

March 11, 2016

Mary Neal
Senior Consultant
Daymark Energy Advisors
One Washington Mall, 9th floor
Boston, MA 02108
United States

Dear Ms. Neal:

RE: MANITOBA HYDRO COST OF SERVICE STUDY METHODOLOGY REVIEW- COST OF SERVICE MODEL

Manitoba Hydro is in receipt of a letter from Daymark Energy Advisors (“Daymark”) dated March 9, 2016 which provided a list of additional data and model functionality improvements requested by either interveners or Daymark. In its letter, Daymark requests Manitoba Hydro to confirm its intention to provide the requested data or modeling functionality, and the date these will be made available.

Daymark identified categories of additional data or model functionality that are being requested by either interveners or Daymark. Manitoba Hydro has reviewed the list of items being requested and provides the following update by category:

Category 1

Along with this letter, Manitoba Hydro is providing the following live data worksheets and PDF schedule which can be found in Manitoba Hydro’s File Transfer site, under the folder named “Additional Data”:

- Revenues (which includes the allocation of late payments and other adjustments) (*item 1a*);
- DSM (the derivation of cost by class) (*item 1b*);
- Derivation of Class Energy at Generation and Class NCP Demand (*item 1c*);
- Derivation of Energy Weights including SEP data (*item 1d*);
- Derivation of Demand Allocators, including load data for 50 summer and 50 winter hourly peaks (*item 1e*);
- Specific cost data for Dorsey and BiPoles (*item 2a and item 2b*); and,
- Complete PDF copy of PCOSS14 (Amended) Schedules (*item 3*).

With respect to item 1e above, Manitoba Hydro confirms that its 2CP allocator used for purposes of the allocation of transmission-related costs in PCOSS14 (Amended) was based on one year of load research data. It is Manitoba Hydro’s intention to use multiple years (8 years) of load research in the future as data becomes available.

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Manitoba Hydro intends on providing item 2c and item 2d (specific cost data for Radial Taps, and Transmission costs by line and substation) mid next week. With respect to item 2e (Additional cost detail for buildings, communication, and general equipment), Manitoba Hydro understands that this request has been largely addressed through discussions with Interveners' consultants and Manitoba Hydro views this request as having been satisfied.

Category 2

Manitoba Hydro is hereby also providing an updated model that includes additional functionality requested under this category. This includes adding functionality for the modification of customer weights, and additional allocator placeholders for generation demand-related costs, as well as for customer, demand, and energy-related distribution costs. Please refer to the sheet named "Documentation" for a list of the specific changes made to the model.

Manitoba Hydro looks forward to continuing to work on a cooperative manner with all parties in the ongoing review process. Should you have any questions with respect to the forgoing, please do not hesitate to contact the writer at 204-360-5243 or Kelly Derksen at 204-360-5248.

Yours truly,

Per:



GREG BARNLUND

Division Manager, Rates & Regulatory Affairs

cc : Kelly Derksen, Department Manager, Manitoba Hydro Cost of Service