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February 6, 2014

The Public Utilities Board of Manitoba
Attention: Mr. Hollis Singh, Executive Director and Board Secretary
400 – 330 Portage Avenue
Winnipeg, MB R3C 0C4

Dear Mr. Singh:

Re: Manitoba Hydro NFAT
Reply to Manitoba Hydro Letter regarding CAC MB/MMF Joint Proposal

CAC MB and the MMF are in receipt of Manitoba Hydro's letter of February 4, 2014 and seeks this opportunity to respond to the comments therein.

The proposed panel will not be duplicative

In its letter of February 4, 2014, Manitoba Hydro points out that funding was approved for CAC MB to bring forward two consultants, Dr. Simpson and Mr. Stevens, for the purpose of delivering evidence on the Manitoba population, including those of fixed and low incomes, and the impact of Hydro rate increases on those populations.

As explained in the joint letter of CAC MB and the MMF, dated February 3, 2014, the intent of the proposed audit and vulnerable rate-payers panel is that it be provided in conjunction with the evidence of Dr. Simpson, Mr. Harvey and MMF consultant Mr. Rick Hendricks. The testimony of CAC MB and MMF consultants, as well as the presentation of the panel, are two pieces of evidence which support each other and which bring together two distinct and important perspectives to the issue of the impact of rate increases on vulnerable persons: the work of the consultants will provide a technical review of the potential impacts while the testimony of the panel will deliver the direct tangible and practical impacts of the statistical analysis before the Board.

The proposed panel as part of a meaningful public process

The Terms of Reference direct the Board to conduct the NFAT in a transparent and public process. Bringing the direct perspective of the public to the hearing room not only provides the Board with an integral perspective, but also brings meaning to the concept of a public process. Although the public has the opportunity to view the consultants' reports on the Board's website and hear the testimony of consultants in public hearings, the proposed panel will inform the public on the issue of the impact of rate increases on vulnerable persons in

a real, accessible, and meaningful way. Arguably, the proposed panel will offer the public a clear understanding of the issues involved in a way that a technical review of the evidence in these proceedings, alone, could not.

Funding approval

In its application of June 28, 2013, CAC MB stated the following:

> *CAC MB have had regular discussions with MMF over the past two weeks. CAC MB, MKO and the MMF are contemplating the joint presentation of a community panel to discuss the implications of potential rate increases on those living in rural and remote communities as well as persons of modest means in Winnipeg.*

As is clear by the language of the proposal, the mention of a joint panel in the application process was not intended as a formal proposal for funding, but rather, was an attempt to highlight for the Board, CAC MB and the MMF's ongoing intentions to collaborate. Once these intentions became further developed, a proposal to the Board would be submitted at CAC MB and MMF's earliest opportunity.

Although cognisant that the proposal has come somewhat late in the game, given the complexity associated with collaboration between parties, the inherent difficulties in organizing vulnerable rate-payers and the time and effort required to respond to extensive delays in the filing of evidence and IR responses, CAC MB and the MMF would ask that the Board consider this late proposal within its context. Further, and more importantly, given the fact that no written evidence is to accompany the proposed panel, the delay at issue has not created any hardship for the parties to the proceeding.

Differing rate increases – appropriateness of the forum

CAC MB and the MMF are not in agreement with Manitoba Hydro's characterization that all alternative plans result in "rate increases in the near term that are not significantly different from those associated with Manitoba Hydro's Preferred Development Plan." This sentiment not only extends to the proposed rate increases in Manitoba Hydro's own filing, but is amplified by the evidence of the IECs and interveners which deem the short term impacts on rate-payers "not acceptable", question Manitoba Hydro's projections, call for an improved record with increased DSM and recommend measures to protect vulnerable rate-payers including the expansion of the affordable energy fund.

CAC MB and the MMF believe that the evidence to date suggests that the issue of rate increases in the near term is a central issue before the Board and that a consideration of this issue requires a clear understanding of the direct and real impacts on rate-payers. A balancing of the impacts of the Preferred Development Plan, its alternatives and additional rate-related recommendations are best informed by the perspectives of those directly impacted, rate-payers themselves.

Further, as stated in the letter of February 3rd, this perspective is most appropriately canvassed within the NFAT review as it will provide evidence related not only to rate-increases generally, but more specifically, the impact of the rate-increases of the Preferred Development Plan and its alternatives as well as input on additional recommendations responding to these impacts. A panel speaking to these issues would not be possible in any other forum.

Timing

The proposed panel will not introduce written evidence and is expected to be integrated into the CAC MB alloted time. In a worst case scenario, the panel would add less than half a day to the proceeding which, given that the Board has already contemplated overflow days in its draft hearing schedule, could be easily accommodated without causing any hardship or delay.

Yours truly,

JESSICA SAUNDERS
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MEGHAN MENZIES
COUNSEL TO CAC MB

MM/sk

cc: The MMF
CAC MB
The PUB
Hydro
Interveners
Independent Expert Consultants