don't want to presuppose anything.

2 MR. KRIS SAXBERG: Well, no, but
3 because -- because I -- I know you're asking a
4 hypothetical and I understand why you're asking it,
5 but, I mean, these are contingency files, and I've been
6 working on them since 1998 right through to 2011 and I
7 -- it keeps me up at night during every single hearing.
8 Am I going to get a reduction? And there have been
9 occasions where there have been reductions.

10 The other point is that in a lot of
11 those hearings, they were very time intensive. And you
12 have to remember this point, like for instance, we're a
13 private law firm. We are -- we operate, as -- as you
14 know just as well as I do, based on monthly cash flows.
15 And that goes -- that applies on a lawyer-by-lawyer
16 basis. If I, as a partner don't -- don't collect a
17 certain amount of cash in every month, then I can't get
18 paid. I don't get paid. I don't get a draw.

19 So there's a huge -- there's a risk
20 that's taken on here that's substantial. And
21 especially if the proceeding is going to be between six
22 (6) and eight (8) months and it's going to take up a
23 lot of your time and take your time away from working
24 on other matters.

25 So that situations -- has gone on and I

1 have willingly accepted it, and thankfully, in -- in my
2 experience, I think I have some confidence that -- that
3 I -- that I can provide a responsible intervention and
4 that we're going to get paid something close to what we
5 ought to get paid. And so we wouldn't -- I -- D'Arcy
6 and Deacon wouldn't be doing it otherwise.

7 So I -- on that side of it, on the, Are
8 you going to make a contribution and are you going to
9 cooperate, that's on me as a professional. I -- that's
10 on -- that's my responsibility. If -- that's not -- it
11 has nothing to do -- you know, MMF is relying on me to
12 do that. And I'm saying to you, I've -- I've done it
13 in the past, so I feel confident I'll be able to do it
14 in the future.

15 But what -- what we're asking for is if
16 the Board is of the view that MMF is not the -- doesn't
17 have the substantial interest in a rate hearing, then
18 just tell us now and we'll go away.

19 THE CHAIRPERSON: Yeah, I -- I -- and I
20 suspect the -- the Board will do that in its
21 deliberations. And -- and I have to tell you as a
22 practising lawyer myself, I give you and the other
23 lawyers here a lot of credit for being here. It's
24 difficult to be here, particularly when you don't know
25 until after the fact about cost awards.

1 So I really svmpathize with you and I
2 thank you for doing what you're doing, but I iust don't
3 see how your situation is anv different than Mr. Orle's
4 or Mr. Gange's.

5 MR. KRIS SAXBERG: In -- in terms of,
6 Should they get interim payments?

7 THE CHAIRPERSON: Yeah.

8 MR. KRIS SAXBERG: Absolutely not.
9 They should get them. And -- and as a matter of fact -
10 - well, no, and -- and I -- here -- here's the thing,
11 what's the policv for not giving it? Honestly,
12 everybody else is getting paid bi-weeklv, with all
13 respect, the -- the Board advisors, the Board itself,
14 Manitoba Hvdro, Mr. Williams for other reasons. Mr.
15 Hacault's getting paid.

16 The three (3) interests that I said are
17 the big interests that are coming to the table here:
18 indigenous people, Metis people, and environmental
19 perspective.

20 What's the policv that says you guys
21 have to live with this giant sort of Damocles hanging
22 over your head, and then, at the end of the process,
23 after you've sweated it all out, put all that time in,
24 you get a -- you get Manitoba Hvdro being verv critical
25 -- critical of your work, more -- they seem to get more

1 critical the more successful you are, but that causes
2 an additional layer of consternation.

3 All we're asking for here is the -- the
4 policy paper by the Board says we're to be paid no more
5 than the Board advisors. I think we should be paid --
6 if we're being paid no more than the Board advisors,
7 which are already, as you know, well below market
8 rates, well below market rates -- if we're being paid
9 at that level, then we should at least be paid
10 regularly.

11 It's not like the money isn't there, and
12 it's not like there isn't a long history of the cost
13 awards with respect to -- you're going to get
14 something. So the 30 percent holdback, I think maybe
15 you make it 50 percent. The holdback protects you in
16 terms of being able to get that money back.

17 And so I would -- we were simply
18 recommending that the NFAT protocol, which is -- says
19 you can send the bills in monthly to the Board. As
20 long as they're compliant, they're be passed on to
21 Manitoba Hydro and paid with a holdback.

22 I'm saying, What is the reason why that
23 wouldn't apply in this proceeding?

24 THE CHAIRPERSON: Thank you, Mr.
25 Saxberg.

1 Do you have any questions, Dr. -- yeah.

2 Yeah.

3 DR. HUGH GRANT: I -- I will ask you to
4 define "undue hardship" later, I think and the -- when
5 we come to talking about vulnerable consumers and the
6 undue hardship that D'Arcy Deacon might face.

7 Listen, suppose we decide the DSM's in
8 scope, and suppose we decide that a discussion of low-
9 income, vulnerable consumers is in scope. I -- I heard
10 a pretty compelling argument earlier that MKO has a
11 direct and unique perspective on -- on that that should
12 be heard, because, you know, northern and on reserve, I
13 understand that completely.

14 I might be persuaded that MMF does in
15 terms of rural location and all electric, so I -- I'd
16 be open to be convinced about that.

17 What I have trouble understanding is why
18 MMF would have a unique perspective on something like
19 interest rate forecast. So in other words, we've heard
20 that CAC and the coalition are prepared to bring people
21 forward who are experts on financial targeting, a whole
22 host of other areas. And then suppose we define --
23 decide that's all in scope.

24 It's hard for me to understand why MMF
25 has a particular unique perspective on a -- on an issue

1 like that and why you couldn't just share some of the
2 expertise.

3 MR. KRIS SAXBERG: Yeah. Thank you for
4 that. I -- on that particular topic of the interest
5 rate forecasting, we aren't participating. What we
6 have done is said that we want to have some access to
7 Mr. McCormack's information so that if we chose to
8 cross-examine on that particular issue, we could.

9 Now, I have a history with Mr.
10 McCormack. He -- he was my expert in a -- in a Centra
11 Gas hearing. I've used him. I'm very familiar with
12 him. And if I'm going to be sitting here and -- and
13 I'm -- and I'm at the hearing, maybe I -- maybe I will
14 get a -- an idea or a -- a thought that's worth a
15 question or two (2) that isn't going to unduly cost too
16 much for the regulatory process, and -- and I can
17 contribute.

18 That -- that -- when we put those issues
19 -- MMF under issues like -- like -- you know, under the
20 listening category, that's what we're proposing. It's
21 just -- it's to not, as Mr. Orle had explained,
22 preclude asking questions on certain areas.

23 But what -- but I understand what you're
24 saying, though, when you say what you really -- what
25 you're really asking me -- and I haven't answered it,

1 but I'm going to now -- is, you ask me -- you're
2 asking, Okay, is there a difference between the
3 Manitoba Metis community's interest in the interest
4 forecast that Manitoba Hydro is asserting in this
5 hearing versus the interest that the Consumers
6 Coalition has in that forecast or any other Intervenor,
7 for that sake?

8 And I would say there's zero, zero
9 difference, except for the Green Action Committee,
10 because they -- because Mr. Gange has said he isn't as
11 concerned about what's driving -- or the rate increase,
12 per se, as he is about the -- the other, more
13 environmental issues and -- and the low-income issues.
14 At least -- I don't want to speak for him, but I -- I
15 believe that's what he said.

16 So -- but for all the other Intervenors,
17 of course, we're all going to test whether these rate
18 increases are appropriate. And we all have the exact
19 same, you know, interest in the sense that you are
20 asking me. And -- and we've certainly recognized that
21 Mr. Williams has done an amazing job in these
22 proceedings, and so has Mr. Hacault. And so we're
23 going to defer to them. They're the major Intervenors.

24 And so that's why -- but we're not --
25 but we don't want to just sit here, silent, and say, We

1 can only talk about this particular issue. And so
2 that's why I've tried to go through in detail all the
3 issues and say, Here's how much we're going to
4 contribute on each one, to be fiscally responsible.

5 DR. HUGH GRANT: Yeah, that's -- I -- I
6 don't think that's my issue. My issue is why you need
7 your own consultant in those areas. Because I'm --
8 listen, I would like my own personal assistant. But in
9 universities, we're forced to share a department
10 assistant. And we'd all like our own accountant to
11 carry with us, and our own experts here and there.

12 Sometimes it's useful to share. And it
13 seems to me, if we're going to bring an -- an -- to
14 pay an expert like Mr. Booth to come in, or Mr.
15 McCormack to come in, as an arrangement you've made,
16 you can share, you know, this. So I -- I'm just
17 looking at, say, the budget line for Mr. Matwichuk, and
18 I don't understand why there's some unique and
19 compelling need for paying that expert.

20 MR. KRIS SAXBERG: Well, just -- I'll
21 be frank about it. I mean, these are highly -- most of
22 the issues that are before you are highly technical
23 issues that we, as an organization, wouldn't be
24 qualified to deal with without expert advice. It's
25 just -- nobody who participates in any meaningful way

1 can do so without an expert in these proceedings.

2 DR. HUGH GRANT: Well, when some of
3 these experts are here, you can sit beside them. I
4 mean, you can share them. It's a -- I'm not sure why
5 we need -- every Intervenor has to have their own
6 financial expert with them, or two (2) or three (3)
7 financial experts, anyway.

8 MR. KRIS SAXBERG: Okay. Well, I mean,
9 the alternative is to have a token participation in the
10 proceeding and just be here but -- but not have the
11 opportunity to -- to provide some -- some real value,
12 in terms of -- of our intervention. And, you know...

13 DR. HUGH GRANT: I think that's what
14 we're waiting to hear. We -- we want to know it's more
15 than token and -- and what -- if it's not token, what
16 is it that would be offered?

17 MR. KRIS SAXBERG: I -- I guess I --
18 you know, I -- I'm seeing -- I'm seeing that there's a
19 -- you know, there's a division between having, like
20 the four (4) part test and having a substantial
21 interest in the outcome. That's the test you've got to
22 look at when you look at an organization. You say,
23 Does the Metis community have a stake in -- in being
24 involved in these proceedings? Because of the huge
25 impact of these rate increases and the \$100 million --

1 does it have a stake?

2 If you say yes, now we're on to
3 regulatory costs, regulatory efficiencies, regulatory
4 participation. So that's the side that I'm in when I
5 say, if I'm going to participate as a lawyer for MMF,
6 how can I do so without consultants? As the Board
7 advisors have consultants, as -- and the Board itself
8 has the Board advisors, and every other Intervenor
9 who's participating has one. I -- I just can't
10 participate without that.

11 DR. HUGH GRANT: I don't think anyone's
12 denying that you might need a consultant. It's just
13 whether there's a lot of duplication and shared
14 opportunities here, so.

15 MR. KRIS SAXBERG: Yes. Yeah. And so
16 then what I -- so I've been wrestling with this. This
17 isn't easy stuff. I've been wrestling with it. And so
18 what we tried to do, that's what this is. We -- we
19 tried to somehow show, you know, that we are begging
20 off more issues than we're engaging in -- a lot more.
21 And on the one (1) -- and we're saying, give us
22 something to have a meaningful role, in terms of the
23 technical aspects.

24 In terms of the rate -- customer impact
25 aspect, you know, that's going to be the direct people

1 information that we're -- that we're going to be able
2 to provide in any event. And maybe you'll restrict us
3 to just that. But I just want to put all the cards on
4 the table here so that, you know -- so that you're able
5 to make the decision that you need to make.

6 MS. JESSICA SAUNDERS: And I think if I
7 could just add, in the NFAT, under the terms of
8 reference, when MMF first went to the pre-hearing
9 conference and we were scoping out issues, we did
10 indicate clearly we would be speaking to Items 2(e)
11 through (h), right? And so I can see how it might not
12 have made sense, why is the MMF speaking to financial
13 and economic risk, for instance. But we were able to
14 hire our own expert to deal with that issue.

15 And while I haven't looked at the issues
16 here to as great extent as Mr. Saxberg had -- has, I
17 think there are issues there that once we do retain our
18 expert, there will be those -- those areas that we can
19 identify within these issues that we could contribute
20 to. Same thing with socioeconomic impacts to
21 Manitobans and -- and Aboriginal communities that was
22 in the NFAT terms of reference. MKO had a different
23 perspective. CAC did. So did MMF.

24 We -- we think that when we bring our
25 experts together on these issues here on such issues as

1 what we were just discussing, the -- the interest rate
2 and the forecast, we believe getting these three (3) --
3 three (3) brilliant minds together on a panel, that
4 there certainly will be differing things that they will
5 speak to, and so we hope to -- that you can, I guess,
6 consider that -- that real opportunity that there is
7 there, and I think that maybe that might apply to other
8 issues.

9 I'm -- I'm not sure at this point, but I
10 can just say from our experience in the NFAT, you know,
11 didn't make sense we were speaking to financial
12 economic risk, but it did pan out, and -- and it -- it
13 was significant to us, and we believe it was
14 significant to the final report. So I would just note
15 that.

16 THE CHAIRPERSON: Okay. Dr. Grant, no
17 other questions?

18 DR. HUGH GRANT: No.

19 THE CHAIRPERSON: Ms. Kapitany, are
20 there any questions or comments for the MMF?

21 MS. MARILYN KAPITANY (VIA PHONE): No,
22 thank you, Mr. Chair.

23 THE CHAIRPERSON: Chairman Gosselin,
24 any questions or comments?

25 MR. REGIS GOSSELIN (VIA PHONE): Just

1 an observation. The -- the grid that we used to set
2 the fees for counsels and accountants and so on has
3 been modified, so the -- the rate that's been cited by
4 counsel, a hundred and ninety-five (195) or whatever,
5 it's actually more like two hundred and twenty dollars
6 (\$220) an hour. So it may not be market rate, but it's
7 better than the -- than the rate that's been cited.

8 The Board reviews that rate every year,
9 and adjusts it for inflation. And so I'd just be
10 mindful of the fact that there is a new, revised set of
11 fees that are allowed by the Board, and I -- I do ask
12 that the -- the Board staff make that available to all
13 of the counsels so that they have the information at
14 hand.

15 THE CHAIRPERSON: Thank you. Any other
16 comments or questions? Mr. Orle...?

17 MR. GEORGE ORLE: Yes, Mr. Chairman. I
18 -- I thought it might be appropriate to throw these
19 remarks in, because they -- they follow along the line
20 of Mr. Saxberg, and I -- I had neglected to mention
21 that in -- in my proceeding.

22 I know that nobody's going to worry
23 about having a tag day for me or for my -- my law firm,
24 but I'd like to tell you that the experience in the
25 NFAT, where there was a substantial amount of work

1 done, and there were no fees paid. Extensively, they
2 were to be billed each month. It doesn't work out that
3 way when you go through all of the accounting that's
4 required to get that through.

5 I sent my bill in for February on March
6 1st. The first payment I got was near the end of May.
7 So to some extent, there -- there is a real concern in
8 putting in a lot of time. I think the fact that there
9 was a portion of the fees that were allowed was
10 helpful. It allowed the counsel to devote their time
11 to it without having to worry about, Am I putting off
12 other work that I might get?

13 But I -- I -- I'm not asking for -- for
14 any set amounts or anything like that, but I -- I think
15 there was value to the Board allowing counsel to bill
16 on a regular basis throughout that, and that the
17 question of, How much of a holdback should there be, is
18 -- is a question that ought to be raised.

19 I don't think, Mr. Chair, that this
20 Board will ever be in a position where somebody's
21 granted Intervenor status, and then they find out that
22 there's been no value from a -- I -- I just don't see
23 that happening, but I can understand the concern about
24 making sure that there is some type of security
25 holdback left there. Thank you.

1 THE CHAIRPERSON: Thank you, Mr. Orle.
2 Ms. Pambrun, do you -- I -- I do not want to rush you
3 in any way, but do you have any idea how long you're
4 going to be?

5 MS. DENISE PAMBRUN: Probably about
6 five (5) minutes.

7 THE CHAIRPERSON: Okay. Well, if it's
8 going to be five (5) minutes, then -- then I welcome
9 your comments at this stage, Ms. Pambrun, from the City
10 of Winnipeg, and then we'll take a ten (10) minute
11 break.

12

13 INTERVENOR APPLICATION BY THE CITY OF WINNIPEG:

14 MS. DENISE PAMBRUN: Thank you, Mr.
15 Chairman. As you can see from the City's Intervenor
16 request form, the City's seeking Intervenor status in
17 this matter in two (2) respects.

18 And the first has to do with the area
19 and roadway lighting class. As you read, no doubt the
20 City of Winnipeg is the single largest consumer of area
21 and roadway lighting in the Province of Manitoba.
22 About half of Manitoba Hydro's consumption in this
23 class is in the City of Winnipeg. That is at a cost of
24 between eleven (11) and \$12 million to the City of
25 Winnipeg taxpayers, and so a 3.95 percent increase in

1 rates every year would have a significant impact on the
2 City's budget, and particularly on the budget of Public
3 Works, which is the department that is responsible for
4 area and roadway lighting in the city.

5 That increase in cost gets passed on
6 directly to City of Winnipeg taxpayers. And therefore,
7 that, I believe, substantiates the City's position
8 that, in this respect alone, the City has an interest -
9 - a substantial interest -- in these proceedings.

10 It has been proposed by Manitoba Hydro,
11 as evidenced in their letter dated February 4th, 2015,
12 that the issue of LED rates -- the new LED rates for
13 LEDs, the new LEDs in area and roadway lighting class,
14 they deferred to the Cost of Service Study. The City
15 is not prepared to support that suggestion. These
16 rates were imposed, as you know, effectively ex parte
17 interim -- on an interim basis. The City is not in
18 possession of any information which would explain to it
19 what the basis, essentially, of these rates were and is
20 of the view that it is important to understand the
21 basis for the imposition of these rates.

22 Having said that, the City has for years
23 been actually just trying to determine how many
24 luminaries exist in the City of Winnipeg. We're not in
25 possession of such basic information as even the number

1 of units that exist in the city. This issue has been
2 outstanding since I took over this portfolio from my
3 predecessor, Mr. Buhr, I think in about 2009. We're
4 not prepared to see this matter be deferred any longer,
5 even if it's only for another six (6) or eight (8)
6 months, without at least -- without opposing it.

7 In fact, the City of Winnipeg was
8 disappointed to see that the Cost of Service Study has
9 been, once again, deferred. We had hoped it would be
10 dealt with in the 2012 application. It was deferred to
11 be dealt with prior to this application. And I
12 sincerely hope -- it is my client's hope that it will
13 be dealt with in this calendar year. It's a matter of
14 importance to the City. We want that dealt with this
15 year, and we certainly are not prepared to consent to
16 having the LED issue put over further.

17 The second issue in which the City has
18 an interest -- or may have an interest, we're not in a
19 position to determine it definitively because we're
20 trying to figure out what properties, if any, owned by
21 the City fall into the general service large over 30
22 kVs. If the City does have facilities in that class --
23 I'm thinking of such properties as, say, the Deacon
24 Water Treatment Plant or any of the pollution control
25 centres.

1 If they fall in that class, the City is
2 interested in examining the issue of time-of-use rates,
3 if we do proceed with that issue to determine what
4 impact it may have on the City's operations. And the
5 City would like to be part of that process and explore
6 it, insofar as that it may affect City -- the City's
7 operations. We're not entirely clear yet, because
8 we've had so little time to explore this issue, what
9 impact it may have, whether the City may modify its
10 operations to take advantage of time-of-use rates.
11 We're just not in a position quite yet to determine
12 what role we might like to play.

13 So I've put that in our list of issues,
14 just to cover it off. We may end up not playing a role
15 at all, or we may end up wanting to take a very
16 significant role. Mr. Todd, whom we've retained, is
17 assisting us in analyzing what might be useful.

18 Again, though, water -- the Water and
19 Waste Department of the city expends approximately over
20 \$3 million a year on some of these large plants. So,
21 again, if we're almost 4 percent increased every year,
22 over a number years would have a significant impact on
23 water rates. And these are rates that go -- that are
24 passed on directly to the -- that Utility's
25 ratepayers. So I think that demonstrates, once again,

1 a substantial impa -- a substantial interest in these
2 proceedings.

3 Finally, a topic that is a little bit,
4 perhaps, unusual for the City to raise. And I note
5 that Hvdro has categorically -- perhaps 'categorically'
6 is too strong a word -- has indicated in its letter of
7 February 4th that it proposes that this issue be
8 considered out of scope, is the issue that the City has
9 identified as the last issue, Item number 5 in
10 paragraph 8 of the Intervenor Request Form.

11 It struck both me and Mr. Todd, as we
12 read Hvdro's application, that we were reading material
13 that purported to take the position that ratepayers,
14 and Intervenor, and ultimately, the Board, had very
15 little choice in this matter. It was very much a
16 situation of, Here are the PUB's costs of -- sorry, the
17 -- Hvdro's costs. Here are the expenditures. Here are
18 the projects that are on the go. Pay now or pay later,
19 and if you don't pay a lot now, you're just going to
20 have to pay even more later.

21 It was a -- quite an exercise in
22 frustration to somebody who has, compared to many of my
23 colleagues here on this side of the room and -- and
24 elsewhere in the room, for that matter, a -- a very
25 frustration experience. And there was a certain amount

1 of me saving to myself, Perhaps there's absolutely no
2 point in anybody making any attempt to intervene here
3 or -- or to push back.

4 Mr. Todd was helpful in this respect,
5 because even I, not having much background in this,
6 could see that what's truly driving this application is
7 the very significant capital costs that have been
8 undertaken by the Corporation over the last number of
9 years and over the next decade or so. And Mr. Todd and
10 I had a very interesting discussion about this when he
11 came into down for the workshop, where what he said to
12 me is, Denise, you're right. You have figured -- despite
13 your lack of knowledge in this area, you have put your
14 finger on -- on the point here, which is that the only
15 way to make -- perhaps the only way is a bit of an
16 overstatement, but really, the main way to make any
17 real impact or to have any real impact on this fortress
18 that Hydro has built up here is to take a really hard
19 look at the way Manitoba Hydro has set about financing
20 these immense capital expenditures, which have
21 ultimately been approved by this Board through the NFAT
22 proceeding.

23 And I said, I'm not sure I understand
24 what you mean.

25 He says, They are financing this

1 entirely by debt. There is no equity from Manitoba
2 Hydro going into its financing. So we talked a little
3 bit more about this.

4 And I said, Well, the City was in this
5 position not that long ago, where it was not in a
6 position to continue to fund its capital expenditures
7 entirely through debt financing, because it put too
8 much pressure on the need to increase taxes, and that
9 was politically unsupportable for its elected
10 representatives. This was ten (10), fifteen (15) years
11 ago. And he said, What did the City do?

12 I said, Well, the City turned to
13 partners to assist it in funding immense capital
14 expenditures, and the Morav Street Bridge was an
15 example, and we entered into public/private
16 partnerships, P3s, as they're known, and that was a
17 creative way of doing business that the City looked
18 into as a way of not driving up its capital
19 expenditures to the enormous extent that would
20 otherwise had been necessary in an or -- in order to
21 reduce or to relieve the pressure on its capital --
22 capital financing.

23 And I said -- and he said, Well, is
24 there any reason Hydro couldn't look at these types of
25 options?

1 And I said, I have no idea. And perhaps
2 this is an area that should be explored in this
3 proceeding. Has there ever been any consideration
4 given to other -- I'm not saying it has to be P3s. I'm
5 just saying, is there -- has there ever been any
6 consideration given to other methods of financing these
7 capital expenditures in ways that may reduce the
8 pressure on Hydro and rates?

9 Because we are looking at very
10 significant rate increases over the next ten (10)
11 years. They have told us they're anticipating
12 essentially 4 percent a year for the next ten (10)
13 years. I can tell you, Mr. Chairman, that if City of
14 Winnipeg councilors told taxpayers they were looking at
15 4 percent increases for the next ten (10) years,
16 there'd be a revolt in the streets of this city.

17 And just today, as I was coming here,
18 one (1) of my colleagues told me that the City of
19 Winnipeg is shutting down inner-city pools. That's
20 what they're proposing in this budget, shutting down
21 inner-city pools because of the pressure on councilors
22 not to raise taxes. And I do wish that the members of
23 the Manitoba Hydroelectric Board had taxpayers that
24 they had to answer to every year if they wanted to keep
25 their jobs, and then they would understand what it is

1 like to have pressure on you to keep your costs in
2 line, and maybe then they would look at some real
3 creative ways to deal with some of their costing
4 problems.

5 So I think, although Hydro seems to
6 think this is not even worth -- it's not within scope
7 and it's not even worth raising, I think this is a very
8 useful subject that could be explored. And I'm not
9 talking about talking in detail, but let's explore and
10 let's challenge a little bit some of the assumptions,
11 some of the inarticulate premises that are part of this
12 application. And maybe we should look at some of the
13 different things they could consider in the future,
14 because this capital spending is the single biggest
15 driver behind these rate increases, and nobody even
16 seems to be asking the question, Is there another way?

17 And so the City would like to have Mr.
18 Todd come forward to talk not only about the first two
19 (2) issues I've brought forward, but to talk about
20 other options, about the biggest single elephant in the
21 room. And I think it might be of assistance to this
22 Board.

23 So the City is proposing and has, in
24 fact, retained Mr. Todd. Unusually for the City, we
25 are seeking some assistance with the costs. The City

1 is not looking for any reimbursement for my time. I'm
2 a salaried employee, and we're not looking for
3 reimbursement. But Mr. Todd has proposed, I think,
4 quite a modest budget in respect of him. You will note
5 that his hourly rate is \$400 an hour, which I
6 appreciate it is higher than the tariff amount.

7 In respect of that, Mr. Todd's got an
8 enormous amount of experience and expertise, and I
9 think that leads to him being more efficient and having
10 fewer hours that he needs to devote to the project than
11 other people might. And so I suggest that might be a
12 reason you would perhaps consider his higher rate. And
13 he is proposing not to be here for the entire time, of
14 course. He would only come in for the days he would be
15 giving evidence. And he might -- I would hope -- I'm
16 hoping he might be able to be here to sit beside me
17 during a couple of days of cross-examination to assist
18 -- assist me and then come in for argument.

19 So we've put forward what we hope is a -
20 - a reasonable and modest budget, partly to make up a
21 little bit for the fact that I'm not as experienced,
22 perhaps, as some of my -- my colleagues on this side of
23 the room, but also because I think he would be able to
24 give you quite a lot of assistance. His background, I
25 think, doesn't need a lot of explanation.

1 I can also advise that it's my
2 understanding he has been retained by the Board before
3 as an independent expert consultant. And in that
4 respect, I note that Hydro has indicated that they
5 believe he is in a conflict of interest because he has
6 acted for the Board before in the NFAT proceeding last
7 year. I fail to understand how that poses a conflict
8 of interest.

9 THE CHAIRPERSON: I don't think they
10 call it a conflict. I think they just say it's -- it's
11 inappropriate.

12 MS. DENISE PAMBRUN: 'Conflicted', I
13 think, was the word they used.

14 THE CHAIRPERSON: Well, I've got it in
15 front of me. I think they say that it's -- it's
16 inappropriate and should not be permitted, as he was
17 provided access to confidential information.

18 MS. DENISE PAMBRUN: Right. Well, in
19 any event, it's a different matter. He spoke in that
20 proceeding, I understand, on DSM and load forecast.
21 We're not proposing he speak to either of those matters
22 in this proceeding. And in any event, he did sign a
23 confidentially agreement, which I am confident he will
24 respect.

25 Let me just check my notes to see if

1 there's anything I've missed.

2 I guess the other thing I can say in
3 respect of costs is particularly with respect to the
4 area and roadway lighting issue. The City is
5 representing not only its own interests and that of its
6 taxpayers, but technically is representing an entire
7 class. All municipalities in the Province of Manitoba
8 would benefit from any result from this hearing that
9 would have an impact on payors of area and roadway
10 lighting, which of course would constitute all
11 municipalities.

12 In terms of the time frame, we've heard
13 comment -- or, we have a comment -- written comment
14 from Manitoba Hydro about their concerns about how long
15 this hearing may take. I've read in the material that
16 the Board has tentatively set three (3) weeks but hoped
17 the hearing would be done by the end of June. I have
18 personally cleared my calendar for the month of June.
19 I've moved a few hearings along to make room for that.
20 I think that should be sufficient. And I really don't
21 see any difficulties.

22 So if -- unless you have some questions,
23 I don't think I can add any --

24 THE CHAIRPERSON: I have one (1) to
25 start. I don't know about the other panel members.

1 The first is Mr. Peters presented a fourfold test --

2 MS. DENISE PAMBRUN: Yes.

3 THE CHAIRPERSON: -- to getting costs.

4 And many of the other Int -- prospective Intervenors

5 have commented on that.

6 The third test, which Mr. Saxberg spoke

7 about quite -- quite a bit, was in relation to

8 insufficient financial resources to present their case

9 adequately without an award of costs.

10 Can you speak to that --

11 MS. DENISE PAMBRUN: Yes, well --

12 THE CHAIRPERSON: -- vis-a-vis the City

13 of Winnipeg?

14 MS. DENISE PAMBRUN: I can speak to

15 that. In the past, the City has never retained an

16 expert, mostly because the departments in question

17 couldn't afford it. I know that sounds odd for the

18 City of Winnipeg. People seem to think the City of

19 Winnipeg is rich.

20 I can assure you, the City of Winnipeg

21 is far from rich. There are extremely, extremely tight

22 budget problems going on for the City right now. I

23 guess I cannot go so far as to say that if we do not

24 get an award of costs that we wouldn't hire Mr. Todd.

25 I don't think I could go that far.

1 I can tell you, it has taken one (1),
2 two (2), three (3) -- how many GRAs have I been
3 involved in? I guess this is my third. It has taken
4 this long for me to convince my client department to
5 retain an expert to go through the process of analyzing
6 whether it's worth having an expert for the actual
7 hearing and the reason for that is cost.

8 THE CHAIRPERSON: I hear you but the
9 test seems to be insufficient financial resources and
10 it seems to me that budgets are tight but unlike the
11 Manitoba Metis Federation which relies on other sources
12 or members or governments and the same with MKO,
13 ultimately you do have a value unlike many other
14 potential intervenors, you have a value which is me and
15 my house and my taxes, you have a value that others
16 don't.

17 So I just don't know how we can say you
18 have insufficient resources. You have politically
19 challenged resources but I'm not sure they are
20 insufficient. What -- what --

21 MS. DENISE PAMBRUN: Well, and -- and I
22 hear you, Mr. Chairman. I guess the difficulty is that
23 in that respect all the Intervenor potentially could
24 go out and raise funds and the city is no different --
25 and I submit that the city is not in a different

1 position.

2 THE CHAIRPERSON: It is in a different
3 position because I would submit that all you have to do
4 is put it on my tax bill. If -- if MKO goes to the
5 Chiefs or whoever they get their funding from and says,
6 give us more cash, they may say take a hike. If MMF
7 goes to the federal government and says we need more
8 money to pay for an intervention, the government may
9 say, okay, why do I care.

10 MS. DENISE PAMBRUN: I can assure you
11 taxpayers are quite capable of saying take a hike.

12 THE CHAIRPERSON: They are but not for
13 --

14 MS. DENISE PAMBRUN: Well, let me put it
15 another way --

16 THE CHAIRPERSON: My -- my point is --
17 I don't mean to be too -- too facetious, my point is it
18 is political. My point is that's strictly political,
19 that there is political decision-making by councillors
20 as opposed to Mr. Saxberg's client that doesn't have
21 that political power.

22 MS. DENISE PAMBRUN: Well, actually,
23 I'm not quite sure I agree with that. He has a client
24 that is made up of a Board of Directors of some kind
25 and they have the right to just decide. We can put the

1 money here or we can put it there. We can spend it on
2 this program or we can put it here or there.

3 THE CHAIRPERSON: Okay.

4 MS. DENISE PAMBRUN: We are just a
5 bigger organization and I concede that point.

6 THE CHAIRPERSON: Okay. Dr. Grant, do
7 you have any questions? Ms. Kapitany...?

8 MS. MARILYN KAPITANY (VIA PHONE): No
9 questions, Mr. Chairman.

10 THE CHAIRPERSON: Chairman Gosselin,
11 any questions, comments?

12 MR. REGIS GOSSELIN (VIA PHONE): No, no
13 questions, Mr. Duboff.

14 THE CHAIRPERSON: Mr. Williams, you
15 have a comment or question?

16 MR. BYRON WILLIAMS: Yes, just before
17 the break because I think it may assist Manitoba Hydro
18 in its response, I had indicated earlier I could
19 provide some time estimates for the hearing and I just
20 think it may assist.

21 THE CHAIRPERSON: Yes.

22 MR. BYRON WILLIAMS: Just -- and our
23 clients are very experienced, for example, in MPI
24 hearings. We know almost with precision that those
25 will take between ten (10) to twelve (12) days. We

1 look at the list of issues just assuming it's from
2 Manitoba Hydro's perspective. We doubt very much this
3 is a fifteen (15) day hearing. I think it is with --
4 aggressively the hearing, appropriate hearing timeframe
5 could be between fifteen (15) and twenty (20) days
6 including closing argument.

7 We've done our preliminary estimates.
8 Our guess is that Board counsel -- they'll have their
9 own advice but we suspect that their cross-examination
10 will take towards the better part of five (5) days.
11 Certainly from the Intervenor perspective, our estimate
12 of time is analogous to that of MIPUG, we would say 1.7
13 to 2.25 days.

14 In terms of direct evidence, leaving
15 aside the shared consumer panel, we might require
16 somewhere between one and a half (1 1/2) and two (2)
17 days. In terms of closing submissions, we would expect
18 two (2) to three (3) hours. And I'll just say one (1)
19 of our problems historically with Hydro hearings is
20 that we haven't set enough time originally and then we
21 keep having to push things back and -- and we recognize
22 the efforts at efficiency and we are trying to play an
23 important role in that as well.

24 But from our client's view, fifteen (15)
25 days is unlikely to be -- be enough and a contingency,

1 we should plan for another week would be our advice to
2 the panel.

3 THE CHAIRPERSON: I want to thank all
4 the prospective Intervenors for their -- for their
5 advocacy today. It was all excellent. We'll take a
6 ten (10) minute break til 25 after 3:00 and then hear
7 from Manitoba Hydro but, again, I thank everybody for
8 their submissions today.

9

10 --- Upon recessing at 3:13 p.m.

11 --- Upon resuming at 3:26 p.m.

12

13 THE CHAIRPERSON: Ladies and gentlemen,
14 I'd like to reconvene the -- the proceedings now, and
15 I'd like to call on Mr. Czarnecki.

16

17 REPLY BY MANITOBA HYDRO:

18 MR. BRENT CZARNECKI: Thank you, member
19 Duboff, and good afternoon, member Grant and Chair --
20 Chairman Gosselin and member Kapitany in the ceiling,
21 which looks quite different.

22 I'll start and maybe just with a -- a
23 procedural -- I think there was a lot of paper that has
24 been exchanged today, more so than in -- in the normal
25 course of a pre-hearing conference, and we don't do --

1 need to do it now, but I would ask for Mr. Peters and
2 the secretary to mark some of these exhibits, just in
3 case we need to reference them in the future -- as part
4 of the proceeding, or as part of cost submissions,
5 because I think we all want to be on the same page.

6 Likewise, I would like to mark both of
7 the February 4th letters that I sent; one was
8 requesting a short adjournment, then the other one came
9 later last night. So I want the record to be clear
10 that there was, in fact, two (2) February 4th letters
11 that are titled the same but are very different in
12 substance. And I think many of the parties here today
13 spent a lot of time on the latter, as will I.

14 As a start, just to give a basic
15 roadmap, unlike Mr. Saxberg --

16 THE CHAIRPERSON: Mr. Czarnecki, I --
17 just, sorry, two (2) things. One (1) is -- is that I
18 just want to -- for identification purposes, let's call
19 the first letter from earlier on February 4th the --
20 the postponement letter, and the second one, the
21 detailed letter, just so we're all talking about the
22 same one. And -- and second is we were talking about,
23 if you don't mind introducing your team?

24 MR. BRENT CZARNECKI: Yes, so that was
25 my next item on the agenda. To my immediate --

1 immediate left is Mr. Darren Rainkie, who is the vice-
2 president of finance and regulatory with Manitoba
3 Hydro. To his left -- or sorry, did I say 'right'?
4 It's left.

5 Okav. To his left is Green -- Greg
6 Barnlund, who is the division manager for the rates and
7 regulatory affairs department of Manitoba Hydro. And
8 immediately behind me and -- behind me is Shannon
9 Gregorashuk and she is the department manager of
10 regulatory services. And beside her is Ashley Jansen,
11 who is the regulatory services supervisor with Manitoba
12 Hydro. And to the left of her is Janelle Hammond, who
13 is a colleague of mine in the law department of
14 Manitoba Hydro. I should also mention that I will have
15 co-counsel as this GRA proceeds, and you've seen her
16 name on some of the correspondence. Her name is Odette
17 Fernandes, which is F-E-R-N-A-N-D-E-S. And then she is
18 out of the country, but she'll be rejoining the file
19 when she gets back.

20 Now, just as a -- as an opening comment,
21 and perhaps for a bit of levity, I -- I won't be as
22 bold as -- as predicting the future outcomes as My --
23 My Learned Friend Mr. Saxberg and -- and bet on not
24 being a -- a lawyer on this in the future, but I will
25 say for sure that if I don't stick to my instructions

1 and keep this rather short, that I may not be employed
2 by Manitoba Hydro and -- and that's -- to my friend to
3 the immediate left, here.

4 We -- we noted the Board's decision very
5 seriously yesterday, and we asked that parties would
6 pro -- proceed on a best-effort basis to try and inform
7 all the parties reasonably, recognizing the short
8 timeframe. So we did think it was in the best
9 interests of everyone to file, even though it came late
10 in the evening, our second February the 4th submission
11 with the Board, to be a response to the issues that we
12 became aware of through the Intervenor forums on
13 February 3rd. So we were working with a very tight
14 timeline, but I think that, in essence, Manitoba
15 Hydro's position hasn't changed in substance from what
16 we had put forward last night, late last night.

17 I don't propose to go through the entire
18 submission, but I will ask in -- in some time for Diana
19 to bring it up so I can highlight a key -- key -- a few
20 key things. But before I get to there, I just want to
21 remind parties where we are with the process. And if
22 you could turn up the January 16th, 2015 letter from
23 the PUB, which provided some procedural direction, I
24 would appreciate it.

25 And I want to focus a little further

1 down on the -- the title of Intervenor
2 Responsibilities. Maybe before going further, I -- I
3 would just say that Manitoba Hydro is deeply
4 appreciative. As well, other parties have expressed
5 this, that the Board has set on a new procedural path
6 for this. It may not be a perfect path. It may have a
7 few bumps, but we were very pleased to see that we were
8 embarking upon this process, and we were very hopeful
9 and optimistic that the results would bear fruit,
10 either as part of this process and also into the
11 future. I -- I think there's some good news to this
12 story, which I'll talk about, and I think there's also
13 some bad news as -- as a part of this initiative to
14 date.

15 The next -- just flip to the -- the next
16 paragraph, and Mr. Peters highlighted this in his
17 opening submission. And it's the first paragraph, and
18 I'm going to read it.

19 "Where more than one (1) Intervenor
20 identifies the same issue to be
21 addressed and tested in the GRA, the
22 Board expects Intervenor to work
23 collaborative -- collaboratively with
24 one (1) Intervenor being identified
25 as primarily responsible for that

1 issue in terms of Information
2 Requests, expert evidence, cross-
3 examination, and closing
4 submissions."

5 And I had the same paragraph highlighted
6 that Mr. Peters read this morning, and what I was going
7 to tell you, and Manitoba's -- Manitoba Hydro's
8 submission is there's four (4) reasons that we
9 identified, and "we" being Manitoba Hydro, as to why
10 you put that paragraph in.

11 The first is pretty obvious, that you
12 had an intention to reduce the amount of duplication
13 from Intervenors.

14 The -- the second would be the benefit
15 is that we should lead to a more streamlined process.

16 Third, that we -- it should lead to a
17 more efficient process.

18 And fourth, it should lead to a less
19 costly process. And some of those may be used
20 interchangeably, but from -- from our view, I think,
21 the intention was pretty clear to us, based on that
22 paragraph, and there's other words that follow about
23 streamlining, having a workshop, asking for prefiled
24 information, and ultimately leading to this process
25 today so that we can try the best we can to get the

1 process right at this stage so that we can make the
2 proper planning, which I think will achieve those four
3 (4) goals.

4 Now to our submission, if you can pull
5 that up, please.

6

7 (BRIEF PAUSE)

8

9 MR. BRENT CZARNECKI: And before I
10 start, I'm -- I'm going to reiterate something else
11 that Mr. Peters spoke about earlier, and which Hvdro
12 agrees, that this is a General Rate Application for
13 Manitoba Hvdro. I will add, it -- it is not another
14 NFAT proceeding; that is clear to us. And in a General
15 Rate Application, what he said is correct, that we
16 focus on, and you should focus on, how just and
17 reasonable the resulting rates should be based on the
18 application and the proceeding.

19 And ultimately, that funnels into the
20 public interest. This is trite law. It's trite in
21 terms of other regulatory agencies that are -- are
22 setting rates, including the National Energy -- Energy
23 Board and others.

24 What makes it a little unique for Hvdro
25 in this jurisdiction is that we are a Crown

1 corporation. And in setting the just and reasonable
2 rates, Mr. Peters again said:

3 "You have the -- you have the
4 authority, and you have the duty to
5 look at 1) The financial health of
6 the Corporation, and 2) what the
7 impacts of the customers -- what the
8 ultimate impact of the customers will
9 be based on the setting of those
10 rates. It's no doubt a balancing act
11 that you're charged to do."

12 But what makes it unique in Manitoba
13 Hydro, in my submission, is that unlike the TransCanada
14 pipelines in front of the National Energy Board, we
15 have no private shareholder. Our shareholder is the
16 public, and we are accountable to the public through a
17 wide variety of means including, and maybe most
18 importantly, through this Board.

19 We do intervene ourselves with the
20 public on an ongoing basis through various support
21 groups and focus groups, and we have a call centre, and
22 we receive much customer input. And I don't want to
23 present evidence either, but I heard today a lot of
24 interest that was suggesting that they were
25 representing the public. And the notion I want to

1 leave you with is not to dispute that, but to say, We
2 do as well. So do you. So does Mr. Peters and your
3 advisors. So we're in this together.

4 And -- and the General Rate Application,
5 of course, and Mr. Rainkie beside me, it has to go
6 through our CEO. It has to go through the Manitoba
7 Hydroelectric Board before -- and all the financial
8 forecasts and information that flows through there
9 ultimately, then, has to be presented in terms of a
10 General Rate Application.

11 So there's perhaps, just as a starting
12 point, to say, That is a -- should be a common
13 objective. And back to your letter, I think you were
14 trying to address that in -- in a -- maybe in a
15 different way, that we are all in this together. We
16 should collaborate and we should make it work back to
17 your four (4) goals.

18 This was the good news of the story I
19 wanted to talk about. The bad news with some good news
20 came yesterday when we received the Intervenor cost
21 submissions. And I think that's the basis upon which
22 we wrote our eight (8) page letter, and I'd like you to
23 turn to page 5. Read there the -- and I -- and I'd
24 focus on -- in on the chart, because we looked at the
25 last electric GRA as a reasonable comparator; not

1 perfect, but we believed it was a reasonable comparator
2 to start assessing how long this would take, the hours
3 involved, and the cost.

4 And it was very striking to us that when
5 we did that summary, that we felt it necessary to
6 provide it to you and to all parties so that there was
7 no -- no -- it was -- it was clearly in front of you
8 for your consideration as you're embarking upon your
9 procedural direction.

10 The most striking part, and we deal with
11 it in words later, but I'll focus on -- on the table,
12 was the CAC budget has doubled, more than doubled from
13 nine hundred and three (903) hours to eighteen hundred
14 and ninety-two (1,892) hours. Then the other most
15 striking piece of that was the MMF budget at a proposed
16 hours of eleven hundred and eighty-four (1,184).

17 The costs, in total, and we looked at
18 this from a -- a total perspective, for this GRA, as
19 proposed and as budgeted, was \$1.1 million versus four
20 hundred and forty thousand dollars (\$440,000), a two
21 and a half (2.5) times increase.

22 What really perplexed us, though, was
23 when we looked to -- to the interventions in particular
24 of CAC and MMF. And I must apologize, but as I'm
25 sitting here today, being my first time doing a -- a --

1 an oral submission on an electric GRA, as I am a gas
2 guy as well, and -- and more accustomed to seeing Mr
3 Friend Mr. Saxberg representing CAC on behalf of D'Arcy
4 and Deacon, I was struck by the similarities of his
5 proposed intervention, including the experts that he's
6 proposing to use, which are very similar, as he's
7 admitted today. Mr. Matwichuk, Mr. McCormack, Mr.
8 Oppenheim, they're the same experts that he's set
9 forth, but I -- I looked again, and I thought, Wait a
10 second. He's not here for the CAC hat, that's Mr.
11 Williams.

12 And then, I said, Okay. Well, this is
13 *deja vu* all over again. It feels like a Centra hearing
14 using the same sort of *deven* -- general revenue
15 requirement tests that Mr. Matwichuk would use, and Mr.
16 McCormack would use. And then I thought to one (1) of
17 the questions that the Board -- the panel asked him to
18 say, Well, why is it -- define for me the particular
19 interests that MMF would have in retaining those
20 particular experts to advance their cause? Because
21 from my understanding, they are general revenue
22 requirement experts. They are not experts in the First
23 Nations' issues that we heard of today.

24 And I had a very difficult time making a
25 link as to how, wearing his MMF hat, he could use Mr.

1 Matwichuk and Mr. McCormack. And we learned more that
2 it was -- would be more on what I understood to be a --
3 like, a stand-wide -- stand-by sort of brief compared
4 to what he put in his Intervenor submission. And then
5 I came back to the duplication of asset -- of experts,
6 because a general revenue requirement usually is what
7 CAC does in its electric GRA. So how many experts do
8 we need between those two (2) particular parties?

9 And the very last thing that struck me,
10 and I -- struck me even more after I was sitting here
11 today, is that Mr. Matwichuk is, I think, budgeted for
12 some three hundred (300) hours. And I -- I really
13 pause and ask you to reflect upon that, based on what
14 we heard today, to say, How is that possible if his
15 retainer shifts to be more of what I understood today
16 to be one of a watching brief? What possibly could he
17 be doing for three hundred (300) hours?

18 I'll -- I'll stop there, but I think
19 this is very critical information for you to think
20 about while you're deliberating on the variety of
21 submissions that you've heard today in terms of what
22 you intended to set out with your procedural order of
23 January 16th, and is there cost savings, is there
24 duplication of intervention? Have we achieved that --
25 this by what has been proposed?

1 And in Hvdro's respectful submission,
2 Mr. Chair, I would suggest that we haven't. And that
3 was the bad news from our perspective, and -- and the
4 eight (8) pages speak to it. And I know you've read
5 it, because I can tell from the questions you were
6 asking. You're alive to it, and I would just ask you
7 to be very mindful of our submission in terms of where
8 this gets us in the process.

9 We have -- we do have concerns about the
10 IR process and where that may lead us to. We have
11 extreme concerns about the schedule sliding because of
12 the financial impacts it has, the real financial
13 impacts it has to Manitoba Hvdro's bottom line. So
14 again, I think this is why we are such strong
15 proponents of trying to keep this contained to a June
16 hearing. And -- and yes, it'll be a bumpy road getting
17 there, but I think we can do it, and we're very hopeful
18 and optimistic that we can, if we're able to get the
19 scoping issues right, and then the interventions to
20 fall into place after that.

21 And that's, I guess, the let -- maybe my
22 last point on the submission, is that it seems a little
23 bit perverse, and I think maybe it's because we are
24 embarking upon this new process that we're talking
25 about so much detail about budgets at the moment before

1 we finalize the scoping issues. And I think that's
2 going to be your challenge is to land on what's
3 properly in this hearing, and then try and make a
4 determination of what it is you need from us and from
5 all Intervenor parties to make your decision based on
6 the best possible information. And I think that may be
7 also where some of the budgeting confusion came in,
8 where we see such elevated costs, but I'm surmising.

9 Which brings me to -- and I -- I don't
10 want to deal with it in -- in great detail, because
11 this chart that Hvdro had is an issues list. It was
12 dealt with extensively at the pre-hearing conference.
13 Hvdro listened. We -- we presented a -- a pretty good
14 issues list of what we thought we were supposed to do.
15 It's morphed into what's before you today, and other
16 than saving, Today, I still think from -- based on what
17 we've heard, this remains Manitoba Hvdro's position. I
18 don't want to get into a battle of different charts,
19 and I think that will be your job to see where these
20 things may play out, because I don't think we have the
21 time for it, quite frankly, today, and I don't think
22 it's necessary. I think Hvdro's willing to trust your
23 judgment in bringing that together.

24 And -- and the same with -- the
25 suggestion I would make, we did make comments, specific

1 comments, very specific comments to certain -- to all
2 of the Intervenor and their forms, and I think those
3 comments stand in whole today as well. And so instead
4 of carrying on and -- and beating a dead horse in what
5 we've already submitted to you, what I would prefer is
6 if you open it up to any specific questions that you
7 may have.

8 And actually, before doing that, the one
9 (1) -- I would like to say one (1) more thing. The
10 Green Action Centre, Mr. Gange had -- had made a
11 comment about the com -- one (1) of the comments that
12 we had made that GAC's was lumped in with the other
13 cost concerns we had. We'd like to be clear that that
14 wasn't our intention. As you can see from the chart,
15 GAC's budget is lower than the last GRA. From our
16 perspective, they're pursuing a similar intervention.
17 We were speaking more of the totality of the costs as a
18 whole and what it meant to the process.

19 And if you look to the comment that we
20 had for GAC, it was -- and caveated with a comment
21 about depending upon what the Board decided in terms of
22 scope. It may be -- it -- it needs to be limited, and
23 again, back to this issue of deciding on scope before
24 interventions.

25 THE CHAIRPERSON: I just like to hold

1 just for one (1) second. I want to ask Mr. Peters a
2 question.

3

4

(BRIEF PAUSE)

5

6 THE CHAIRPERSON: Thank you for your
7 submission. I'd -- I -- one (1) -- one (1) of the
8 questions I'd like you to do if you could, one (1) of
9 the matters I'd like you to do is go through the list
10 of parties that are applying for an intervention, and
11 from the perspective of Manitoba Hydro, I'd like you to
12 comment on whether or not Manitoba Hydro perceives
13 there are, in using the test, that -- that -- the four
14 (4) part test, whether or not you believe -- Manitoba
15 Hydro believes that there is a -- a particular interest
16 for the six (6) proponents that have come forward. I
17 think that will -- that that's important for us to
18 understand your position on this.

19 MR. BRENT CZARNECKI: If you'd just
20 give me a moment, please?

21 THE CHAIRPERSON: Sure.

22

23

(BRIEF PAUSE)

24

25 MR. BRENT CZARNECKI: Thank you. What

1 I would propose, and maybe it's easiest, so we can keep
2 score together here, is just to pull up our submission,
3 page 8, please. And before I continue with some
4 specifics, I think first of all, you're dealing with
5 43(a) (b) (c) and (d) of the Board's rules of practice
6 and procedure, the four (4) part test.

7 The general comment I would offer from
8 the beginning, and I hope that you get the spirit from
9 our submission is that for general interventions that
10 are advanced by any Intervenor, to the extent that
11 there is overlap and duplication, we rely upon you to
12 keep that in task and to be reined in. That would
13 include the amount of experts, what it is specifically
14 they're intervening and how it relates to them, the
15 costs, of course.

16 And -- and so before I deal with each
17 one (1) of those, I'd like you to keep that in mind as
18 an overriding concern that the -- the Company has when
19 looking at interventions, because those matter to us
20 from a cost perspective and from a process pro --
21 perspective, and a length of the process perspective.

22 So first of all, with CAC, I don't think
23 it's any mystery that from -- in many, many proceedings
24 past, Hydro in -- on both sides of the Utility, do not
25 object to CAC meeting the four (4) parts of the test.

1 GAC is the -- in the -- in the same boat
2 as CAC. We have never taken issue with them being
3 permitted to proceed pursuant to the test.

4 Now, MMF is a new participant to a
5 General Rate Application, as we know, and they were
6 involved, as -- as we know, with the NFAT process. So
7 again, as subject to the general overriding concerns
8 we've made clear in the submission, I -- I think they -
9 - if -- if they are able to demonstrate to you why it
10 is in a particular application, be it ours or MPI's
11 that they do have a significant interest and can tie
12 it, I don't think we would take issue with the four
13 (4).

14 MIPUG is -- is different, and as we've
15 noted in -- in our submission, we do take issue with
16 them qualifying pursuant to 43(c) and 43(d) because of
17 their interest. But again, those are your rules, and
18 you need to interpret them.

19 The City of Winnipeg is in the same as
20 the -- MIPUG. And again, this -- the sections we would
21 take issue with are 43(c) and (d).

22 And -- and MKO, as we've heard, we do
23 not take issue with them participating, except we take
24 an issue with Mr. Anderson's budget in accordance with
25 45(1)(a).

1 So -- so I hope -- I hope that's hopeful
2 -- helpful and answers your question, and I was just
3 reminded by Mr. Rainkie that I left one (1) thing out
4 that... We -- we are deeply concerned with the
5 estimation of hearing days, and -- and Hydro has lived
6 many hearing days, and I appreciate that Mr. Williams
7 has as well, and he gave you an -- an estimate saying
8 that fifteen (15) days is reasonable

9
10 hearing days, and I appreciate that Mr. Williams has as
11 well, and he gave you an estimate saying that fifteen
12 (15) days is reasonable, and perhaps with argument, it
13 goes to twenty (20).

14 We are -- want to be very cautious on
15 that, because again, we do want to have this matter
16 resolved as expeditiously and fairly as possible. And
17 again, I think I'm back to my submission to you about
18 scope and the role of the Intervenors. If we get it
19 right and we apply a -- a proceeding going forward, as
20 I think you envisioned in your January 16th letter, I
21 think it is a fifteen (15) day hearing, which would be
22 achievable.

23 But if scope slides, and we have the
24 kind of numbers we saw in our submission, we do believe
25 we're into a fall or a winter hearing, because it's

1 just the volume of IRs, the volume of experts required.
2 Even if it is on a stand-by basis, our experience is it
3 does add considerably to hearing days.

4 THE CHAIRPERSON: That -- that's your
5 submission?

6 MR. BRENT CZARNECKI: Yes.

7 THE CHAIRPERSON: Thank -- thank you
8 very much. I'm going to ask if any of the potential
9 Intervenors have any comments or final questions. Mr.
10 Hacault...?

11 MR. ANTOINE HACAULT: There's been an
12 exchange here about criteria. I just -- my
13 understanding is those criteria are limited to budgets?

14 THE CHAIRPERSON: Correct. That's
15 right.

16 MR. ANTOINE HACAULT: They're not --
17 it's not a test intended in Rule 43 to be whether or
18 not you have to meet each -- each of those to become an
19 -- an Intervenor.

20 THE CHAIRPERSON: Oh, no, no. It -- it
21 deals with cost.

22 MR. ANTOINE HACAULT: Yeah.

23 THE CHAIRPERSON: It -- it deals with
24 cost awards.

25 MR. ANTOINE HACAULT: And the factors

1 that the Board, I think, usually considers is Section
2 26(4) of the Crown Corporation's Public Review
3 Accountability Act, and Rule 27 in its rules with
4 respect to whether it wishes to allow a particular
5 party to be --

6 THE CHAIRPERSON: Intervene.

7 MR. ANTOINE HACAULT: -- an Intervenor.

8 THE CHAIRPERSON: Any other comment?

9 Mr. Orle...?

10 MR. GEORGE ORLE: Thank you, Mr. Chair.

11 If we could have that last slide put up again, the
12 February 4th letter? And if you could go to -- I'm
13 sorry, I don't remember the pages. The page with the -
14 - with all of the Intervenors and an analysis from this
15 GRA to the last one.

16 THE CHAIRPERSON: Page 5, Mr. Orle.

17 It's page 5.

18 MR. GEORGE ORLE: And I just -- and I -
19 - I'm not saying this in any way to be critical, but if
20 you're going to compare apples, you compare apples to
21 each other, not to oranges. The MKO budget, which
22 shows six hundred and thirty-five (635) hours, that's
23 an extrapolation by Hvdro putting hours onto what the
24 proposed experts were to be, and adding in the time of
25 the -- the panel. That's the first point that I make.

1 Later on, they -- they specifically go
2 to the part that there's only three hundred and forty
3 (340) hours asked for legal fees, but the -- this
4 appears to make it look as though there's a lot more
5 being asked for than there was intended to be.

6 And in light of a number of them, the
7 Board heard that the experts -- for quite a few of
8 them, it was to be a shared cost. And we specifically
9 put into our budget that that was going to be shared.
10 It was just a number in there. That -- the -- the
11 experts' costs are not going to be all over the board.
12 Once the Board decides who's going to be the expert,
13 then all of those fees are going to be either
14 amalgamated into one (1) of the Intervenors, or spread
15 out, so it's not going to be additional amounts all the
16 way through.

17 And then comparing it to the previous
18 GRA, I'll note that when you talk about how much the
19 increase and the total has gone, that doesn't take into
20 account that the City of Winnipeg did not have a budget
21 the last time, and I believe that there's been
22 compelling reasons as to why they ought to be in there.
23 So saying that this has been a -- a considerable jump
24 in the -- in the budget should take that into account.

25 Similarly, the MKO budget. MKO is not

1 represented by counsel. They're represented by Mr.
2 Anderson running in and out whenever he could. So then
3 to say that we -- we have somehow brought this -- this
4 huge number from the last one doesn't take into account
5 that there's been some -- some changes in the realities
6 of the situation.

7 And as I indicated in the beginning of
8 my submission, this is not a regular GRA. No matter
9 how much you want to talk about it being a normal GRA,
10 I don't think there's ever been one where you've been
11 asked to -- to deal with a rate increase that's 2
12 percent over the rate of inflation, and that goes over
13 twenty (20) years.

14 So just comparing it to the last one,
15 with the lesser amount of people in it, I -- I just
16 want the Board to be careful that they don't take the -
17 - the schedule set out there and actually believe that
18 there's been some -- some huge increase that has no
19 justification to it whatsoever.

20 THE CHAIRPERSON: Thank you, Mr. Orle.
21 Any other comments? Mr. Williams...?

22 MR. BYRON WILLIAMS: We can just stay
23 on this page for a minute. I think it's a useful
24 analysis. One (1) thing to keep in mind, it would be a
25 far more useful analysis if you went back one (1) more

1 GRA, because then you'd see a very different
2 comparison.

3 And what our client definitely does, the
4 2010/'11, '11/'12 GRA, which is not on this page, was a
5 very intensive General Rate Application. We canvassed
6 a lot of issues. So we pulled back in the 2012/'13
7 GRA, only presented one (1) expert witness, also
8 mindful of the fact that the -- the big -- the big
9 kahuna was coming down the line, the NFAT. So it --
10 it's a useful analysis in that regard, but it should be
11 read in context and -- and I understand with the time
12 limitations, that context was not available.

13 Secondly, it's very typical for our
14 client when we come in with a budget, especially at
15 this early stage when we're scrambling to -- to
16 identify people, we do put in a range. So I note that,
17 for our hours, for example, Hydro has certainly picked
18 the top end of the range, and not focussed on the
19 bottom end -- end of the range, which is about a
20 hundred thousand dollars (\$100,000).

21 So -- but those are things, and you've
22 quite properly asked for greater detail in our
23 estimates. We'll happily provide that this evening.
24 But just -- in reading this table context, it's not
25 cherry-picking, because this is what happened in

1 history, but a little deeper history would give you a
2 better sense of -- of that.

3 THE CHAIRPERSON: Thank you for that
4 comment, Mr. Williams. Any -- anybody else have --
5 have any comments?

6 MR. BRENT CZARNECKI: Just a -- a very
7 quick reply. And yes, we can't change history, but I
8 would -- and I'm told, I wasn't there, but the GRA that
9 preceded the one that's on the chart, again, is 2010, I
10 -- I think the hearing days is a -- the -- the actual
11 hearing days are significantly greater as we might have
12 carried forward for -- it -- it was -- it -- for a two
13 (2) year increase as well, and the -- the actual
14 process was a year and a half.

15 So I -- I -- we just gave this as an
16 illustration based on the information we had, and we
17 were working last night to try and be as accurate as
18 possible. Even -- even reducing CAC's budget when they
19 told us Dr. Booth's proposal went from eighty thousand
20 (80,000) all of a sudden to forty thousand (40,000).
21 So it -- it's not perfect, but take it for what it is
22 and rely upon it.

23 THE CHAIRPERSON: I -- think the -- the
24 Public Utilities Board thanks Hydro last night from the
25 time we advised you that we wouldn't give an

1 adjournment till last night, a lot of work was put into
2 this. We understand that there's limitations of what
3 you can put together during that time. I'm sure last
4 night a lot of people didn't get much sleep. So we
5 thank you for putting this together. It helped us a
6 lot.

7 If there's no other comments, I will
8 adjourn this process. I will only say that the
9 deliberations will -- will commence right away to -- to
10 make a decision. When -- when the deliberations are
11 concluded, I know that our staff will immediately
12 contact all potential Intervenors and Manitoba Hvdro.

13 So I thank everybody for a very thorough
14 discussion today. It was -- it was very well thought
15 through by all potential Intervenors and by Manitoba
16 Hvdro. So we thank you very much for your time, and
17 you'll be hearing from us very shortly. Thank you.

18

19 --- Upon adjourning at 4:02 p.m.

20

21 Certified correct,

22

23

24 Cheryl Lavigne, Ms.

25