



PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor 360 Portage Ave

Telephone / N° de téléphone : (204) 360-3257 • Fax / N° de télécopieur : (204) 360-6147 • [baczamecki@hydro.mb.ca](mailto:baczamecki@hydro.mb.ca)

---

February 4, 2015

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

**ATTENTION:** Mr. D. Christle, Board Secretary and Executive Director

Dear Mr. Christle:

**RE: Manitoba Hydro 2015/16 & 2016/17 General Rate Application – Pre-hearing Conference**

This is further to our earlier correspondence of same date wherein Manitoba Hydro requested a short adjournment to the Pre-hearing Conference (“PHC”). This request was not granted by the Public Utilities Board of Manitoba (“PUB”) when it decided that the PHC would proceed as scheduled on February 5, 2015, and that all parties should make best efforts to present their positions at that time.

Further to the PUB’s decision, set forth below is Manitoba Hydro’s written response to the intervenor submissions for the PUB and all parties to consider prior to the PHC.

**Core Issues List**

On January 29, 2015, Manitoba Hydro hosted an Application Overview Workshop with respect to the 2015/16 & 2016/17 General Rate Application (“Application”), to provide information on the content and structure of the Application, the reasons for the proposed rate increases, and to discuss the issues to be examined and the proposed timetable for this proceeding.

The workshop was well attended, including participants representing the PUB, the Manitoba Metis Federation (“MMF”), Manitoba Keewatinowi Okimakanak (“MKO”), the Manitoba Industrial Power Users Group (“MIPUG”), the Green Action Centre (“GAC”), the City of Winnipeg (“CW”), and the Consumers Association of Canada/Winnipeg Harvest (“CAC”).

In advance of the Workshop, Manitoba Hydro provided a preliminary Issues List for discussion purposes that identified the core issues that the Corporation considers to be in and out of the scope of this proceeding. Manitoba Hydro staff provided an overview of the reasons for the proposed rate increases during the workshop, which was followed by a discussion on the Issues List. Participants provided general comments on the scope of the proceeding and the specific issues identified in the preliminary list, as well as comments on other issues that participants are interested in addressing as part of the public review process.

---

Manitoba Hydro is attaching a revised Issues List that reflects the following:

- Manitoba Hydro has organized each issue into one of the following three categories:
  - 1) **Detailed examination for the fiscal years under consideration (2014/15 to 2016/17)** - where a detailed examination of the issue is relevant and significant to the fiscal years that Manitoba Hydro is seeking approval of rate increases in this Application (2014/15 to 2016/17);
  - 2) **Review of contextual information to support rate determinations in fiscal years under consideration** - where the information is provided and reviewed for context to support the rate determinations in the fiscal years under consideration, but involves matters which the PUB would not make a determination as part of this proceeding; and,
  - 3) **Out-of-Scope**- where the issues are out of the scope of this proceeding and therefore would not be examined because they involve matters outside of the PUB's jurisdiction, or are commercially sensitive or not relevant for the current proceeding.
  
- Manitoba Hydro continues to believe that in setting rates for the first three years, more weight should be afforded to reviewing the first ten years of the financial forecast rather than the last 10 years. However, it has revised the second column on the Issues List to acknowledge that it has provided 20 year forecasts in its application that are subject to review by parties in this proceeding.
  
- In recognition of the PUB's direction that one intervenor be identified as primarily responsible for each issue, Manitoba Hydro has included a column on the Issues List for this purpose.

Manitoba Hydro has not endeavored to include all comments made at the workshop in the revised issues list. While Manitoba Hydro acknowledges that the attached list does not reflect the totality of comments and/or additional issues that were identified by participants, the attached Issues List was provided on January 30, 2015 to serve as a starting point for parties to formulate their comments with respect to the scope of the proceeding.

**Manitoba Hydro's Recommendations with Respect to the Scope of the GRA Proceeding**

Manitoba Hydro's understanding of the PUB's objective was that the hearing for this GRA would be approximately 3 weeks in length and would conclude by the end of June 2015. In light of these timelines, Manitoba Hydro has reviewed its core list of issues and is providing the following recommendations to assist the PUB in managing the scope of the proceeding within the time frame envisioned.

Manitoba Hydro has segregated its recommendations into the following four categories:

1. Issues that have been recently and extensively canvassed in previous PUB proceedings and need not be repeated in the current proceeding;
2. Issues that could be deferred to the Cost of Service proceeding, which is expected to occur later in 2015;
3. Issues that are currently under review by Manitoba Hydro and therefore, are premature to review in the current proceeding; and,
4. Issues that are out-of-scope of this proceeding.

**1. Issues that have been recently and extensively canvassed in previous PUB proceedings**

- i. The specific details of Manitoba Hydro's Demand Side Management Plans ("DSM") were extensively reviewed in the 2012/13 & 2013/14 Electric GRA, the 2013/14 Gas GRA and the NFAT proceeding. Therefore, the examination of DSM should be limited to the reasonableness of the DSM costs incurred in the test years.
- ii. Manitoba Hydro's Interest Rate Forecasting Methodology for rate-setting purposes was extensively canvassed in the 2013/14 Gas GRA, and all PUB directives on this matter have been implemented by the Corporation.

**2. Issues that could be deferred to the Cost of Service proceeding, which is expected to occur later in 2015**

- i. All matters with respect to Manitoba Hydro's Cost of Service ("COS") Study will be reviewed at the future proceeding.
- ii. The review of Manitoba Hydro's proposal to implement Time-of-Use Rates for General Service Large customers effective April 1, 2016 can be deferred to the COS proceeding.
- iii. Finalization of Light Emitting Diode ("LED") rates, that received interim approval by the PUB in Order 79/14, can be deferred to the COS proceeding.

**3. Issues that are currently under review by Manitoba Hydro and therefore, are premature to review in the current proceeding**

- i. A review of Manitoba Hydro's financial targets is currently underway. In the interim, the current financial targets set by the Manitoba Hydro-Electric Board ("MHEB") remain appropriate. It would be premature for the PUB to conduct a review of financial targets for rate setting purposes prior to the review being completed by the MHEB. There is no

“vacuum” regarding financial targets, as asserted by MIPUG in its Intervenor Request Form.

- ii. PUB NFAT recommendation #16 with respect to integrated resource planning is currently being reviewed by Manitoba Hydro and is not available for review at part of this proceeding.
- iii. Conservation (or inverted) rates are under consideration by Manitoba Hydro; however, Manitoba Hydro is not advancing an inverted rate strategy during this proceeding.

**4. Issues that are out-of-scope**

- i. PUB NFAT Recommendations #6-#11 with respect to DSM are currently under review by the Province of Manitoba and as such, any examination would be based upon hypothetical scenarios and without value to the parties to the proceeding.
- ii. PUB NFAT Recommendation #12, related to programs to mitigate the bill impacts for low-income and vulnerable customers, is a recommendation to the Province of Manitoba.
- iii. Justification for capital projects, including Bipole III, the Keeyask Generating Station and levels of sustaining capital
- iv. Need for, business case and alternatives with respect to the Conawapa Generating Station
- v. All material filed in confidence in the NFAT hearing or provided in accordance with a non-disclosure agreement (“NDA”)
- vi. All materials filed during the course of the NFAT proceeding which considers alternative sources of generation or supply
- vii. Asset lives for financial reporting purposes
- viii. Use of ELG and removal of negative salvage for financial reporting purposes
- ix. Accounting policy selection for financial reporting purposes
- x. Use of IFRS for financial reporting purposes
- xi. Manitoba Hydro’s Interest Rate Forecasting Methodology and Debt Management policy for business purposes
- xii. Alternative financing of capital expenditures (as suggested by the City of Winnipeg)
- xiii. Customer specific load forecasts (concerns over confidentiality of information)
- xiv. Terms of Agreement in Principle with NCN with respect to WPLP

**Manitoba Hydro’s general comments with respect to all Intervenor Request Forms**

In its letter of January 16, 2015, the PUB outlined its expectations with respect to the Pre-Hearing Conference and its objectives to:

- Determine which issues were in and out of scope of the GRA proceeding; and,
- Avoid duplication of efforts between various interested parties, where more than one Intervenor identified the same issue to be addressed and tested in the GRA, the PUB expected intervenors to work collaboratively with other Intervenor being identified as primarily responsible for that issue in terms of Information Requests, expert evidence, cross examination and closing submissions.

**Scope of the Proceeding**

To further the understanding of the PUB as to the overall implications, scope and cost of the planned interventions by the interested parties, Manitoba Hydro has prepared a summary comparing the total hours and costs identified in the applications for intervention received for the current GRA (Appendix A) compared to those incurred in the last Electric GRA (Appendix B).

A chart summarizing this comparison is provided below:

2015/16 & 2016/17 GRA			2012/13 & 2013/14 GRA		
<u>Intervenor</u>	<u>Proposed Hours</u>	<u>Proposed Cost</u>	<u>Intervenor</u>	<u>Actual Hours</u>	<u>Actual Costs</u>
CAC Budget	1892	\$ 433,620	CAC Costs	903	\$ 226,400
GAC Budget	890	\$ 199,900	GAC Costs	1019	\$ 215,300
MMF Budget	1184	\$ 261,400			
City of Winnipeg Budget	168	\$ 68,300			
MKO Budget	635	\$ 149,000			
<b>Total</b>	<b>4769</b>	<b>\$ 1,112,220</b>	<b>Total</b>	<b>1922</b>	<b>\$ 441,700</b>

Manitoba Hydro makes the following observations:

- The overall hours proposed by the Intervenor has increased from approximately 1,900 to 4,800, an increase of 2,900 hours or 2.5 times the last Electric GRA.
- The overall cost estimate proposed by the Intervenor has increased from \$442,000 to \$1,122,000, an increase of approximately \$680,000 or 2.5 times the last Electric GRA.
- The number of expert witnesses proposed by the Intervenor has increased from 7 to 13 over the last Electric GRA, summarized as follows:
  - CAC – from 5 at the last Electric GRA to 6 in the current proceeding
  - GAC – from 1 at the last Electric GRA to 2 in the current proceeding

- MMF – from 0 at the last Electric GRA to 3 in the current proceeding
  - MIPUG – from 1 at the last Electric GRA to 2 in the current proceeding
  - CW – from 0 at the last Electric GRA to 1 in the current proceeding
  - MKO – from 0 at the last Electric GRA to 1 potential in the current proceeding
  - A number of parties have also identified that they intend to call a ratepayer panel, that will be comprised of between 2 - 4 witnesses, a community panel, as well as a number of focus groups related to this proceeding.
- The number of legal counsel that will represent Intervenors has increased from 3 to 9 over the last Electric GRA, summarized as follows:
    - CAC – from 1 at the last Electric GRA to 2 in the current proceeding
    - GAC – remains at 1 as at the last Electric GRA
    - MMF – from 0 at the last Electric GRA to 3 in the current proceeding
    - MIPUG – remains at 1 as at the last Electric GRA
    - CW – from 0 at the last Electric GRA to 1 in the current proceeding
    - MKO – from 0 at the last Electric GRA to 1 in the current proceeding

The following chart summarizes the number of hearing days, excluding final argument, for the last Electric GRA:

<b><u>2012/13 &amp; 2013/14 General Rate Application</u></b>	
<b><u>Panel</u></b>	<b><u>Hearing Days</u></b>
MH Policy	1.0
MH Revenue Requirement	9.5
MH Revenue Requirement- Larry Kennedy	3.0
MH Rate Design/Diesel	1.5
MH DSM	2.5
GAC Panel (Mr. Chernick)	0.5
CAC/GAC (Mr. Dunsky)	1.0
MIPUG Panel (Bowman)	2.0
Total	21

With a 2.5 times increase in Intervenor participation, it is anticipated that the number of hearing days for Intervenor panels could double. This could also increase the amount of time required for Intervenors to cross-examine Manitoba Hydro’s witnesses. In addition, Manitoba Hydro will likely be required to retain a number of independent expert witnesses to provide written and oral reply evidence.

Based on this analysis, the proposed interventions are such that the required public hearing time for the review of the current GRA could be as much as double the approximate 21 days that were spent on the previous Electric GRA.

The implications of having a hearing of such magnitude as presented by the Intervenors means that the hearing would either be required to continue throughout the summer or into the Fall of 2015. The length of such a proceeding would result in deleterious financial effects to Manitoba Hydro, as a PUB would not be anticipated until later in 2015, which is not in the public interest. Assuming an implementation date of rates following the PUB Order between October 1, 2015 and January 1, 2016, Manitoba Hydro's lost revenue would be in the Order of \$25-40 million as demonstrated in the following chart:

	<u>Additional GCR</u> <u>from Rate Increase</u> <u>(\$millions)</u>	<u>Cumulative Revenues</u> <u>from Rate Increase</u> <u>(\$million)</u>
April	\$ 4.5	
May	\$ 4.1	\$ 8.6
June	\$ 3.9	\$ 12.5
July	\$ 4.2	\$ 16.8
August	\$ 4.0	\$ 20.8
September	\$ 3.8	\$ 24.5
October	\$ 4.4	\$ 29.0
November	\$ 5.1	\$ 34.0
December	\$ 5.8	\$ 39.9
January	\$ 6.6	\$ 46.5
February	\$ 5.3	\$ 51.8
March	\$ 5.7	\$ 57.4
Total Additional Revenues from 2015/16 Rate Increase	<u>\$ 57.4</u>	

### Potential for Duplication of Effort

Despite the numerous references made throughout the Intervenor Request Forms that parties will share a number of resources amongst each other, based on the estimated scope and cost of the hearing as noted above, it is confusing to Manitoba Hydro as to how in fact Intervenors have effectively collaborated to make this regulatory proceeding more efficient. As cited in all of the figures above, only the opposite conclusion can be reached.



---

**Manitoba Hydro's comments with respect to individual Intervenor Request Forms**

In addition to the general comments provided above with respect to all Intervenors, Manitoba Hydro has the following comments and observations with respect to specific Intervenors:

**CAC**

- 1) In its intervenor request form, CAC did not identify the number of hours associated with its proposed intervention in the current proceeding; however, Manitoba Hydro has calculated the estimated number of hours using the PUB approved maximum hourly rate of \$223. Based on this calculation, CAC increased its estimate of hours required from approximately 903 in the last Electric GRA to 1,892, which represents a doubling of time required for one intervenor. In Manitoba Hydro's view, considering the proposed intervention of other intervenors (in particular when you consider MMF has estimated 1,104 hours and MKO has estimated 635 hours would be required to participate), and the procedural direction provided by the PUB on January 16<sup>th</sup> to collaborate on interventions, this amount appears grossly disproportionate.
- 2) As noted above, it is premature to conduct a full review of financial targets for rate-setting purposes until the review of financial targets has been completed by the MHEB. Moreover, it has been sufficient in past GRA proceedings for expert witnesses such as Mr. Bowman on behalf of MIPUG to adequately canvass the required reserves for rate-setting purposes. It now appears as though several expert witnesses with similar financial credentials and purpose (i.e. Mr. Bowman, Mr. Matwichuk, Dr. Booth, Mr. McCormick) have been proposed to be retained to provide expert testimony in this area. This is a duplication of effort and resources. In particular Manitoba Hydro does not see the need for Dr. Booth to provide expert testimony as part of this proceeding.
- 3) If the PUB determines that it is appropriate for a rate impact or community panel be a part of this hearing, Manitoba Hydro believes that these panels should only be afforded presenter status as the nature of their participation is such that they are not expert witnesses but attend as individuals to provide information.
- 4) The intended use of La Capra as expert witnesses in this proceeding would be inappropriate and should not be permitted. These experts were provided access to Manitoba Hydro's confidential information as part of the NFAT proceeding, and executed NDAs in order to participate fully. Furthermore, as part of the NFAT proceeding, La Capra served as an Independent Expert Consultant providing advice directly to the PUB. As such, Manitoba Hydro submits that La Capra is conflicted, and unable to separate, unlearn or not be influenced by the confidential information they were provided during the NFAT proceeding.
- 5) While CAC has proposed upwards of 290 hours for Mr. Harper, it is unclear what specific role he would serve, and what contribution he would make, in addition to the other five expert witnesses that CAC proposes to retain.



**GAC**

- 1) As Manitoba Hydro outlined above, there has been an extensive review of DSM in the past number of proceedings, the PUB NFAT Recommendations 6-11 and 12 are currently under review by the Province of Manitoba and the review of Time of Use rates can be deferred to the COS proceeding. Therefore, Manitoba Hydro questions whether or not GAC's expert witnesses (Dr. Colton and Mr. Chernick) are required to the extent budgeted, or at all, depending upon the determination on scope made by the PUB.
- 2) Any consultative process that may be required on bill mitigation would be more appropriately addressed outside of the hearing process.

**MMF**

- 1) While Manitoba Hydro is not opposed to a limited intervention by MMF as part of this proceeding, it notes that there are a number of other intervenors that have common concerns to MMF. The granting of intervenor status in the role as applied for, representing a total of 1,184 hours, will result in a duplication of efforts.
- 2) Manitoba Hydro notes that the total hours for legal representation for MMF is estimated at 744. By comparison, total hours estimated for legal counsel for CAC is 458 hours, GAC is 300, and MKO is 344. MMF estimated legal hours are excessive relative to other legal counsel requirements.
- 3) MMF has requested a change in the PUB's process by requesting an interim payment for its intended intervention. While an interim payment was approved by the PUB as part of the NFAT process, it was clear in Order 92/13 (page 11) that an exception was made due to the uniqueness of the NFAT review. Manitoba Hydro is opposed to any interim payment as part of this proceeding.

**MIPUG**

- 1) It is unclear from its Intervenor Request Form whether MIPUG intends to apply for costs. Manitoba Hydro submits that MIPUG does not meet the PUB criteria for intervenor cost awards as it has sufficient financial resources and represents its own interests through the proceeding. (Section 43 (c) and (d) of the PUB's Rules of Practice and Procedure).

**City of Winnipeg**

- 1) The use of John Todd as an expert witness in this proceeding is inappropriate and should not be permitted. Mr. Todd, on behalf of Elenchus Research Associates, was provided access to Manitoba Hydro's confidential information as part of the NFAT proceeding, and executed a Non-Disclosure Agreement in order to participate. Furthermore, as part of the NFAT proceeding, Mr. Todd served as an Independent Expert Consultant providing direct advice to the PUB. As such, Manitoba Hydro submits that Mr. Todd is conflicted, and unable to separate, unlearn or not be influenced by the confidential information he was provided during the NFAT proceeding.
- 2) The City of Winnipeg does not meet the PUB criteria for intervenor cost awards as it has sufficient financial resources and represents its own interests through the proceeding. (Section 43 (c) and (d) of the PUB's Rules of Practice and Procedure)

**MKO**

- 1) While MKO has provided \$50,000 for consulting in its submission, there are no other details provided with respect to the expert to be retained. The PUB should not approve intervenor budgets without the necessary supporting information.
  
- 2) MKO's budget includes \$15,000 for Michael Anderson. In accordance with Section 45(1)(a) of the PUB's Rules of Practice and Procedure, awarded costs do not include indirect expenses related to the intervenor's own time.

---

**Manitoba Hydro's Comments with Respect to the Revised Timetable**

As a general comment, Manitoba Hydro reiterates that if the PUB were to accept the intervention of the parties as proposed, the timetable as currently contemplated would be deficient and unachievable.

If the scope of the interventions is reasonably contained by the PUB, then Manitoba Hydro has two specific comments with respect to the revised timetable provided by the PUB's Associate Secretary on February 2, 2015.

1. In previous GRAs, Manitoba Hydro has been allocated 4 weeks to respond to first round Information Requests. The revised draft of the proposed timetable reduces this to 3 weeks. Manitoba Hydro understands that the reduction of one-week for Round 1 Information Requests considers that the PUB's initiatives to provide additional MFRs and to assign issues to primary intervenors to avoid duplication, was intended to significantly reduce the number of first round information requests. Manitoba Hydro notes that in the last GRA it received in excess of 1400 information requests in first round. If Manitoba Hydro receives a similar number of first round Information Requests, or more, as part of its current GRA, three weeks will not be sufficient to provide responses to all of the IRs.
2. Manitoba Hydro Rebuttal Evidence is due to be filed on May 18, 2015 which is a statutory holiday. As such, Manitoba Hydro suggests that this date be revised to Tuesday, May 19, 2015.

Manitoba Hydro appreciates the opportunity to provide its written comments prior to the PHC, and may have additional verbal comments during the PHC. Manitoba Hydro intends on bringing sufficient hard copies of this submission to the PHC for all parties. Should you have any questions with respect to the foregoing, please do not hesitate to contact the writer at 204-360-3257.

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:



**BRENT CZARNECKI**  
Barrister & Solicitor

Att.

**Manitoba Hydro 2015/16 & 2016/17 General Rate Application  
Issues List**

February 4, 2015

#	Issues	Detailed examination for the fiscal years under consideration (2014/15 to 2016/17)	Review of contextual information to support rate determinations in fiscal years under consideration	Out-of-Scope	Primary Intervenor
---	--------	--	---	--------------	--------------------

**Reasons for Application & Financial Strength**

1	Financial outlook & drivers of increased revenue requirement (Section 2.2.1, 2.3.1, 2.3.2, 2.3.5, 2.5.1, 3.3, 4.2, 4.5, Appendix 3.3 & 3.4) for short-term and long-term	Examine financial outlook for 2015-2017	Review 20-year financial outlook (2015-2034)		
2	Maintenance of 2015/16 & 2016/17 Net Income at Acceptable Levels (Section 2.3.6, 5.1)	Examine financial forecast for 2015-2017			
3	Interim rates effective April 1, 2015 (Section 10.2.1)	Interim rates effective April 1, 2015			
4	Maintenance of financial strength (adequacy of financial reserves), self-sufficiency and risk to customers of rate instability & rate shock (Section 2.3.3, 2.3.4, 2.4.1, 2.4.4, 2.5.5, 3.4, 3.5, 3.6, 10.2.5)	Examine the risk to customers of rate decisions made (2015-2017) on future rate requirements	Review levels of reserves and future rate requirements for the 20-year outlook (2015-2034)		
5	Financial impact of drought (Section 9.7)		Review financial impact of prolonged drought		

**Capital Expenditures**

6	Capital Expenditure Forecast (Section 4.1, Appendix 4.1)	Examine capital expenditures 2015-2017	<ul style="list-style-type: none"> <li>- Review overall CEF14 and changes from CEF13</li> <li>- Review capital expenditures for the 20-year outlook (2015-2034)</li> </ul>	Justification for projects	
7	Bipole III Reliability Project Cost Update (Section 4.3.1)	Examine Cost Update		Justification for project & route	

**Manitoba Hydro 2015/16 & 2016/17 General Rate Application  
Issues List**

**February 4, 2015**

#	Issues	Detailed examination for the fiscal years under consideration (2014/15 to 2016/17)	Review of contextual information to support rate determinations in fiscal years under consideration	Out-of-Scope	Primary Intervenor
8	Keeyask Generating Station Cost Update (Section 4.3.2)	Examine Cost Update		Justification for project	
9	Conawapa Generating Station – treatment in IFF14 (Section 4.3.4)	Treatment of Conawapa in IFF14, including expenditures in 2015-2017		Need for, business case and alternatives	
10	Sustaining capital expenditures (Section 4.4)	Examine levels of sustaining capital (2015-2017) in CEF14	Review 20-year outlook levels of sustaining capital in CEF14	Justification of levels of sustaining capital	
11	Asset condition assessments & reliability impacts and risk to customer of decrease in service & reliability (Section 2.4.2, 2.6, 4.6, Appendix 4.2)		Review asset condition assessments and potential impacts on system reliability		
<b><u>Net Extraprovincial Revenue</u></b>					
12	Extraprovincial Revenue Forecast (Section 5.3)	Examine forecast for 2015-2017	<ul style="list-style-type: none"> <li>- Review overall changes from IFF13 to IFF14</li> <li>- Review outlook for 2015-2034</li> </ul>		
13	Water Rentals & Assessments Forecast (Section 5.8)	Examine forecast for 2015-2017	<ul style="list-style-type: none"> <li>- Review overall changes from IFF13 to IFF14</li> <li>- Review outlook for 2015-2034</li> </ul>		
14	Fuel & Power Purchased Forecast (Section 5.9)	Examine forecast for 2015-2017	<ul style="list-style-type: none"> <li>- Review overall changes from IFF13 to IFF14</li> <li>- Review outlook for 2015-2034</li> </ul>		
15	Export markets & export sales update (Section 9.5)		Review of export markets and sales		
16	Water conditions update (Section 9.6)		Review of current water conditions		
17	All materials filed in confidence at the NFAT hearing or provided in accordance with a non-disclosure			Terms of Reference- use was restricted for purpose	

**Manitoba Hydro 2015/16 & 2016/17 General Rate Application  
Issues List**

February 4, 2015

#	Issues	Detailed examination for the fiscal years under consideration (2014/15 to 2016/17)	Review of contextual information to support rate determinations in fiscal years under consideration	Out-of-Scope	Primary Intervenor
	agreement			of NFAT Review	
18	Any materials filed during the course of the NFAT proceeding which considers alternative sources of generation or supply			Terms of Reference- use was restricted for purpose of NFAT Review	
19	Integrated Resource Planning		Review of Supply and Demand Summary (2015-2024)	NFAT recommendation #16 currently being reviewed by Manitoba Hydro	
<b><u>OM&amp;A Expense</u></b>					
20	OM&A Expense Forecast (Section 5.5)	Examine forecast for 2015-2017	Review 20-year outlook (2015-2034)		
21	EFT's & staffing requirements (Appendix 5.5)	Examine forecast for 2015-2017	Review 20-year outlook (2015-2034)		
22	Allocation of costs between operating & capital (Appendix 5.5)		Review of cost allocation between operating and capital		
23	Effective control of OM&A costs (Section 5.14, Appendix 5.5)	Examine forecast for 2015-2017	Review of cost saving initiatives		



**Manitoba Hydro 2015/16 & 2016/17 General Rate Application  
Issues List**

February 4, 2015

#	Issues	Detailed examination for the fiscal years under consideration (2014/15 to 2016/17)	Review of contextual information to support rate determinations in fiscal years under consideration	Out-of-Scope	Primary Intervenor
---	--------	--	---	--------------	--------------------

**Depreciation & Amortization Expense**

24	Depreciation & Amortization Expense forecast (Section 5.7)	Examine forecast for 2015-2017	Review 20-year outlook (2015-2034)		
25	2014 Depreciation Study & Asset Lives (Appendix 5.6)	Asset lives for rate-setting purposes (2015-2017)	Review 20-year outlook (2015-2034)	Asset lives for financial reporting purposes	
26	Depreciation methodology changes (ELG & Negative Salvage Value) (Appendix 5.6)	Use of ELG and removal of negative salvage value for rate-setting purposes (2015-2017)	Review 20-year outlook (2015-2034)	Use of ELG and removal of negative salvage value for financial reporting purposes	

**Accounting Policy & Estimate Change**

27	Overall impact of accounting policy and estimate changes (Appendix 5.7)	Examine impacts on 2015-2017 forecast	Accounting policy selection for rate-setting purposes	Accounting policy selection for financial reporting purposes	
28	Use of IFRS for rate-setting (Section 10.2.2, Appendix 5.4)	Examine impacts of IFRS on 2015-2017 forecast	Use of IFRS for rate-setting purposes	Use of IFRS for financial reporting purposes	

**Finance Expense, Debt Management & Credit Ratings**

29	Finance Expense Forecast (Section 5.6)	Examine forecast for 2015-2017	Review 20-year outlook (2015-2034)		
30	Capitalization of Interest on capital projects (Section 5.6)		Review of interest capitalization policies		

**Manitoba Hydro 2015/16 & 2016/17 General Rate Application  
Issues List**

February 4, 2015

#	Issues	Detailed examination for the fiscal years under consideration (2014/15 to 2016/17)	Review of contextual information to support rate determinations in fiscal years under consideration	Out-of-Scope	Primary Intervenor
31	Interest rate forecast (Section 3.1, Appendix 3.1 & 3.2)	Examine interest rate forecast for 2015-2017	<ul style="list-style-type: none"> <li>- Review 20-year interest rate outlook (2015-2034)</li> <li>- Review of interest rate forecasting methodology for rate-setting purposes</li> </ul>	Manitoba Hydro's interest rate forecasting methodology	
32	Managing levels of debt (Section 2.2.2, 2.4.3, 3.5, Appendix 3.7)		Review of debt management strategies for rate setting purposes	Manitoba Hydro's Debt Management policies	
33	Potential negative implications to Provincial Credit Rating & MH's borrowing costs (Section 2.4.4, 3.6, Appendix 3.8)		Review implications on Manitoba Hydro's borrowing costs		
<b>General Consumers Revenue &amp; Load Forecast</b>					
34	General Consumers Revenue Forecast (Section 5.2)	Examine forecast for 2015-2017	Review 20-year outlook (2015-2034)		
35	Electric Load Forecast (Section 7.1)	Examine forecast for 2015-2017	Review 20-year outlook (2015-2034)	Customer specific forecasts (concerns over confidentiality of information)	
<b>Demand Side Management</b>					
36	Current DSM Plan (Section 8.1, 8.2, & 8.3)		Review of Manitoba Hydro's DSM Plan (2014-2029)	NFAT Recommendations #6-#11 are under review by the Province of Manitoba	
37	DSM Cost Estimate (Section 4.3.4)	Examine forecast for 2015-2017	Review of Manitoba Hydro's DSM Plan (2014-2029)		
38	DSM Deferral Account (Section 10.2.7)	Disposition of DSM Deferral Account			

**Manitoba Hydro 2015/16 & 2016/17 General Rate Application  
Issues List**

February 4, 2015

#	Issues	Detailed examination for the fiscal years under consideration (2014/15 to 2016/17)	Review of contextual information to support rate determinations in fiscal years under consideration	Out-of-Scope	Primary Intervenor
---	--------	--	---	--------------	--------------------

**Proposed Rates & Customer Impacts**

39	Customer Impacts by Class (Section 6.2)	Examine bill impacts of proposed rate increases			
40	Time of Use Rates for GS Large effective April 1, 2016 (Section 6.3)	Examine Manitoba Hydro's proposal and associated customer bill impacts			
41	Surplus Energy Program (SEP) changes (Section 6.4.1)	Rates flowing from changes to SEP Terms & Conditions			
42	Curtailed Rate Program (CRP) changes (Section 6.4.2)	Rates flowing from changes to CRP Terms & Conditions			
43	Cost of Service Study & Stakeholder Engagement (Section 6.5)		Understanding of status of MH's COSS Review	Separate Cost of Service process to commence following GRA process	
44	Competitive and affordable rates (Section 6.6)		Understanding of Manitoba's position compared to other jurisdictions		

**Confirmation of Interim Orders & Other Matters**

45	Finalization of May 1, 2014 Interim Rate Increase (Section 10.1)	Finalization of May 1, 2014 Interim Rate increase			
46	Confirmation of SEP & CRP Interim Orders	Confirmation of SEP and CRP Interim Rate Orders			
47	Confirmation of Diesel Interim Orders (Section 10.3.1)	Confirmation of Diesel Interim Orders (dependent on receipt of true copies of the Settlement Agreement)			

**Manitoba Hydro 2015/16 & 2016/17 General Rate Application  
Issues List**

**February 4, 2015**

#	Issues	Detailed examination for the fiscal years under consideration (2014/15 to 2016/17)	Review of contextual information to support rate determinations in fiscal years under consideration	Out-of-Scope	Primary Intervenor
48	Impact of WPLP Agreements-in-principle (Section 10.2.6)		Review financial impact of Agreement-in-Principle on MH14	Terms of Agreement-in-principle	
49	Other Revenues and Expenses	Examine forecast for 2015-2017	Review 20-year outlook (2015-2034)		

**2015/16 & 2016/17 General Rate Application**

	<u>Proposed Hours</u>	<u>Proposed Costs</u>
<b>Consumers Association of Canada</b>		
Senior Legal Counsel: B. Williams*	402	\$ 89,600
Junior Legal Counsel: M. Menzies*	56	\$ 12,500
<b>Subtotal Legal Costs</b>	<b>458</b>	<b>\$ 102,100</b>
Mr. Harper*	290	\$ 64,670
Contingency – (export, O, M and A and IFRS impacts, load)*	90	\$ 20,000
Mr. John McCormick*	417	\$ 93,100
La Capra (placeholder)*	448	\$ 99,900
Dr. Lawrence Booth (placeholder)*	179	\$ 40,000
Mr. Harvey Stevens*	9	\$ 2,100
<b>Subtotal Consultants</b>	<b>1434</b>	<b>\$ 319,770</b>
Disbursements		\$ 11,750
<b>Total</b>	<b>1,892</b>	<b>\$ 433,620</b>

\*hours calculated by assuming hourly rate of \$223/hour.

	<u>Proposed Hours</u>	<u>Proposed Costs</u>
<b>Green Action Centre</b>		
Legal Counsel: Mr. Gange	300	\$ 66,900
<b>Sub-total Legal Costs</b>	<b>300</b>	<b>\$ 66,900</b>
Mr. Colton (including disbursements)	216	\$ 51,000
Mr. Chernick (including disbursements)	374	\$ 82,000
<b>Sub-total Consultants</b>	<b>590</b>	<b>\$ 133,000</b>
<b>Total</b>	<b>890</b>	<b>\$ 199,900</b>

	<u>Proposed Hours</u>	<u>Proposed Costs</u>
<b>Manitoba Metis Federation (includes taxes)</b>		
Legal Counsel: K. Saxberg	434	\$ 96,600
Legal Counsel: T. Masi	275	\$ 43,800
Legal Counsel: J. Sanders	35	\$ 5,600
Disbursements (Legal Counsel)		\$ 6,500
<b>Subtotal Legal Costs (including taxes and disbursements)</b>	<b>744</b>	<b>\$ 152,500</b>
Mr. Matwichuk	330	\$ 79,400
Mr. McCormick	30	\$ 8,700
Mr. Oppenheim	80	\$ 20,800
<b>Subtotal Consultants (including taxes and disbursements)</b>	<b>440</b>	<b>\$ 108,900</b>
<b>MMF Total Budget (including taxes and disbursements)</b>	<b>1184</b>	<b>\$ 261,400</b>

	<u>Proposed Hours</u>	<u>Proposed Costs</u>
<b>City of Winnipeg</b>		
Mr. John Todd (including disbursements)*	168	\$ 68,300

\*assumes 8 hours per day (note, this would imply an hourly rate of \$375)

	<u>Proposed Hours</u>	<u>Proposed Costs</u>
<b>Manitoba Keewatinowi Okimakanak Inc. (MKO)</b>		
Legal Counsel: Mr. Orle	344	\$ 76,000
Disbursements		\$ 8,000
<b>Subtotal</b>	<b>344</b>	<b>\$ 84,000</b>
Consultant (To be determined)*	224	\$ 50,000
Mr. Anderson*	67	\$ 15,000
<b>Subtotal Consultants</b>	<b>291</b>	<b>\$ 65,000</b>
*hours calculated by assuming hourly rate of \$223/hour.		
<b>MKO Total Budget (including disbursements)</b>	<b>635</b>	<b>\$ 149,000</b>

	<u>Proposed Hours</u>	<u>Proposed Costs</u>
<b>Grand Total</b>		
CAC Budget	1,892	\$ 433,620
GAC Budget	890	\$ 199,900
MMF Budget	1184	\$ 261,400
City of Winnipeg Budget	168	\$ 68,300
MKO Budget	635	\$ 149,000
<b>Grand Total</b>	<b>4,769</b>	<b>\$ 1,112,220</b>

2012/13 & 2013/14 General Rate Application

	<u>Actual Hours</u>	<u>Actual Costs</u>
<b>Consumers Association of Canada</b>		
Legal Counsel: B. Williams	357	\$ 83,500
<b>Subtotal Legal Costs</b>	<b>357</b>	<b>\$ 83,500</b>
Stephen Johnson, CA: Mr. Matwichuk	160	\$ 30,000
Mr. McCormick	21	\$ 4,000
Mr. Harper	138	\$ 26,000
Mr. Simpson	15	\$ 1,900
Mr. Dunsky	212	\$ 81,000
<b>Subtotal Consultants</b>	<b>546</b>	<b>\$ 142,900</b>
<b>Total (including disbursements)</b>	<b>903</b>	<b>\$ 226,400</b>
<b>Green Action Centre</b>		
Legal Counsel: Mr. Gange	238	\$ 58,200
<b>Subtotal Legal Costs</b>	<b>238</b>	<b>\$ 58,200</b>
Mr. Chernick	781	\$ 157,100
<b>Subtotal Consultants</b>	<b>781</b>	<b>\$ 157,100</b>
<b>Total</b>	<b>1019</b>	<b>\$ 215,300</b>
<b>Grand Total</b>		
CAC Total (actual)	903	\$ 226,400
GAC Total (actual)	1019	\$ 215,300
<b>Total Actual Intervenor Costs 2012/13 &amp; 2013/14 General Rate Application</b>	<b>1922</b>	<b>\$ 441,700</b>