

February 22, 2016

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

Dear Mr. Christle:

RE: Cost of Service Study Review - Model

Manitoba Hydro is in receipt of letter from the Public Utilities Board (“PUB”) dated February 18, 2016 requesting that Manitoba Hydro provide its response with respect to provision of a rudimentary model to be provided to Intervenors for the Cost of Service (“COS”) Study review.

Manitoba Hydro can advise that it is in the process of preparing a working model as requested by the PUB in its February 18, 2016 correspondence, which model can be utilized by Intervenor experts for purposes of the COS Study review. Once Manitoba Hydro is in receipt of the PUB’s scoping order and confirmation of parties to whom the PUB is permitting Intervenor status, Manitoba Hydro intends to make the model available within three business days.

Manitoba Hydro views its COS model as proprietary and therefore requests, in its scoping/procedural Order, the PUB directs that:

- the model will only be used by experts for the purposes of the COS Study review being conducted by the PUB and for no other purpose;
- the model will only be distributed to persons or parties who are participating in the COS Study review; and
- the protocol detailed below be utilized for the provision of COS scenarios on the evidentiary record.

Manitoba Hydro appreciates the PUB’s recognition of the Corporation’s concerns regarding having a number of different runs being performed by different experts, the time which will be required to determine the changes made to each cell of the model by the various experts and its request to develop a protocol to address these concerns.

To facilitate an efficient review, steps should be taken to ensure that parties will not be required to use valuable time during the process attempting to address inconsistent outcomes arising out of different parties’ use of the same model or lengthy debates about why one

party's numbers are different from another's. Simply exchanging documentation with respect to changes made to the model will not address the issue as even a rudimentary model will have complex interrelationships such that a single change, or inadvertent changes to formulas, could impact hundreds of cells within the model. To effectively deal with this issue, Manitoba Hydro proposes that it perform runs of different scenarios requested by the PUB and Interveners. A model of each scenario will be provided to all parties so they can verify the results.

Manitoba Hydro proposes that a meeting be held at Manitoba Hydro's offices with parties' experts and the PUB appointed facilitator. The intent of such meeting is to ensure that the requested scenarios are well-defined, to share caveats or explore alternate possibilities, and to consider the magnitude and number of requests made given the time constraints of the process (to prioritize critical analysis). Such effort would improve the quality of the information provided and reduce the turnaround time for Manitoba Hydro to provide the scenarios requested. Interveners will still have the ability to perform their own analysis, however the runs performed by Manitoba Hydro as requested and discussed with stakeholders will form the basis of the evidentiary record so as to ensure parties are working from a consistent point of reference.

If the PUB finds favour with this approach, the timing of such a meeting could be determined during the Process Conference proposed in Manitoba Hydro's timetable, which was included in its letter dated February 5, 2016.

Should you have any questions with respect to the forgoing, please do not hesitate to contact the writer at 204-360-4161 or Odette Fernandes at 204-360-3633.

Yours truly,

MANITOBA HYDRO LAW DIVISION

Per:



JANELLE HAMMOND
Barrister & Solicitor