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August 5, 2016

Mr. D. Christle
Secretary and Executive Director
Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba R3C 0C4

Dear Mr. Christle:

RE: MANITOBA HYDRO'S 2015 COST OF SERVICE METHODOLOGY REVIEW – WRITTEN CHALLENGES TO SCOPE OF EXPERT WITNESS QUALIFICATIONS

On July 12, 2016, the Public Utilities Board (“PUB”) issued Order 84/16 whereby they requested parties to file CVs and Scope of Expert Witness Qualification Submissions for any consultants participating in the Concurrent Evidence session to be held by the PUB on September 8th and 9th. Manitoba Hydro has received the CVs and Witness Qualification Submissions on behalf of the Consumers Association of Canada (Manitoba Branch)/Winnipeg Harvest (“Coalition”) for Mr. William Harper, Manitoba Industrial Power Users Group (“MIPUG”) for Mr. Patrick Bowman, Green Action Centre (“GAC”) for Mr. Paul Chernick, General Service Small/General Service Medium Classes for Mr. AJ Goulding of London Economics International LLC (“LEI”) and The City of Winnipeg for Mr. John Todd.

Manitoba Hydro has the following comments:

Coalition – Mr. William Harper:

Manitoba Hydro has reviewed the CV and witness qualification submission for Mr. Harper. Coalition proposes to have Mr. Harper qualified as “*an expert in regulatory economics with a particular focus on cost of service methodology and rate design.*” Manitoba Hydro does not have any objections to the proposed qualifications.

MIPUG – Mr. Patrick Bowman:

With respect to the qualifications of Mr. Bowman, MIPUG proposes that Mr. Bowman be qualified “*as an expert with respect to the following general areas applicable to the issues in this Review: cost of service and rate design, DSM evaluation and planning; resource and system planning, particularly for generation and transmission; and functionalization, classification and allocation in cost of service analysis.*” Manitoba Hydro does not have any comments on the qualifications being requested in respect of cost of service and rate design, resource and system planning, and functionalization, classification and allocation in cost of service analysis.

With respect to the proposed qualification of Mr. Bowman in terms of DSM evaluation and planning, Mr. Bowman’s CV does not indicate any experience in DSM evaluation and planning. Manitoba Hydro accepts that Mr. Bowman may have gained experience in terms of DSM cost allocation within cost of service studies but submits that DSM evaluation and planning requires separate and distinct expertise. As such, Manitoba Hydro requests that the proposed qualification in DSM evaluation and planning be rejected.

In addition to the initial qualifications proposed, MIPUG has requested to have Mr. Bowman qualified “*as an expert in rate-making and appropriate regulatory principles for a Crown-owned utility providing service at cost*” and that Mr. Bowman be qualified “*...with respect to revenue requirement analysis applicable in setting rates, power system planning in economics and utility regulation, resource planning, system planning and capacity requirement system reliability, project planning criteria, utility economic evaluation, financial evaluation and risk assessment.*” In terms of qualifying Mr. Bowman with respect to matters of rate-making and appropriate regulatory principles for a Crown-owned utility, as well as revenue requirement matters, Manitoba Hydro objects to these qualifications. The review currently before the PUB is with respect to issues related to cost of service. Any issues related to these other matters, including revenue requirement, were not contemplated in the procedural orders set forth by the PUB. As such, Manitoba Hydro submits that the PUB should only qualify consultants in terms of cost of service issues within scope and related to the current review being conducted.

GAC – Mr. Paul Chernick:

Manitoba Hydro has reviewed the CV and witness qualification submission for Mr. Chernick. GAC proposes to have Mr. Chernick qualified as “*an expert in cost of service, rate design, DSM evaluation and planning, generation and transmission and distribution-system planning*”. Manitoba Hydro does not have any objections to the proposed qualifications. In Order 84/16, the PUB listed the key issues which would be in scope for the oral hearing (pgs.

14-15) and advised that issues not identified as key issues for oral evidence are to be provided in writing and are due August 12, 2016. As such, Manitoba Hydro presumes that the issue of distribution will be dealt with by way of written submission and filed on August 12, 2016 and not be included in the Concurrent Evidence session.

London Economics – Mr. AJ Goulding:

With respect to the expert witness qualifications for consultant Mr. AJ Goulding of London Economics International LLC on behalf of the GSS/GSM customer classes, it has been requested that Mr. AJ Goulding be qualified as “*an expert in hydroelectric regulation, rate design, demand side management classification /allocation and the development, preparation and review of cost of service studies.*” Manitoba Hydro does not have any comments with respect to the proposed qualifications of Mr. Goulding.

City of Winnipeg - Mr. John Todd:

In her email of July 28, 2016, Ms. Pambrun stated “*Mr. Todd’s evidence will be with respect to the appropriate treatment of the Area and Roadway Lighting class.*” Manitoba Hydro has reviewed the CV of Mr. Todd and while it is clear he has experience in cost of service matters, the scope of review as outlined by Ms. Pambrun is extremely broad and it is not clear what areas specifically the City of Winnipeg is requesting Mr. Todd be qualified. Manitoba Hydro requests that the City provide details as to the specific areas and qualifications being requested.

Further, it is not clear based on Ms. Pambrun’s comments at the Pre-Hearing Conference, whether the City of Winnipeg intends that Mr. Todd participate in the Concurrent Evidence session. As referenced above, in Order 84/16, the PUB listed the key issues which would be in scope for the oral hearing (pgs. 14-15) and advised that issues not identified as key issues for oral evidence are to be provided in writing, due August 12, 2016. Upon review of the Evidence of Mr. Todd filed with the PUB on June 10, 2016, it appears that the only key issue discussed by Mr. Todd in his written report and approved by the PUB to be discussed at the Concurrent Evidence session, is the allocation of Net Export Revenues. As such, Manitoba Hydro seeks clarification that Mr. Todd’s participation in the Concurrent Oral Evidence will be limited to the issue of Net Export Revenues and that the other issue raised in Mr. Todd’s evidence, specifically the street and sentinel lighting in the cost allocation methodology, will be dealt with by way of written submission to be filed on August 12, 2016.

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Should you have any questions with respect to the enclosed, please contact the writer at 204-360-3633 or Janelle Hammond at 204-360-4161.

Yours truly,

MANITOBA HYDRO LAW DIVISION

Per:

A handwritten signature in blue ink, appearing to read "Odette Fernandes", written over a horizontal line.

ODETTE FERNANDES

Legal Counsel