

February 6, 2014

MNP Revised Budget Request

Mr. Hollis Singh
Public Utilities Board
400 - 330 Portage Avenue
Winnipeg, MB R3C 0C4

Information Requests (IRs):

As per guidance received January 27, 2014, MNP is providing its status on IR responses and the expected implications of IRs on budget-to-completion of the Macro Environmental scope of work for the NFAT hearing.

Currently MNP has received over 110 IRs related to its report, "*A Review of Manitoba Hydro's Macro Environmental Considerations*". We believe MNP will be in a position to file answers to these IRs by the filing date of February 20, 2014 as planned, and will work towards this goal.

The number of IRs received was unanticipated. In light of the hours already invoiced for and/or billed to date, (as related to preparation of our report and in conducting associated activities) and the expected incremental effort to review and respond to IRs and prepare for the hearing, MNP respectfully requests a supplemental budget adjustment approval. Considering the IR process requirements, as well as several other expected project activities noted below, MNP requests supplemental budget of **\$52,000**, increasing MNP's total approved budget ceiling to \$222,000. Please also consider that our billed hours to date, at the agreed to rates, is over the currently set budget ceiling of \$170,000. Our January invoice will reflect billing only to the agreed ceiling. We are happy to discount some of these hours attributable to report development, but would be appreciative if the Panel reconsiders compensation for effort that is yet to occur in filing IR responses, preparing for and participating in the hearing.

Budget Considerations:

MNP is proposing that the budget be adjusted to complete activities of the Macro Environmental scope of work of the NFAT hearing, including IR responses, testimony preparation and testimony support services. Several factors have led to the requirement for additional effort to meet our mandate. These factors include:

- Unanticipated number of IRs received
- Unanticipated number of IRs requiring filing of supplemental information
- Unknown requirement for Evidence Summary development and review

- Inclusion of full-day testimony preparation with IEC counsel
- Requirement for pre-hearing participation (February 27, 2014)
- Requirement for pre-hearing presentation and related preparations
- Remaining requirement for hearing and direct evidence
- Potential inclusion of further intervention from MKO

MNP's previous budget included an estimation of receiving 40 – 50 IRs. The number we will address has more than doubled from that estimate and we assume a reasonable level of effort for each IR (on average) is 0.75 hours per response. The following table summarizes the expected incremental costs to completion:

Task to Complete	Hours Estimate	Rate	Total
IR Responses	83.25	\$235 (Blended)	\$19,564
Evidence Summary	24	\$235 (Blended)	\$5,640
Testimony Prep. (Sabine)	8	\$285	\$2,280
Testimony Prep. (Keyes)	8	\$195	\$1,560
Prehearing	16	\$285	\$4,560
Hearing	16	\$235 (Blended)	\$3,760
Admin & Contingency			\$15,000
<u>Total</u>			<u>\$52,364</u>

If you would like to discuss further, please feel free to call me at your convenience.

Yours truly,



Craig Sabine
 Senior Manager, MNP
 416-515-3866

