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August 26, 2016

Mr. Darren Christle  
Manitoba Public Utilities Board  
400-330 Portage Avenue  
Winnipeg, MB R3C 0C4

Dear Mr. Christle:

**RE: Manitoba Hydro's Letter re: Cost of Service Methodology Review –  
Clarification of Scope of Oral Hearing Issues**

On behalf of the Consumer Coalition (the "Coalition"), we are in receipt of the letter from Manitoba Hydro ("MH") dated August 25, 2016 in which MH has requested Board clarification on the scope of the oral hearing issues, confirmation that the Board is bringing closure to the issues which have already been addressed in the written submissions, and consideration for commencing the hearing on September 7, 2016 at 9:30 am.

At this time, the Coalition can offer preliminary comments in response to MH's letter as Mr. Byron Williams, legal counsel to the Coalition, is out of the office until September 1, 2016. Given that this is an issue of great importance to our client, we would request that Mr. Williams have until **Thursday, September 1, 2016** to respond more fully to the MH letter.

As preliminary comments, the Coalition can indicate that, from its perspective, it is clear that the issues described by MH in their letter as "issues which did not have a significant impact" on the Cost of Service Study are within the scope of the oral process. The three specific issues identified by MH are:

- the Uniform Rates Adjustment ("URA");
- the Affordable Energy Fund ("AEF"); and
- the Curtailable Rates Program ("CRP") application of credit.

First, the key issues as set out by the July 12, 2016 Board Order 84-16 are broadly inclusive, encompassing a wide range of narrow topics, except where specific exclusions are detailed. For example, wind and coal assets are specifically excluded from Key Issue 3: "the functionalization, classification and allocation of generation and transmission assets".

In contrast, the CRP is one of MH's demand-side management programs and is identified as such in MH's 2015 Power Smart Plan (see "Demand Side Management" starting at p. 12). It is reasonable to assume that the treatment of CRP is captured under Key Issue 4: "The classification and allocation of demand-side management", as the Board did not provide for any specific exclusions.

Similarly, under the currently approved Board methodology, both AEF and URA costs are directly assigned to Exports (a practice which MH proposes to continue).<sup>1</sup> It is reasonable to assume that the treatment of these costs is captured under Key Issue 1: “The treatment of export costs, including the number of export classes and the allocation of fixed and variable costs to such classes”, as the Board did not provide for any specific exclusions.

Second, Board Order 84-16 makes no reference to the impact of issues as being the basis for determining which key issues would be dealt with through the oral hearing and those that would be dealt with through written submissions. The Board Order simply makes reference to the key issues that are in scope for the oral evidence and cross-examination.

While the Coalition does not expect to spend extensive time on the issues identified in the MH letter, these issues are nonetheless of significant importance to residential customers. In its August 15, 2016 submissions, the Coalition flagged the scope of the “key issues” identified by the Board in Order 84-16. Specifically, the Coalition noted that URA and AEF were issues that would be addressed in the oral portion of the proceeding (see para 14). While it would be highly prejudicial to the Coalition if it were precluded from addressing these issues in the oral hearing, it would cause no material detriment to other parties if the issues are within the scope of the oral hearing.

Yours truly,



KATRINE DILAY  
ATTORNEY

KD/jw

cc Consumer Coalition - CAC/Harvest  
Manitoba Hydro  
Board Counsel  
Interested Parties

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<sup>1</sup> Based upon the evidence from P. Bowman from June 10, 2016, p. 4, lines 23-25, URA could also fall under the net export revenue allocation as set out in Key Issue 2.