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October 23, 2013

Ms. Patricia J. Ramage
Law Department
Manitoba Hydro
22nd floor, 360 Portage Avenue
Winnipeg MB R3C 0G8

Dear Ms. Ramage:

Re: NFAT – Scope of Work for Independent Expert Consultants

In your September 24, 2013 letter, Manitoba Hydro (MH) seeks amendment to the Scope of Work for Independent Expert Consultants (IECs) because it may describe tasks that are capable of an interpretation which exceeds the Terms of Reference for the NFAT Review.

The Terms of Reference expressly set out issues to be critically examined by the IECs... "*[i]n addition to such other questions and issues as the [PUB] Panel may determine they should examine.*" The Scope of Work document contains the additional questions and issues that the PUB Panel has determined the IECs should examine.

Having reviewed MH's requests further, the Panel will not be amending the Scope of Work for the IECs. That said, it does appear that MH's strict interpretation of the Scope of Work may be different from the interpretation by the IECs. The Panel is satisfied that the IECs are proceeding with the correct interpretation of the Scope of Work.

Specifically in respect of MH's main concern, which is with the modelling mentioned in your letter, the Panel understands that while the IECs are conducting due diligence on MH's analysis, the IECs are not attempting to replicate MH's models. Rather, and in addition to the due diligence, some IECs are preparing their own models to evaluate aspects of MH's plans as well as the evaluation of alternatives. The Panel expects MH to provide, in a timely manner, all of the requested information to the IECs to permit them to complete their work. MH is aware from Order 127/13 that the Panel has revised the Timetable to permit MH additional time to provide all of the information requested.

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As for MH's concerns respecting Bipole III, the Terms of Reference expressly exclude a review of the Bipole III transmission line and converter station project from the scope of the NFAT. That point was repeated by the Panel in Order 119/13 where it indicated the merits of Bipole III are out of scope. Other aspects of the transmission lines are relevant to the analysis of the plans and alternatives as well as the rate impacts, and are within the scope of the Terms of Reference. The PUB does not intend to embark on a review of the merits of Bipole III, nor has it asked the IECs to do so. The PUB is satisfied that the Scope of Work, as it relates to Bipole III, deals with in-scope matters.

Finally, the Panel understands that the direct meetings, as between MH and the IECs have enhanced the flow of information for some IECs such that some IECs may be prepared to remove the requirement for MH to provide a written response to some Information Requests, in accordance with Order 119/13. The Panel further understands that additional meetings are being held this week in an effort to finalize the information requested by the IECs and to determine which Information Requests still require a written response. The Panel expects MH to continue to work cooperatively with the IECs to ensure they have all the information requested to complete their assignments.

Yours truly,

"ORIGINAL SIGNED BY:"

H. M. Singh
Secretary

c.c. Bob Peters, Fillmore Riley
Christian Monnin, Counsel to Independent Expert Consultants