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May 29, 2013

Mr. H. Singh
The Public Utilities Board
400 - 330 Portage Avenue
WINNIPEG, Manitoba R3C 0C4

Dear Mr. Singh:

**RE: MANITOBA HYDRO NFAT
PRE-HEARING CONFERENCE MATTERS**

Manitoba Hydro is in receipt of Thompson Dorfman Sweatman's letter of May 24, 2013, on behalf of its client, Manitoba Industrial Power Users Group (MIPUG). By email dated May 27, 2013, the Public Utilities Board (PUB) requested Manitoba Hydro's response, if any, by noon Wednesday, May 29, 2013.

During the May 16, 2013 Pre-Hearing Conference, the PUB requested MIPUG's comments regarding its ability to represent a broader group of General Service customers or seek the input of a broader group of these customers. Manitoba Hydro is of the view that an Intervenor group represents the opinions of its membership only and it is not appropriate to assume that such positions are shared by customers generally. It is the PUB's role to evaluate the positions taken by the Intervenor and assess whether and to what extent such views are shared by the broader ratepayer base. Manitoba Hydro does not believe that based on its current membership, MIPUG can purport to represent the interests of a broad group of General Service customers. However, Manitoba Hydro would expect that the PUB will assess the positions submitted by MIPUG and weigh to what extent they are shared by the broader General Service class. In this regard the PUB may be well served by evidence regarding the results of a broad customer consultation if same were to be undertaken by MIPUG.

MIPUG has requested that the PUB provide an indication of its views regarding MIPUG's cost eligibility with respect to Sections 43(c) and (d) of the PUB's Rules of Practice and Procedure. As indicated by Manitoba Hydro during the Pre-Hearing Conference (Transcript page 202), Manitoba Hydro does not object to the PUB providing direction on these specific elements of cost eligibility (insufficient financial resources and a substantial interest in the outcome of the proceeding/representation of a substantial number of ratepayers). Manitoba Hydro does not view this as being determinative of whether or not MIPUG will ultimately receive an award of costs (such determination also requires an assessment of MIPUG's contribution to the hearing and whether it participated in a responsible manner), but rather provides MIPUG with a degree

of comfort as to whether it meets two criteria which in the context of a typical GRA, would prove challenging.

Manitoba Hydro accepts that MIPUG members have a substantial interest in the outcome of the NFAT proceeding. MIPUG members make up a substantial portion of the General Service Large class and on this basis, Manitoba Hydro accepts that it represents the interests of a substantial number of rate payers. Manitoba Hydro cannot comment on MIPUG's financial resources and takes no position in this regard.

Manitoba Hydro acknowledges that the NFAT process is unique in that it will focus on the long term and the impact of decisions made will be most noticeable not in the near term test years, as with a GRA, but rather from the in-service date of the generating facilities ultimately put in place and during the decades that follow. If MIPUG plays a different role in the NFAT, for example acting as a liason to a broader group of General Service customers at the PUB's request, its entitlement to an award of costs should be judged accordingly. Given the marked difference in the focus of the NFAT and the role MIPUG may take on, any decision regarding MIPUG costs in the NFAT must not be viewed as a precedent for future GRA cost orders.

With respect to staff of InterGroup advising MIPUG during the hearing and providing testimony, Manitoba Hydro suggests that the current situation is not dissimilar to InterGroup's participation in previous rate review matters during which time InterGroup acted on unrelated matters for Manitoba Hydro. As the PUB witnessed during this most recent GRA (and in earlier rate review hearings), the InterGroup witnesses demonstrated that they are prepared to aggressively advance positions contrary to those of the utility when necessary to advance their clients' interests.

With respect to Thompson Dorfman Sweatman's involvement in the NFAT, Manitoba Hydro believes this is properly a solicitor/client matter. Manitoba Hydro can advise that it consented to Mr. Hacault participating in the May 16, 2013 Pre-Hearing Conference on the basis that it reserved the right to raise any concerns regarding his retainer and any potential conflicts once all Intervenor have been identified and it has gained a better understanding of the issues which those Intervenor intended to pursue during the course of the NFAT.

Yours truly,

MANITOBA HYDRO LAW DEPARTMENT

Per:



PATRICIA J. RAMAGE

Barrister and Solicitor

PJR/

cc: R.F. Peters, Fillmore Riley LLP