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February 24, 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 the correspondence dated February 23, 2016 from Green Action Centre (“GAC”), Manitoba Keewatinowi Okimakanak (“MKO”), City of Winnipeg (“City”), Consumers Association of Canada (Manitoba) and Winnipeg Harvest (“Coalition”) and Manitoba Industrial Power Users Group (“MIPUG”) providing comments with respect to Manitoba Hydro’s proposal regarding the model to be provided for use during the Cost of Service Study Review.

Intervenors have raised the concern that they understood Manitoba Hydro’s position to be that only Intervenor experts would have access to the model. Manitoba Hydro would like to clarify that the Corporation has no objection to any member of the Intervenor team (including legal and support staff as well as client representative) having access to the model for the purpose of the Cost of Service Study Review.

Manitoba Hydro also wishes to clarify the facts associated with MIPUG’s request that the Corporation be required to run and distribute “scenarios that Hydro or Christensen Associates have already considered or modelled in the past, including new combinations of previously run methodologies”. It should be recognized that any runs performed since 2006 assume different revenue requirements (e.g. IFF06, IFF08, etc) and loads. Isolation of the methodology change impact from the revenue requirement or load changes of those past scenarios is not possible. Manitoba Hydro does not possess current versions of past scenarios of the model in most cases which could be used to expedite the process as suggested by MIPUG.

Manitoba Hydro’s accepts the PUB’s direction that Intervenors be allowed access to a working COS model to determine their position on issues identified by the PUB. Intervenors have indicated that they should be able to run what scenarios they wish and to examine changed assumptions on an unrestricted basis. Intervenors have stated they have access to experts who have this capability and Manitoba Hydro is not seeking to restrict these experts efforts.

What Manitoba Hydro is proposing is that it maintain the integrity of the record by preparing the official runs from which all parties work during the proceeding so as to avoid having to deal with inconsistent outcomes from use of the same model. Some Intervenors claim this is unlikely. Manitoba Hydro does not share that confidence and is prepared to model the scenarios requested by the Intervenors to avoid this possibility. The PUB facilitator can assist in ensuring scenarios are well defined and prioritizing an Intervenor's requests if necessary. Manitoba Hydro does not wish to be put in the position of Intervenors submitting unrestricted runs and the utility having responsibility to check that each one is appropriate. In Manitoba Hydro's proposed process, the experts who are familiar with the changes they inputted into the models will be responsible to explain inconsistencies as between their results and those of Manitoba Hydro. Manitoba Hydro would expect certain runs will be identified as being part of Minimum Filing Requirements and that further refinements might be identified as undertakings during the first workshop.

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

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:



**ODETTE FERNANDES**  
Barrister & Solicitor