

BY EMAIL

September 20, 2016

Ms. Odette Fernandes  
Law Department  
Manitoba Hydro  
P.O. Box 815  
Winnipeg, MB R3C 2P4

and

Approved Interveners

Dear Madame/Sir:

**Re: Intervener Proposed Budget Revisions**

**BACKGROUND:**

By letter dated April 4, 2016, the Manitoba Public Utilities Board (“Board”) acknowledged intervener budgets for the Cost of Service Study (“COSS”) review. These budgets were expected to be the upper limit for the anticipated scope of work. The Board also advised in the same letter that it should be notified in advance through the course of this review if any intervener believed their budget would be exceeded before any further expenditures were made and to provide an explanation for additional budget requirements. Interveners were also reminded that the Board’s acknowledgment of the proposed budgets was subject to interveners filing complete Cost Applications pursuant to Part IV of the Board’s Rules of Practice and Procedure at the end of the COSS proceeding.

In Order 84/16, the Board reiterated that any intervener who expected to exceed their budget should provide a written explanation regarding their anticipated exceedance and seek permission from the Board as to any budget variance.

On September 2, 2016, the Board received revised budget requests from counsel for MIPUG and the GSS/GSM customer classes. MIPUG requested an additional \$38,752, which represents a 16.9% increase from its original budget of \$229,276.00. GSS/GSM requested an additional \$57,852 which represents a 25.15% increase from its original budget of \$230,000.

The written explanations provided by MIPUG and GSS/GSM for the budget increase centred on changes in the scope of the review process, including additional workshop days, requirements for filing of rebuttal evidence and reply submissions on issues not subject to concurrent evidence.

On September 6, 2016, Manitoba Hydro provided its position on the proposed budget increases from MIPUG and GSS/GSM. With respect to MIPUG, Manitoba Hydro submitted that the Board should take into account the financial resources of MIPUG, as well as the fact that MIPUG's original budget contemplated additional steps in the process beyond the timetable approved in Order 26/16.

In response to GSS/GSM's revised budget, Manitoba Hydro noted that the original GSS/GSM budget had already been reduced by the Board to be more consistent with other intervenor budgets for a similar scope of work. Manitoba Hydro also submitted that the revised budget included hourly rates for expert consultants that were significantly above the Board's maximum allowed fees. In this regard, Manitoba Hydro noted that if the GSS/GSM hourly rates for its experts were in accordance with the Board's allowable hourly rates, the GSS/GSM budget would be approximately \$55,000 USD lower than the requested budget. In addition, Manitoba Hydro noted that GSS/GSM's participation in certain aspects of the process was more limited than other intervenors, and that funding for "Contingency" should not be approved.

On September 8, 2016, the Board received a revised budget request from counsel for the Green Action Centre ("GAC"). GAC requested an additional \$35,000, which represents an increase of 15.15% over their original budget of \$231,850. GAC agreed with the comments of counsel for GSS/GSM and MIPUG regarding the reasons for the requested increase in budget. GAC specifically noted the additional time required of its expert to complete the required work.

By later dated September 9, 2016, Manitoba Hydro noted that GAC did not provide a breakdown of the funds needed and it further submitted that there were legal costs that could be saved in GAC's budget, thereby allowing GAC to offset the costs of its expert in its budget.

## **INTERVENER BUDGET INCREASE REQUESTS**

1. The Board acknowledges that the scope of the COSS review has changed since the original budgets were reviewed. As such, the Board is prepared to consider intervener budget increases that are reasonable for the changes in the scope of the work for the COSS review.
2. The Board will consider reasonable budget increases of no more than 15% above the original budget for interveners who filed amended budget requests, subject to the Board's review of the interveners' filed Cost Applications at the end of the proceeding.
3. The Board's final cost award at the conclusion of this proceeding will consider intervener submissions in their Cost Applications, Manitoba Hydro's response to the Cost Applications, and intervener compliance with the factors set out in Part IV of the Board's Rules of Practice and Procedure.

Yours truly,

*"Original Signed By:"*

Kurt Simonsen  
Associate Secretary

KS/dv

cc. Greg Barnlund, Manitoba Hydro  
Shannon Gregorashuk, Manitoba Hydro  
Bob Peters, Board Counsel