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MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA HYDRO  
2010/11 & 2011/12 GENERAL RATE APPLICATION  
PRE-HEARING CONFERENCE

Before Board Panel:

- Graham Lane - Board Chairman
- Robert Mayer, Q.C. - Board Member
- Len Evans (np) - Board Member
- Kathi Avery-Kinew (np) - Board Member

HELD AT:

Public Utilities Board  
400, 330 Portage Avenue  
Winnipeg, Manitoba  
December 22, 2009  
Volume I  
Pages 1 to 77

APPEARANCES

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Bob Peters		)Board Counsel
Patti Ramage		)Manitoba Hydro
Byron Williams	(np)	)CAC/MSOS
Myfanwy Bowman		)
Mona Pollitt-Smith		)MIPUG
Patrick Bowman	(np)	)
Michael Anderson		)MKO
William Gange		)TREE/RCM)
Denise Pambrun		)City of Winnipeg

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1 --- Upon commencing at 10:05 a.m.

2

3 THE CHAIRPERSON: Okay. Good morning,  
4 ladies and gentlemen. Welcome to the second Pre-hearing  
5 Conference with respect to Manitoba Hydro's General Rate  
6 Application for revised rates for 2010/'11 and 2011/'12.  
7 Intervenors of past record, together with Manitoba Hydro,  
8 were invited to a prior Pre-hearing Conference that -- on  
9 December 10th, 2009 -- and that Pre-hearing Conference  
10 focused on the process the Board should follow to  
11 consider the issues of risk that relate to Manitoba  
12 Hydro's rates.

13 Logistics did not permit inclusion of the  
14 December 10th, 2009 Pre-hearing Conference in the public  
15 notice published in the daily newspapers. That said, the  
16 Board would welcome any submissions on the process to be  
17 followed related to Manitoba Hydro's risk from parties  
18 that either did not attend the prior Pre-hearing  
19 Conference or alternatively did attend but have further  
20 comments on that topic for today.

21 My name is Graham Lane, Chairman of Public  
22 Utilities Board and I'm joined by the Board's Vice  
23 Chairman Bob Mayer, Q.C. And Doctors Len Evans and Kathi  
24 Avery-Kinew are both unable to attend this morning but  
25 they are both members of the Manitoba Hydro hearing

1 panel. The Board will also be assisted in this process  
2 by staff, including Mr. Gerry Gaudreau, Board Secretary  
3 and Executive Director, and Mr. Hollis Singh, Associate  
4 Board Secretary.

5 In addition to any submissions on the  
6 topic of the process recommended to the Board to consider  
7 Manitoba Hydro's risk, those parties this morning should:

- 8 a) identify the proposed Intervenor that  
9 they would represent,  
10 b) whether the required Intervenor  
11 application forms have been filed,  
12 c) the topics on which they seek  
13 intervention,  
14 d) an indication as to whether expert  
15 evidence will be filed and finally,  
16 e) whether costs will be sought.

17 A copy of Manitoba Hydro's draft timetable  
18 was circulated to the parties in attendance on December  
19 the 10th, and some asked for more time to review the  
20 timetable and perhaps to present another version. The  
21 Board would therefore welcome your submissions on the  
22 timetable.

23 The Board was also told on December 10th  
24 that should the Board conduct a comprehensive review of  
25 Manitoba Hydro's risk, either under the GRA process or in

1 conjunction with it, considerable time will need to be  
2 set aside for the hearing of such evidence. The Board  
3 has not yet determined the scope of any review of  
4 Manitoba Hydro's risk and expects to do that in the  
5 procedural order flowing from today.

6           Regardless of the scope, the Board time  
7 constraints in the spring of 2010 and questions whether  
8 parties are prepared to work towards an oral hearing  
9 beginning in mid or late April 2010 and continuing into  
10 May. If your client has a view on being able to commence  
11 in April, please let us know today.

12           And, Ms. Ramage, when it comes your turn  
13 to address the Board there are a few specific matters  
14 that the Board would appreciate Manitoba Hydro's advice  
15 on. Firstly, on the issue of risk, and on page 18, line  
16 4 of the December 10 transcript, you indicate that there  
17 already is a process in place to consider, and I quote  
18 you:

19                           "The allegations swirling out there in  
20                           the media."

21           And you go on to reference an independent  
22 external review expected to be completed by the end of  
23 March 2010. The question is: Is that KPMG report  
24 referenced in the GRA filing in Tab 13, is that the KPMG  
25 report referenced in the GRA filing in Tab 13 as being

1 due December 31st, 2009?

2                   Secondly, Ms. Ramage, the Board reads in  
3 Tab 13 of Manitoba Hydro's GRA filing, the topic of an  
4 energy intensive industry rate as going before the  
5 Manitoba Hydro Electric Board at its January 21st, 2010  
6 meeting. And that Manitoba Hydro will subsequently  
7 notify this Board thereafter whether an EIIR application  
8 will be files.

9                   If Manitoba Hydro determines that it will  
10 proceed with an EIIR application, is it the Utility's  
11 intention that the application will proceed as part of  
12 the GRA process, or will a separate process be sought?

13                   Thirdly, Ms. Ramage, the Board was told by  
14 Manitoba Hydro at a one (1) day hearing in November of  
15 this year, that a possible diesel rate zone application  
16 was another topic on the agenda for the January 21st,  
17 2010 meeting of the Manitoba Hydro Electric Board. If a  
18 diesel zone rate application is to be filed, does  
19 Manitoba Hydro intend that it proceed as part of the GRA  
20 process or will a separate process be sought?

21                   While on the topic of the diesel zone,  
22 Manitoba Hydro provided a copy of the tentative  
23 settlement agreement to the Board in confidence way back  
24 in 2004. We were given to understand at the November  
25 hearing that a newer revised version was to have been

1 provided to all parties. Because the Board received the  
2 first version back in 2004 and that version was to guide  
3 the parties, including the Rate Applications made at this  
4 Board by Manitoba Hydro, Indian and Northern Affairs  
5 Canada, and the four (4) communities in the diesel zone  
6 as represented by MKO.

7 The Board has also been asking to see the  
8 November 2009 draft. So that is yet another question:  
9 When will that be filed, Ms. Ramage?

10 Thank you all for your anticipated  
11 cooperation. And with that, I now turn matters over to  
12 Board counsel, Mr. Peters, to outline procedures for  
13 today's hearing and to guide the process this morning.  
14 Good morning, Mr. Peters.

15 MR. BOB PETERS: Thank you, and good  
16 morning Mr. Chairman, Mr. Vice Chairman Mayer, ladies and  
17 gentlemen. For the record, my name is Bob Peters and I  
18 will act as counsel to the Public Utilities Board at  
19 today's Pre-hearing Conference on the Manitoba Hydro  
20 2010/11, and 2011/12 General Rate Application. The Board  
21 is also assisted in this matter by Larry Buhr of LAB  
22 Consulting and Roger Cathcart of Cathcart Advisors Inc.

23 Mr. Chairman, Manitoba Hydro has filed a  
24 General Rate Application with this Board seeking approval  
25 to increase rates across all rate classes by 2.9 percent,



1 effective April 1st of 2010, that to raise an approximate  
2 \$33 million on an annual basis. Manitoba Hydro is also  
3 asking for further approval of another of 2.9 percent  
4 rate increase across the board, effective April 1st of  
5 2011, that to raise approximately \$35 million of annual  
6 additional revenues.

7                   Manitoba Hydro is also seeking final  
8 approval of interim surplus energy rate orders, and  
9 curtailable rate program orders that this Board has  
10 issued on an interim -- or on an interim ex parte basis.

11                   In Order 126 of '08, the Board approved  
12 temporary demand billing deferrals for General Service  
13 Medium and General Service Large customers related to the  
14 impacts of the economic downturn. Manitoba Hydro has  
15 indicated that approximately \$2 million of total  
16 deferrals of demand charges either have been or are being  
17 considered for approval by Manitoba Hydro's executive.  
18 In this GRA, Manitoba Hydro is now requesting that the  
19 amounts deferred be forgiven with no requirement for  
20 repayment by the customer.

21                   Mr. Chairman, you've raised a few more  
22 issues related to whether an energy intensive industrial  
23 rate and system expansion plan will be brought before the  
24 Board in this GRA, and I'll leave that for Ms. Ramage to  
25 address on behalf of Manitoba Hydro. Likewise the issues

1 of the diesel zone rates and the tentative settlement  
2 agreement are matters that the parties will look to Ms.  
3 Ramage for an indication of Manitoba Hydro's intention,  
4 as to whether such a rate matter will be brought into  
5 this GRA.

6 I will mention that Manitoba Hydro's GRA  
7 filing also intends to address many of the directives in  
8 past Board orders. And with that high level summary, Mr.  
9 Chairman, of the General Rate Application before the  
10 Board, I will turn to the suggested process for today's  
11 Pre-hearing Conference.

12 As you have mentioned, Mr. Chairman, and  
13 in addition to any further comments on the process  
14 related to considering matters of risk, today's Pre-  
15 hearing Conference is to allow parties to apply for  
16 Intervenor status and to indicate the expected level of  
17 participation, should such status be granted by the  
18 Board.

19 Parties are also welcome to provide the  
20 Board with comments as to the timetable for the orderly  
21 exchange of information leading up to the oral public  
22 hearing. The only timetable that has been drafted and  
23 circulated was on December the 10th, and that was to  
24 start the discussion and the thinking process. It was  
25 noted back at the December 10th Pre-hearing Conference

1 that that draft would need revision should the Board be  
2 unavailable during the week of the World Energy  
3 Conference in early May of 2010.

4                   In terms of the order in which the Board  
5 should hear from the parties present today and because of  
6 the questions, Mr. Chairman, you have posed to Manitoba  
7 Hydro, I'm going to suggest that the Board hear first  
8 from Ms. Ramage on behalf of Manitoba Hydro just to  
9 respond to the questions from the Chairman. After  
10 hearing from Ms. Ramage on those matters, I would suggest  
11 it would be appropriate to call on the parties present to  
12 provide their submissions on the matters mentioned,  
13 including whether any further comments on the process to  
14 consider risk issues, the request for Intervenor status,  
15 and the timetable.

16                   After hearing from the prospective  
17 Intervenors, it would be inpro -- appropriate to hear  
18 from Manitoba Hydro as to whether there is any opposition  
19 to the intervenor status that's been requested.

20                   In terms of the parties present today, Mr.  
21 Chairman, you've already noted Ms. Ramage is here,  
22 although not alone, representing Manitoba Hydro. She's  
23 with Ms. Murphy.

24                   Ms. Bowman attends in the stead of Mr.  
25 Williams, and likewise not alone; she's with Ms. Unger of

1 her office, representing the Consumers Association of  
2 Canada (Manitoba), and also representing Manitoba Society  
3 of Seniors, who we refer to as CAS/MSOS in these  
4 proceedings.

5 Ms. Pollitt-Smith attends this morning  
6 with a -- a new winger, Mr. McLaren, representing  
7 Manitoba's Industrial Power Users Group.

8 Mr. Anderson is present and representing  
9 Manitoba Keewatinowi Okimakanak Inc. which is the  
10 corporate name that Mr. Anderson has given us permission  
11 to use, as it lines up quite well with the acronym MKO.

12 Mr. Gange is present again with Dr.  
13 Miller, representing Resource Conservation Manitoba and  
14 also Time to Respect Earth's Ecosystems, known as  
15 RCM/TREE.

16 Ms. Pambrum is present representing the  
17 City of Winnipeg.

18 And once we have heard from those parties,  
19 Mr. Chairman, and I don't believe any other party is  
20 present today -- none has been identified to me -- reply  
21 comments from Ms. Ramage would be appropriate.

22 Before I close, I am aware that Mr. Gerry  
23 Finkle has contacted the Board office and asked that his  
24 sentiments be passed on to the Board as it sits today as  
25 he is unable to attend. Mr. Finkle has long followed

1 Public Utilities Board matters. He called to express his  
2 concern about the risk management issue and the \$160  
3 million to Band Council's issue.

4 As to the latter, it was his view that  
5 this is public money and there should be no restriction  
6 on public release of the payee information. As to risk,  
7 he feels that because of the long-term impact affecting  
8 future generations, the matter should take precedence  
9 over the regular GRA and be the subject of a separate  
10 session. He wanted those comments passed on.

11 Mr. Chairman, before I also close, Mr.  
12 Ciekiewicz has contacted the Board. It's my  
13 understanding he was intending to file some materials,  
14 perhaps seeking intervention, and no materials, to my  
15 knowledge, have been received from him at this point in  
16 time. But I do raise that in the event that something  
17 transpires subsequent to today.

18 Mr. Chairman, subject to any questions you  
19 would have of me, those conclude my opening comments. I  
20 thank the Board for their attention and suggest that you  
21 now call on Mr. Ramage from Manitoba Hydro to address the  
22 questions you've posed and then followed by the other  
23 parties that will be seeking Intervenor status before  
24 returning to Ms. Ramage for any final comment she may  
25 have. Thank you.

1 THE CHAIRPERSON: Thank you, Mr. Peters.  
2 So we will follow that line-up. We'll start with  
3 Manitoba Hydro with Ms. Ramage.

4 MS. PATTI RAMAGE: Thank you. And good  
5 morning Mr. Chair and Vice Chairman Mayer.

6

7 OPENING COMMENTS BY MANITOBA HYDRO:

8 MS. PATTI RAMAGE: This morning -- oh, I  
9 should start with my name, for the record, is Patti  
10 Ramage and I am appearing as counsel for Manitoba Hydro.  
11 My new sidekick in this process is a side -- is a person  
12 familiar to the Board, Marla Murphy. My usual sidekick,  
13 Ms. Mur -- Ms. Fernandes is at home with her new baby  
14 girl enjoying the holidays, so --

15 MR. ROBERT MAYER: That accounts for the  
16 inactive status that she just applied for with the --  
17 with the Law Society, I understand.

18 MS. PATTI RAMAGE: Yeah, that would be  
19 correct.

20 With me today also is Mr. Vince Warden,  
21 Vice President of Finance and Chief Financial Officer of  
22 Manitoba Hydro, and Robin Wiens, Division Manager of  
23 Rates and Regulatory Affairs.

24 Before I jump into answering the questions  
25 posed by the Board this morning, I -- one (1) of the

1 things I -- I heard -- I believe it was you, Mr. Chair,  
2 mentioned was a mid-April start date, so I dug into my  
3 briefcase into the file, because when we file these  
4 suggested timetables, we usually have worked up a number  
5 of permutations getting there, and I knew there was one  
6 (1) where we had a mid-April. So I might just give some  
7 dates to -- to throw them out there.

8 I'll -- I'll start -- the December 22nd  
9 Pre-hearing Conference -- I'll start at that point -- and  
10 then to get to an end-date of April 14th, we had  
11 calculated that we would be looking at First Round IRs on  
12 January 4th. Our resp -- Manitoba Hydro's responses  
13 would come February 1st. Second Round IRs would come  
14 February 16th.

15 Let's go down -- Second Round Information  
16 Requests would then be filed March 9th with -- oh, I'm  
17 sorry -- the -- let's -- Second Round IRs would go  
18 February 16th with responses March 9th. Intervenor  
19 evidence would be filed March 15th. All parties to file  
20 Information Requests of Intervenor evidence would be  
21 March 22nd. Intervenors to file responses to those  
22 Information Requests March 29th. Manitoba Hydro to file  
23 rebuttal evidence April 12th, with the Hearing commencing  
24 April 14th. And I say, I can't come up with these --  
25 this quickly normally, but I just knew that I had one (1)

1 in the briefcase. So that might be something for parties  
2 to consider in their comments.

3 Yeah. We should provide the caveat to  
4 that, that we are expecting Tab 4 to filed January 15th,  
5 so that would come after the submission of First Round  
6 IRs if that was the process.

7 THE CHAIRPERSON: Remind us, what is Tab  
8 4?

9 MS. PATTI RAMAGE: Tab 4 is the OM&A, the  
10 details.

11 THE CHAIRPERSON: Thank you.

12 MS. PATTI RAMAGE: Dealing with the  
13 questions posed by the Chair, first with the diesel, I  
14 can advise that Manitoba Hydro intends to, as we've  
15 indicated, submit a rate proposal to the Manitoba Hydro  
16 Board at it's January meeting. And if approved, it's  
17 Manitoba Hydro's intention to file an application with  
18 the PUB with the intent of having that matter heard in  
19 the context of the GRA.

20 With respect to the PUB's request that  
21 Manitoba Hydro file a copy of the November draft of the  
22 tento -- tentative settlement request, I can advise that  
23 when Manitoba filed that 2004 agreement that you  
24 reference in your comments, it was under the signatures  
25 of Manitoba Hydro Canada and MKO together, that filing



1 went it. Accordingly, when the Board's request came in  
2 on December 7th by e-mail, Manitoba Hydro requested the  
3 parties again consent to that filing.

4 I have had discussions with Canada, but no  
5 official position, and I have not heard back from MKO  
6 with respect to that request. The one (1) thing I can  
7 tell the Board is that I haven't heard any objections to  
8 the filing, but I still await the party's official  
9 positions.

10 With respect to the energy intensive rate,  
11 the same goes for that proposal. We intend to submit a  
12 rate proposal to our Board at its January meeting. And  
13 if approved, Manitoba Hydro will file an application with  
14 the PUB, again, with the intent of having the matter  
15 heard during the GRA.

16 You requested confirmation regarding the  
17 KPMG report. That was, in fact, the report that was  
18 being referenced in the earlier comments. And in terms  
19 of that report, I can advise that KPMG has completed  
20 Phase 1 of that -- of its review, which is the scoping  
21 and identification of issues that they intend to review.  
22 I understand that Phase 2 is now underway, which is  
23 conducting the actual detailed review.

24 Manitoba Hydro had initially requested the  
25 review be completed by December 31st, 2009. However,

1 KPMG has advised that a review of this magnitude cannot  
2 be completed prior to March of 2010. Manitoba Hydro's  
3 preference would have been to have the report completed  
4 earlier, however, we recognize the need for a fulsome and  
5 quality report and the fact that that will take time.

6 In another development, the Board should  
7 be aware that on or about December 8th of this year, KPMG  
8 received a cease and desist letter from a former  
9 consultant of Manitoba Hydro. The letter indicated that  
10 the consultant would obtain an injunction in the courts  
11 of New York to prevent KPMG from carrying out its review  
12 of the consultant's reports.

13 Yesterday, December 21st, Manitoba Hydro  
14 filed an application with the Manitoba Court of Queen's  
15 Bench seeking a declaration that it is entitled to have  
16 KPMG conduct a review and share the findings with  
17 relevant regulatory and oversight bodies in Manitoba,  
18 including those under the Public Utilities Board Act.  
19 These developments, in Manitoba Hydro's view, illustrate  
20 the difficulties that will be encountered if there is any  
21 notion that a stand-alone risk process be initiated, or  
22 any process, for that matter, that contemplates making  
23 the contents of the former consultants' reports part of  
24 the proceedings.

25 There would, for example, be potential

1 prejudice to Manitoba Hydro in any scenario where it's  
2 asked to defend against allegations, but it can't take  
3 advise on the allegations from credible independent  
4 advisers such as KPMG. The question has to be asked:  
5 How can reports form a part of the Public Utilities Board  
6 process, which is based on -- how can those reports be  
7 included in this process when it's based on principles of  
8 natural justice and procedural fairness?

9           But in any event, the matter is now before  
10 the courts. But if there's any inclination on the part  
11 of this Board to conduct an independent risk review prior  
12 to Manitoba Hydro's application being heard. Manitoba  
13 Hydro simply suggests further discussion is warranted.

14           But in the meantime Manitoba Hydro  
15 suggests we focus our efforts on the information already  
16 filed in the GRA and begin the first step of the task at  
17 hand which is First Round Interrogatories. Manitoba  
18 Hydro fully expects that such process will include a  
19 thorough review of all Manitoba Hydro's risks. I listed  
20 many of them during the December 10th Pre-hearing  
21 Conference and from our perspective it's time to get  
22 started with that review.

23           MR. ROBERT MAYER: Ms. Ramage, you said  
24 "before the courts;" what has been filed and by whom and  
25 where?

1 MS. PATTI RAMAGE: A not -- a notice of  
2 application has been filed in the Court of Queen's Bench,  
3 Winnipeg Centre, by Manitoba Hydro.

4 "The Application I can rea -- seeks a  
5 declaration the applicant be entitled  
6 to disclose any review and validation  
7 report prepared by KPMG in any  
8 investigation or hearing under the  
9 Public Interest Disclosure Whistle  
10 Blower Protection Act, the Public  
11 Utilities Board Act, the Auditor  
12 General Act, any special request by the  
13 Lieutenant Governor and Council or the  
14 Minister of Finance, any order in  
15 council, or any other court tribunal  
16 regulatory body, oversight body, or  
17 process of the Manitoba Legislature."

18 THE CHAIRPERSON: Okay, thank you, Ms.  
19 Ramage. We'll come back to you when we're finished  
20 hearing from the Intervenor -- prospective Intervenors.

21 Ms. Bowman...?

22  
23 OPENING COMMENTS BY CAC/MSOS:

24 MS. MYFANWY BOWMAN: Good morning, Mr.  
25 Chair and Mr. Vice Chair, ladies and gentlemen. Thank

1 you for having us here this morning. I'm here on behalf  
2 of CAC/MSOS, who are pleased to have the opportunity to  
3 participate in this Manitoba Hydro GRA.

4 CAC/MSOS plan to participate fully in the  
5 -- the upcoming proceeding. They plan to participate in  
6 testing evidence, producing expert evidence, appearing  
7 during the -- the proceeding and making submissions at  
8 the end of the day.

9 The issues that they hope to investigate  
10 include testing the reasonableness of the revenue  
11 requirement and the rate proposals, looking at rate  
12 increases, rate design, risk management strategy and its  
13 relationship to the revenue requirement, including  
14 mitigation of risk and retained earnings of course,  
15 export pricing and sales, forecasting, accounting policy,  
16 debt management, capital spending, OM&A spending, bench  
17 marking and the International Financial Reporting  
18 Standards and the impact of -- of those new rules, energy  
19 efficiency, and DSM.

20 This is of course also a concern for MKO  
21 and it's our expectation that they will play an important  
22 role in that issue. We -- we will be looking for ways to  
23 -- to cooperate and collaborate with them if we can.  
24 We'll be looking at links between sustainable development  
25 and DSM, cost allocation, and it sounds like the use of

1 diesel in remote communities.

2                   So those are the issues that CAC/MSOS are  
3 hoping to explore. They have retained so far, Mr. Harper  
4 and Mr. Matwichuk who have assisted us at the Hydro  
5 proceedings in the past.

6                   We are hoping to retain further experts  
7 particularly in the areas of risk analysis and retained  
8 earnings and potentially in energy efficiency and DSM.  
9 We have not yet identified the expert that we would be  
10 retaining but we're hoping to find someone who can focus  
11 particularly on low income customers and remote and First  
12 Nation communities.

13                   Unfortunately, with all of that in mind,  
14 we're not in a position today to give the Board a great  
15 deal of information about our anticipated costs. And the  
16 assistance we can offer in terms of scheduling is  
17 somewhat limited, simply because there's so many unknowns  
18 at this point about how this proceeding is -- is going to  
19 go, what the scope is going to be and -- and when it's  
20 going to happen, how long it's going to take. All of  
21 those -- those pieces of information are critical to us  
22 being able to offer you useful information on the subject  
23 of scheduling and cost.

24                   What I can say is first of all, that  
25 there's some challenges as the Board is quite clear. We

1 don't yet know what the process is going to be in terms  
2 of the risk analysis issues; how and when they will be  
3 reviewed and what will be done with respect to disclosure  
4 of the information that's been filed in confidence -- the  
5 -- the blue paper documents that we are so anxious to see  
6 -- and we don't know when that's going to be resolved,  
7 hopefully soon.

8                   It's not clear yet whether the -- the  
9 unnamed consultant will be testifying, and it's difficult  
10 to talk about schedule or cost until we know what the  
11 Board's intentions are with respect to the risk analysis  
12 and disclosure reports; how long the hearing will be and  
13 -- and how it will proceed.

14                   There are a number of documents yet to be  
15 filed by Manitoba Hydro. They're coming at various  
16 points in time, I -- presumably as their completed. Some  
17 are coming in January, and some later. It's -- it places  
18 us in a difficult position of -- if we ask our  
19 consultants to review these things piecemeal and do our  
20 Information Requests, again, piecemeal, that becomes an  
21 inefficient use of their resources, then it increases  
22 costs, which is undesirable for everybody.

23                   I can tell the Board that the consultants  
24 that we are working with, so far will be unable to meet  
25 the January 11th deadline that had been proposed in the -

1 - in the schedule that we discussed at the last Pre-  
2 hearing Conference. That being the case, I'm quite  
3 confident that they would not be able to meet the January  
4 4th deadline that Ms. Ramage had mentioned. They -- they  
5 are committed to other proceeding in other provinces and  
6 they're just not going to be available.

7                   Another concern that my clients have about  
8 process is that the schedule currently outlined does not  
9 contemplate a motions day to deal with disclosure of  
10 documents, and potentially answers to Information  
11 Requests. Given some of the issues we've discussing it -  
12 - it's realistic to expect that -- that issues are going  
13 to arise and motions are likely to be necessary.

14                   Again, with reference to the schedule that  
15 we had discussed at the last Pre-hearing Conference, it  
16 would be my client's view that there's insufficient time  
17 between the Second Round of Information Requests and the  
18 filing of intervenor evidence; I believe it's seven (7)  
19 days. And -- particularly given that for some of the  
20 material where reports are still going to be coming in,  
21 the Second Round of Information Requests may be our only  
22 opportunity to explore some of those issues. So, we'll  
23 be expecting some fairly substantial responses to the  
24 Second Round Information Requests. Seven (7) days would  
25 not be enough time absorb that information and then



1 prepare evidence.

2                   We also would caution the Board because,  
3 certainly, in this room we have a collective history of  
4 perhaps underestimating the amount of time that is going  
5 to be needed for some of the Manitoba Hydro hearings.  
6 And our office bears a certain level of responsibility in  
7 that and -- and we accept that responsibility, but  
8 perhaps we should keep that in mind when we look at -- at  
9 scheduling.

10                   The other issues that -- that come to mind  
11 in terms of scheduling are that if there -- we become  
12 engaged in lengthily contests regarding disclosure of  
13 information, whether it's risk analysis information, or  
14 whether it's answers to Information Requests, those kinds  
15 of contests will -- will increase delay and increase  
16 cost. We're hoping that's not necessary, but the reality  
17 is we will be seeking certain kinds of information.  
18 Similarly, the -- the more material that's filed  
19 intermittently, or that comes in later in the process,  
20 that increased delay and costs. So, I appreciate that  
21 Manitoba Hydro has -- has a lot of things on the go, but  
22 the more they can assist us with that then the more  
23 efficient the process will be.

24                   In -- in terms of what suggestions my  
25 clients have for the Board this morning, we would hope

1 that the Board will start by giving the parties an  
2 indication of its intentions with respect to the risk  
3 analysis, the structure of the Hearing, the process for  
4 the Hearing, and the timing. That will enable the  
5 parties to come back and make some hopefully useful  
6 suggestions with respect to timing and cost.

7           Once we have those indications we would  
8 suggest a meeting between counsel and the Intervenors to  
9 look at a process for the orderly exchange of risk  
10 analysis material. And hopefully that could be in the  
11 very near future, in the next week or two (2). From  
12 there hopefully a schedule could then be developed.

13           Given that a substantial amount the  
14 material will not be available until the end of January,  
15 in the hopes of minimizing the duplication that I  
16 referred to in terms of having experts looking at -- at  
17 various things and trying to put together IRs in -- in  
18 batches, we would suggest pushing the First Round of  
19 interrogatories -- of Information Requests into early  
20 February. We would also suggest scheduling a motions day  
21 between the First and Second Rounds of information  
22 requests; if we don't need it, that's great, but there's  
23 -- there's a good chance that it will be necessary.

24           We would ask for more than seven (7) days  
25 between the receipt of Second Round Information Requests

1 and the filing of inform -- of inter -- Intervenor  
2 evidence. We'd suggest two (2) weeks would be more  
3 reasonable.

4 I can indicate, having had a discussion  
5 with Mr. Williams yesterday, that CAC/MSOS feel quite  
6 strongly that they would prefer a process whereby risk is  
7 dealt with prior to the summer. They feel that this is  
8 an area of -- of significant public priority and public  
9 concern.

10 Given the uncertainty around timing, given  
11 -- and process and disclosure, it's our client's position  
12 that la -- that April would be too soon; that -- that,  
13 certainly, they and the other parties are unlikely to be  
14 ready to proceed and to proceed efficiently, and April --  
15 and that May would be the earliest that this -- that this  
16 Hearing should begin.

17 I'm also going to ask the Board to be  
18 mindful of some of the other proceedings that it -- that  
19 it carries. Everybody here has their files, I recognize  
20 that. I can indicate that we've recently heard from MPI  
21 wanting to set dates for beginning its hearing process in  
22 the summer -- spring and summer, and -- and having a  
23 hearing in September. That certainly puts some pressure  
24 on everybody.

25 I don't know -- depending on how the --

1 the Hydro Hearing ends up being scheduled, if it's  
2 scheduled in September, that will be a -- an issue for  
3 MPI.

4 But regardless of how that plays out, we  
5 need to allow time for -- for counsel and the parties to  
6 prepare properly and, hopefully, to attend to some non-  
7 Public Utilities Board related responsibilities.

8 Once we have all of the information in  
9 terms of -- of the scope and timing of the Hearing, and  
10 once CAC/MSOS have -- have retained the remaining  
11 experts, we will be able to file budget estimates. At  
12 this point in time, if I filed anything, it would be  
13 nothing more than a guess and I didn't think that that  
14 would be particularly helpful to the Board. So all I can  
15 say is that we'll file it when we have a little bit more  
16 information.

17 We will, of course, continue to cooperate  
18 with other Intervenors, and if they're having discussions  
19 already, with respect to -- to minimizing duplication and  
20 finding ways of collaborating.

21 Subject to any questions, those are my  
22 comments.

23 THE CHAIRPERSON: You raised so many  
24 issues, Ms. Bowman, it's difficult to respond  
25 immediately. We'll ponder on your thoughts for a while.

1                   Ms. Pollitt-Smith for -- thank you very  
2 much -- for MIPUG.

3

4                   OPENING COMMENTS BY MIPUG:

5                   MS. MONA POLLITT-SMITH:    Good morning,  
6 Mr. Chair, members of the -- Mr. Vice Chair, as well.

7                   We are here on behalf of MIPUG which is an  
8 organization known to the Board.  At the Pre-hearing  
9 Conference last week, or on December 10th, I had noted  
10 that at that time we had not had the time to get the  
11 considered views or instructions from the MIPUG members  
12 with regard to the special hearing process to deal with  
13 additional items such as risk, and that we'd hoped today  
14 to provide more considered views to the Board at this  
15 Pre-hearing Conference.

16                   Today we can comment on three (3) issues:  
17 our Intervenor status, the timetable for the GRA process,  
18 and a few other additional process items that we wanted  
19 to address.

20                   With regard to the Intervenor status in  
21 this proceeding, yesterday we provided the Board and  
22 other parties with our Intervenor Request Form  
23 electronically.  We can also make paper copies available  
24 as necessary.

25                   MIPUG is seeking Intervenor status for

1 what may be thought of as the traditional GRA process  
2 reflecting the typical process for setting revenue  
3 requirements, cost of service and rates.

4 MIPUG intends to participate through all  
5 phases of that process, including the preparation of  
6 evidence as in past proceedings. In terms of the issues  
7 to be examined, it would be similar to past proceedings.  
8 We intend to look at the merits of the proposed rate  
9 increases and any other rate issues affecting general  
10 consumer rate levels and, in particular, industrial  
11 rates. And for this specific process, we would be -- we  
12 would not be applying for costs.

13 To the extent that there would be an  
14 extended process established by the Board to deal with  
15 the special issues of general concerns such as the risk  
16 issue discussed at the December 10th Pre-hearing  
17 Conference, I'd note that at this time the concept of  
18 risk to be examined and the process for the extra  
19 consideration of risk remain somewhat uncertain.

20 As a result, MIPUG members cannot  
21 immediately determine the extent of any participation  
22 they would have in that additional process.

23 MIPUG's concerns here are, to some degree,  
24 also reflected by some of the comments provided by Ms.  
25 Ramage at the December 10th Pre-hearing Conference we

1 had. In comments she provided at that time she noted  
2 that the Board should try to add some clarity to any  
3 special risk review as it relates to Hydro's rates.

4 Specifically, she noted that the Board  
5 should require a -- a more focussed -- a more focussed  
6 review of risk. The scope should be defined for Manitoba  
7 Hydro and the Intervenor so that we all know what we're  
8 talking about going into this process.

9 She noted potential challenges with regard  
10 to this exercise, but expressed the general view that the  
11 parties should know what the scope of this proceeding  
12 would be at the outset.

13 MIPUG agrees with these views as they  
14 relate to the need to be clear on the scope, the terms of  
15 reference, the requested approvals, and the anticipated  
16 scope of any orders for this separate review process.

17 With regard to MIPUG's participation in  
18 this additional hearing process, the members would also  
19 need to look carefully at applying for that specific  
20 portion of any hearing.

21 With regard to the timetable issues,  
22 there's two (2) issues we can raise at this time with  
23 regard to the time table. One (1) has to do with the  
24 availability of information and the implications arising  
25 from such information that would be available to

1     Intervenors. And the second has to do with schedule  
2     dates, including the timetable that at this time appear  
3     to be impractical. And for the most part, they do echo  
4     some of the comments already raised by Ms. Bowman.

5                     With regard to the first issue on the  
6     availability information, we're concerned about  
7     information that is currently unavailable in a few key  
8     areas. For example, key pieces of information are  
9     missing from the filing, including Tab 4, which includes  
10    O&M -- OM&A details. And this wouldn't be available,  
11    according to the filing, until January 5th, 2010.  
12    Looking at this second schedule provided by Ms. Ramage  
13    this morning, IRs would be starting, I think she said  
14    January 4th.

15                    So there's an issue with the expedited --  
16    expedited IR process there as well, with regard to a key  
17    piece of information not being available for that. The  
18    KPMG -- G report, which we have found out today won't be  
19    available until much later. The response to directives  
20    to provide alternative twenty (20) year scenarios, which,  
21    I believe, was Directive 3 from Order 32/09, and to the  
22    extent that the Board may consider the response to this  
23    directive relevant to its deliberations, the IFRS  
24    (phonetic) status report, which was Directive 6 of Order  
25    32/09.



1           Also relevant here are the outstanding  
2 issues to be address related to confidentiality --  
3 confidential documents. The Board has yet to determine  
4 whether these will be made available. However, at this  
5 time, Intervenors do not have access to this information  
6 and it's not clear these documents will be available by  
7 January 11th, 2010, when the First Round of IRs are  
8 currently scheduled to be provided.

9           Some of these documents, you know, may be  
10 amenable to review with only one (1) round of IRs, if  
11 they're available before January -- or before February,  
12 for example. However, the feasibility of this would  
13 really depend on the content of these documents and the  
14 implications that arise from the new information  
15 provided. If the content's fairly status quo and rote in  
16 nature, then, you know, one (1) round of IRs may be  
17 sufficient. But if there's all new information, if  
18 there's material changes or updates being provided, then  
19 it may be a different story, and two (2) rounds of IRs  
20 may be required to fully address what's included there.

21           Given the material issues with regard to  
22 outstanding information that we don't have access to yet,  
23 and its implications for the timetable, right now, at the  
24 outside, we all may be facing a situation where the  
25 schedule needs to be delayed by, you know, thirty (30),

1 sixty (60), even maybe ninety (90) days from what Hydro  
2 has proposed.

3 Now, this delay would be in -- in relation  
4 to a schedule that provides for a single, coherent  
5 process that considers the specific -- you know, the  
6 special risk issue in addition to the revenue requirement  
7 issues, the cost of service issues and the rate issues  
8 included in a traditional GRA application. And this  
9 would probably provide for a hearing that would commence  
10 July/August, say.

11 MR. ROBERT MAYER: The third week in  
12 July...

13 MS. MONA POLLITT-SMITH: Following this  
14 schedule, final rates likely wouldn't be in place until,  
15 say, fall at the earliest.

16 On December 10th, we did recommend a sort  
17 of more creative way to deal with this scheduling issue,  
18 which was to allow for the deferral of the specific risk  
19 issue until later on when we had a lot of the outstanding  
20 information available, and we could develop a process for  
21 dealing with confidentiality with IRs related to that  
22 information, but still move ahead in this -- the time  
23 available this spring to address the revenue requirement  
24 issues, the cost of service issues, the rate issues,  
25 where we do have at least most of the information

1 available now, or should have it available in early  
2 January. And we would still be proposing that this is an  
3 option that the Board should consider to deal with this  
4 in a timely manner, so that Hydro has rates available as  
5 soon as possible after April 1st.

6                   With respect to the second issue we noted  
7 with regard to the timetable which was dates that appear  
8 to be impractical, in preparing for today we compared the  
9 2008 timetable with the currently proposed timetable that  
10 was provided to us on December 10th.

11                   Looking at the 2008 timetable, we noted  
12 that from the end of the Second Round of IRs until  
13 Intervenor evidence was due, there was two (2) weeks to  
14 prepare Intervenor evidence.

15                   And then there was one (1) week after that  
16 for parties to ask IRs and then there was two (2) weeks  
17 for Intervenors to provide responses.

18                   The current schedule doesn't follow this  
19 pattern and, instead, provides one (1) week for  
20 Intervenors to prepare their evidence, two (2) weeks for  
21 the Second Round IRs to be asked Intervenors on their  
22 evidence or for the -- two (2) weeks for the IRs to be  
23 asked on Intervenor evidence and one (1) week for  
24 Intervenors to provide responses.

25                   We have real material issues with the way

1 that it's currently set out. From past experience, two  
2 (2) weeks to write evidence after the conclusion of  
3 Second Round IRs is a very, very tight time line to me to  
4 begin with. Reducing that to one (1) week just isn't  
5 practical. So if we're going to shift time around we --  
6 we would like to have more time to prepare our evidence  
7 after we get that information from Manitoba Hydro.

8                   If people are looking to take days from  
9 another part of the schedule to make it work, the two (2)  
10 weeks to ask IRs on Intervenor evidence is a material  
11 amount of time.

12                   We recognize that, I think, in the current  
13 schedule this encompassed spring break but given the fact  
14 that I think most people here acknowledge that the  
15 schedule is going to be changing and mutable and all  
16 these -- these types of things over the next little  
17 while, we probably can take that one (1) week out there  
18 provided it moves away from spring break.

19                   And at the same time, if more time is  
20 required to be found somewhere, we could probably take  
21 some time out of preparing IR responses to make more time  
22 available for preparing evidence.

23                   And I would note that in the schedule Ms.  
24 Ramage provided today, the expedited schedule, there's  
25 only one (1) week provided for anything, but we would

1 still argue that we need two (2) weeks for evidence.

2 Now with regard to the process issues that  
3 we had to raise today, in our view there's a few steps  
4 that could be taken to help refine the process going  
5 forward for this GRA and other GRAs. Some of these can  
6 be dealt with throughout this proceeding but we wanted to  
7 sort of touch on these concerns right now.

8 One (1) concern related to -- one (1)  
9 concern is related to requested approvals and  
10 recommendations and the other concern is related to the  
11 order in which parties argue their cases at -- or make  
12 their submissions at the conclusion of the proceeding.

13 With regard to the first issue, Tab 1 --  
14 sorry -- Tab 1 sets our Hydro's requested approvals.  
15 It's important for Intervenors to know what those  
16 requested approvals are at the outset of a proceeding.

17 In the event they are modified slightly  
18 before the oral hearing or throughout the process,  
19 Intervenors should be provided with some notice of any  
20 minor changes so they're always aware of exactly what  
21 Hydro's applying for in this process.

22 However, Intervenors should not be faced  
23 with material additions to Hydro's requested approvals  
24 during the course of the proceeding including during IRs.

25 For example, time of use rates were

1 addressed in Directive 22 from Order 116/08 and again in  
2 Order 150/08 and a planned implementation strategy was to  
3 be provided by December 2008 pursuant to those  
4 Directives.

5 Hydro's current filing sets out that this  
6 issue will not be dealt with until after the January  
7 21st, 2010 Hydro Board meeting.

8 If this is a hearing that is supposed to  
9 be addressing time of use rates in any material way, then  
10 we don't know that yet and it appears that we may not  
11 know that in time for First Round IRs to be asked.

12 MIPUG is prepared to proceed with the GRA  
13 addressing the requested approvals set out in Tab 1 of  
14 Hydro's Application.

15 If it is expected -- if this is expected  
16 to turn into a hearing that addresses time of use rates,  
17 a new EIIR proposal or a system extension policy rate  
18 proposal that no one has seen yet, it's not certain how  
19 that can occur given the need for appropriate  
20 consultation and regulatory review before even addressing  
21 this as part of a GRA.

22 With regard to the second issue, the order  
23 in which parties argue their cases, while we're sure  
24 we'll have the opportunity to talk further about this  
25 once the schedule for the Hearing is set out, at this

1 time we would suggest the Board to consider adopting an  
2 additional step in relation to closing submissions  
3 compared to the last few hearings.

4 In our view, the Applicant should be given  
5 the opportunity to summarize and present its case and  
6 argument first, prior to the Intervenors arguing their  
7 case, including in its submissions a summary of all  
8 specific requested approvals, findings and  
9 recommendations being sought from the Board.

10 Hydro would, of course, have a right of  
11 reply limited to matters raised by Intervenors in their  
12 argument. After a long hearing with a lot of evidence,  
13 this approach would offer Hydro the opportunity to  
14 summarize for the Board and Intervenors its case and its  
15 position with regard to the major issues during the  
16 proceeding.

17 This also allows the applicant an  
18 opportunity to clarify what approvals it is requesting  
19 and summarize the reasons why it is requesting those  
20 approvals.

21 This approach wouldn't prejudice any party  
22 in the room and would, in our view, lead to a more  
23 orderly process. It would also be consistent with other  
24 regulatory tribunals such as the BC Utilities Commission,  
25 the Newfoundland Public Utilities Board, the NEB and also

1 the OEB.

2                   We don't have a lot of -- more comments on  
3 confidentiality issues more than we provided last time.  
4 To summarize what we provided last time, we just think  
5 that the Board should, at the outset of this process,  
6 establish some clear ground rules for dealing with  
7 confidential filings. And if the Board is looking to  
8 refine its methods, as we think it probably should look  
9 at doing with regard to this process and leading to  
10 further processes in the future, we'd be happy to provide  
11 the Board with written comments at a later date.

12                   These are our comments at this time.

13 Thanks.

14                   THE CHAIRPERSON: Thank you very much.  
15 Much to think on, on that, as well, as with Ms. Bowman's  
16 comments.

17                   Mr. Anderson, for MKO.

18                   MR. ROBERT MAYER: The term "spring  
19 break" keeps coming up. I'm showing my age again; my  
20 kids don't go there anymore. What is the dates for  
21 spring break in Manitoba this year?

22                   MS. DENISE PAMBRUN: I believe it starts  
23 March -- around March 31.

24                   MS. PATTI RAMAGE: It's March 29th to  
25 April 2nd.



1 MS. DENISE PAMBRUN: Thank you.

2 THE CHAIRPERSON: Thank you.

3 MS. PATTI RAMAGE: You can tell who has  
4 the kids in the room.

5 MR. ROBERT MAYER: That would mean the  
6 last day of school is March 26. I have the -- I have  
7 that calendar in front of me.

8 MS. PATTI RAMAGE: I have the -- oh, I'm  
9 in the wrong year, so, yes, I think you're correct. Yes,  
10 you are correct.

11 THE CHAIRPERSON: Well, that's one (1)  
12 matter that seems to have been resolved among a myriad of  
13 others.

14 Mr. Anderson for MKO...?

15

16 OPENING COMMENTS BY MKO:

17 MR. MICHAEL ANDERSON: Good morning.  
18 Thank you, Mr. Chair.

19 Manitoba Hydro's proposal to apply a 2.9  
20 percent across-the-board average increase in -- in rates  
21 effective April 1st, 2010 and April 1st, 2011 will affect  
22 the thirty (30) MKO First Nations. A point that I raise  
23 often through our proceedings, of course, is that, of the  
24 MKO First Nations, there are also general service as well  
25 as residential customers, because many of our First

1 Nation governments pay some of the residential bills  
2 directly, particularly for those that are low income or  
3 on social assistance.

4 We also have an interest in the impacts of  
5 the proposals on general service customers and  
6 residential customers who are citizens of the MKO First  
7 Nations.

8 MKO is seeking, of course, then Intervenor  
9 status in this proceedings to examine how the rate  
10 proposal will affect the interest of our First Nations  
11 and particularly will examine and test the -- all of the  
12 issues driving the financial forecast that are reflected  
13 in the revenue requirement, which is a broad statement  
14 affecting most of the issues that we have, including the  
15 O&M -- OM&A details and -- and other matters.

16 We want to test the proposed rate design  
17 and will suggest options as might be appropriate,  
18 particularly in the growing interest by the Board and in  
19 Hydro's own programs for affordable energy measures for  
20 certain customers. And we have a great interest in  
21 suggesting potential rate design in that regard.

22 We want to determine the impact on our  
23 customer use and bills arising from proposed rates. And  
24 one (1) of the things that we'd like to do -- we're  
25 considering it -- whether it be a panel to be brought in,

1 but certainly we would consider many of the officials in  
2 our own First Nation governments to be expert on bill  
3 impact on their operations and on citizens, is that  
4 distinction between rates and bills, which is something  
5 that we've determined that our customers do not always  
6 fully appreciate as much as they might.

7                   And we've heard some -- you might recall  
8 some of our examination and questions regarding the  
9 impact of the North Central transmission line on rates  
10 and bills in particularly those remote communities and  
11 the billing issues that arise.

12                   Where that goes to, of course, is also our  
13 interests recently, particularly in Hydro's disconnect  
14 policy, which for the all electric system in the remotes  
15 is different than that on the combined gas system. And  
16 the jurisdiction of the Board regarding those two (2)  
17 policies also varies, and we'd like to explore that  
18 distinctiveness.

19                   We'd very much like to examine Manitoba  
20 Hydro's progress on its comprehensive and integrated  
21 energy services approach to customers. For example,  
22 particularly in low income areas, remote First Nations  
23 and others, to examine how the provision of electricity  
24 fits into the -- the total energy supply framework for a  
25 community, including oil and other sources, and how the

1 consumption of electricity is effected by the  
2 availability and cost of other fuels, and as well as the  
3 use of appliances that utilize those energy sources.

4           We're very keen on Hydro's programs and  
5 advances on -- in DSM, and supply options within the  
6 communities and efficiency measures that are now  
7 available. You'll recall in earlier proceedings there was  
8 testimony by Hydro that there appeared to be a  
9 distinction made between First Nation communities as to a  
10 concern regarding whether or not the community, or Indian  
11 and Northern Affairs Canada was the ultimate beneficiary.  
12 Matter have arisen in discussions between MKO and  
13 Manitoba Hydro officials over the last while to indicate  
14 that some progress has been made in that regard and I'd  
15 like to explore and highlight that in this proceeding.

16           There's also -- of course, I've made  
17 mention many times of the special relationship that many  
18 MKO First Nations have with Manitoba Hydro, and that  
19 their communities are physically located on waterways  
20 that are developed for the production of electricity  
21 which give rise to mitigation costs.

22           And we've had some earlier discussions  
23 about the inclusion of those mitigation costs in the  
24 rates of what we have described as Hydro affected  
25 customers, and there was a directive issued by the Board

1 previously in respect of those costs, and we'd like to  
2 explore that further during this proceeding.

3           That leads me to a general examination of  
4 the many directives the Board has issued over the past  
5 several years through many of its decisions regarding the  
6 provision of electrical services, the treatment of  
7 certain costs, such as mitigation costs and DSM measures  
8 for First Nations, and to do a complete status review of  
9 where those directives are at, and where Manitoba Hydro's  
10 progress is at. Because all of that, of -- of course,  
11 points to affordable energy and efficient use of energy  
12 in our communities.

13           We're keenly interested in Manitoba  
14 Hydro's risk management strategy and the effect of risk  
15 on the revenue requirement. The Board will recall our  
16 interest expressed through the water regime operations  
17 during the year where we were facing the Manitoba Hydro's  
18 corporate record deficit as a result of a continued  
19 period of drought. But MKO's interest in the  
20 relationship of water operations, export operations, the  
21 purchase of -- of thermally generated energy in the  
22 United States and exchanging it and so forth, or energy  
23 available on off peak in the United States for storage in  
24 Manitoba Hydro's reservoirs and the net effect that that  
25 had.

1                   I -- I raise from that example, as well,  
2 because during that proceeding we had some discussion of  
3 Manitoba Hydro's risks. Manitoba Hydro came to the  
4 proceeding armed with evidence on risk management,  
5 particularly in the consequence of the riskiness of a  
6 hydro utility in respect of drought and operations where  
7 you're engaged in extensive export revenues that  
8 influence your energy and storage.

9                   And so I go back in considering the  
10 Board's six (6) questions that it had provided to us for  
11 consideration of risk, to look at some of the lessons  
12 learned in that proceeding and those discussion at -- at  
13 that time.

14                   We do intend to appear throughout the  
15 proceeding. We do intend to provide evidence in this  
16 proceeding. And of course, to participate in the testing  
17 of evidence as I've just described, and, of course, to  
18 present the final argument.

19                   Ms. Bowman had touched on potential for  
20 some collaboration between CAC/MSOS and MKO. We have a  
21 common interest in efficiency and demand site management  
22 measures. And we have been in some discussions to try to  
23 see how we might bring a common view on certain of the  
24 elements of those -- of that evidence to the Board for  
25 the purpose, of course, of making the proceeding more

1 efficient and to reduce the overall costs of the  
2 proceeding.

3           In terms of being able to provide you with  
4 a detailed estimate of our costs, many parties have noted  
5 that there's a fair amount of decision to be made  
6 regarding the scope and nature of the overall proceeding  
7 including and particularly risk as risk management.

8           And until we have a better picture, we,  
9 MKO, ask you what the scope and nature of the proceeding  
10 would be? We would be able to provide further  
11 information on cost and the extent of our participation  
12 at that time.

13           In terms of some of the questions that  
14 were raised about procedure, MKO concurs with -- in  
15 general with the comments made by CAC/MSOS and MIPUG  
16 regarding the brevity of time between certain of the  
17 schedule items.

18           As a -- as a person who has participated  
19 in many proceedings before this Board, I'm concerned  
20 particularly about the lag between the filing of critical  
21 pieces of evidence and the filing of interrogatories.

22           For example, we -- the OM&A details, Tab  
23 4. Clearly that has to be in front of us before we file  
24 our IRs otherwise we're going to end up with round 1 part  
25 2 or round 1 part 3 and we're going to lose -- it'll be

1 very complex in order to keep track of the evidence,  
2 particularly the interrogatory responses from Hydro and  
3 our round 2 responses because we'll be making references  
4 to it.

5 I think it's very important and as a  
6 general concept to have all of the primary material that  
7 we would need before us before we start off on a  
8 schedule, particularly if it's going to be combined.

9 We understand that the KPMG report will be  
10 filed at some time in the future. Again, we have an  
11 issue there if the Board's intent is to proceed with a  
12 combined proceeding for -- for Hydro's risk management  
13 strategy, risk issues as well as the proposed GRA.

14 I -- I can see the two (2) schedules  
15 sliding apart inevitably as we proceed and then trying to  
16 keep track of multiple deadlines and second asks and part  
17 2's to the second -- you know.

18 In essence, we'll have all these sub  
19 components of a single proceeding which may give rise  
20 really inevitably to just simply having two (2) discreet  
21 proceedings.

22 One (1), we have the body of evidence that  
23 we're accustomed to with the notable exception of Tab 4  
24 for proceeding with the GRA.

25 And what we don't have, really, is any



1 substantive evidence in respect of risk management in  
2 terms of the key issues that the participants would like  
3 to explore. So we need to have that in front of us.

4 As to -- if I might go down, Mr. Chair,  
5 just a response to the six (6) questions that you raised,  
6 quite briefly I hope.

7 Should it be part of the GRA? Well, we've  
8 been exploring the fact that right now they seem apart  
9 from each other just simply by the weight of questions  
10 that are unanswered.

11 If they are together, our written comments  
12 that we briefly provided previously, is that the risk  
13 management material be held as a discreet line of  
14 evidence so that it's clearly recorded and apart from the  
15 GRA so we can keep track of it.

16 So the GRA filings, the IRs, the  
17 responses, the evidence and so forth are clearly tracked  
18 and then if anything begins to happen that we track the  
19 risk management and risk assessment material separately,  
20 that we consider, for example, some form of numbering for  
21 the keeping of evidence and so forth so that we can keep  
22 track of it.

23 Because if we determine to step off with a  
24 -- a concurrent proceeding, if the risk management  
25 proceeding derails or there are determinations that

1 require additional time, I should say more politely  
2 perhaps, that at least we can keep track of it in time.

3           As to the filing of evidence, yes,  
4 absolutely, it should be subject to the same process that  
5 we would expect in any proceeding before the Board. The  
6 filing of interrogatories, the responses, consideration,  
7 the filing of evidence and final argument.

8           It's a matter of substance that if it's  
9 viewed in essence as a generic hearing then that's how we  
10 should proceed with it.

11           I can -- I can say that, from my own  
12 thinking about the process, I would look at the risk  
13 management and risk issues in essence from a planning  
14 perspective as a generic hearing imbedded inside a GRA.  
15 So I would look at it as a hearing apart in any case  
16 because of the need to concentrate on that evidence.

17           In terms of confidential matters and  
18 filings, it's -- interestingly Ms. Ramage's -- the  
19 Application that Manitoba Hydro has just recently filed  
20 with the Court of Queen's Bench provides us, I think, if  
21 I understood Ms. Ramage's comments correctly, with a view  
22 of what Manitoba Hydro's position on confidentiality  
23 would be in terms of the documents being provided to  
24 various parties, processes and procedures.

25           If I had the list correctly, it was -- if

1 it was required to provide it under various statutes in  
2 Manitoba, by the -- including the Public Utilities Board,  
3 Auditor Generals Act and what we call the Whistleblowers  
4 Act and whether it was requested or compelled to be filed  
5 before in a -- a legislative assembly.

6 Now, whether those are themselves governed  
7 by confidentiality rules in their submission, that was a  
8 long list of parties and -- and entities and processes  
9 that would be receiving the material in addition to the  
10 Board.

11 As I understood the summary of the filing,  
12 Ms. Ramage was indicating it's Manitoba Hydro's view it  
13 should be free to determine to whom it provides the  
14 document in the determination of the Board of Directors  
15 of Manitoba Hydro and a fairly long list.

16 We haven't seen the filing in Queen's  
17 Bench, so we don't exactly know what its scope would be,  
18 but, clearly, it's -- it -- Manitoba Hydro has indicated  
19 that it expects that it may be called upon to provide  
20 these documents in a multiple -- in multiple locations to  
21 multiple purposes to multiple parties.

22 If we need to have a separate mini hearing  
23 where the Board makes determinations on how it intends to  
24 approach confidentiality, clearly, the standard would be  
25 to have the matter be as transparent as possible.

1                   I mean, the revenues that Manitoba Hydro  
2 are concerned about, the risks that Manitoba Hydro is  
3 facing as a corporation dealing with its capital  
4 investments, its operations and its rates and revenues --  
5 it's a public utility governed under the laws of  
6 Manitoba. It's not an investor-owned utility which might  
7 have an expectation of certain matters being considered  
8 proprietary and confidential. It belongs to the people  
9 of the Province, to the Government of Manitoba.

10                   And I note that many times when we  
11 consider the concept of who the owner of Hydro is, we  
12 often say the primary shareholder is the Government. And  
13 the Government, of course, is the people of the Province  
14 and, therefore, it would lead to the highest rule --  
15 standards of transparency, subject to a regulatory  
16 oversight as business operations of the Corporation would  
17 permit.

18                   In considering that, if there are going to  
19 be a series of matters that only the Board might receive  
20 under its current rules with some modifications, I think  
21 it's important for all parties to understand how that  
22 will operate.

23                   So if there is a series of documents that  
24 we expect to file for the Board's review, but not ours,  
25 and that we may have some precis or summary of what they

1 contain, then at least we understand as we head into it  
2 what the limits are.

3           As to changing the cost award rules, one  
4 (1) comment that MKO has made is that our -- it would be  
5 -- we have recommended previously that the Board adjust  
6 its cost rules so that our own in-house experts, as they  
7 were, are eligible for costs.

8           It's interesting that we -- only those  
9 that we retained are eligible for an award of costs from  
10 MKO, which means that all the time that MKO Inc. spends,  
11 as well as our own internal experts, are not eligible for  
12 an award of costs by the Board, so we participate, as  
13 MIPUG does, using its own resources.

14           Some consideration of an adjustment in  
15 cases where there might be specialist evidence provided  
16 from in-house resources would be valuable.

17           And ought the Board to engage an  
18 independent risk consultant? Well, that's clearly a  
19 determination for the Board to make on its own in terms  
20 of its own existing capacity. But we would suggest, yes,  
21 and that the Board ought to be confident and comfortable  
22 that if it's -- if a detailed or complex issue,  
23 particularly about corporate confidentiality and the  
24 needs to protect certain business interests of the  
25 company, are being presented by Manitoba Hydro, it would

1 be important, I think, for the Board to have its own  
2 ability to turn around and ask its own expert whether or  
3 not that's an accepted practice in industry.

4 I realize that Hydro would take the view  
5 that it knows its business best, but, in essence, we are  
6 before the Board, we do have a regulatory oversight of  
7 rate setting in Manitoba, and so it's intended that  
8 certain key decisions that affect the Corporation's  
9 business are made by others than the Board of Directors  
10 of Manitoba Hydro.

11 And so, similarly, the -- the Public  
12 Utilities Board ought to have the ability of answering  
13 important questions like that on an expert basis for  
14 itself.

15 In terms of schedule, I've made some  
16 general comments. I -- I agree that for the preparation  
17 of Intervenor evidence that we ought to have two (2)  
18 weeks. I know from personal experience that doing it in  
19 less than that time can be very difficult and I realize  
20 that we're all committing ourselves to the schedule of  
21 the Board, but two (2) weeks for the preparation of  
22 evidence is reasonable.

23 I have already touched on the matter that  
24 the current -- the accelerated schedule suggested by Ms.  
25 Ramage leaves us with filing IRs prior to the provision

1 of things, basic nuts and bolts like the OM&A details,  
2 and we ought not to do that. We ought to make sure that  
3 we have it all in our hands as we proceed.

4           And that as to changes in the directives  
5 being sought by Manitoba Hydro, I was listening with --  
6 with interest to the comments made by MIPUG.

7           MKO agrees that the core of the  
8 proceedings are to seek approvals for various matters  
9 that Manitoba Hydro wishes to move forward with and we  
10 ought to have them all in hand as we proceed and  
11 understand clearly what they are.

12           And if we're looking at another energy  
13 intensive rate proposal with rules, clearly if that's  
14 possible to have it in our hands when we start moving  
15 forward with our IR request we ought to do that.

16           The Board will recall that MKO had  
17 expressed an interest in that matter before and we  
18 continue to follow that matter with interest.

19           So in terms of our -- our opening comments  
20 or our comments here at the Pre-hearing Conference and  
21 our request for Intervenor status, I would again indicate  
22 that we look forward to the Board's -- and request the  
23 Board's approval of our status as Intervenors in this  
24 proceeding, and that look forward to any further  
25 proceeding the Board may have on the matter of risk

1 management, risk assessment.

2 We understand the Board has a large task  
3 ahead of it. We also agree that this will be by -- by  
4 the nature of the discussions we've had today, a larger  
5 proceeding than we -- than we've had in the past for  
6 GRAs, particularly since it's a two (2) year request.  
7 And I look forward to participating with great interest.

8 Thank you, Mr. Chair.

9 THE CHAIRPERSON: Thank you for your  
10 thoughtful thoughts, Mr. Anderson. I appreciate it.

11 MR. ROBERT MAYER: Mr. Anderson, I have a  
12 question.

13 MR. MICHAEL ANDERSON: Yes, Mr. Mayer?

14 MR. ROBERT MAYER: Is there any reason  
15 that MKO has not responded to Ms. Ramage's request to  
16 permit the so-called new agreement from -- with INAC to  
17 be tendered or filed with this Board?

18 MR. MICHAEL ANDERSON: Ms. Ramage  
19 provided, I thought, a very good clear response. The  
20 December '04 document that was provided to the Board was  
21 an all party concurred joint draft on which we all signed  
22 off to provide evidence at same.

23 The document that was circulated on  
24 November 30th -- and again I say this with great caution  
25 because we're exploring matters that are subject to



1 mediation and confidentiality -- is essentially an Indian  
2 and Northern Affairs Canada draft of a document, and that  
3 we're -- we're reviewing the document and seeking  
4 instructions from the diesel First Nations as to the  
5 documented -- the document that was circulated, Mr. Vice-  
6 Chair to be clear, is not a joint common draft as the  
7 December version was.

8                   It is an INAC suggestion for documents.  
9 And you might recall my comments during the one (1) day  
10 proceeding that Indian and Northern Affairs Canada  
11 suggested some substantial changes after we had flowed  
12 all the capital monies and that they're of great  
13 significance to the diesel First Nations. So we're  
14 carefully studying this document and seeking instructions  
15 at this time.

16                   MR. ROBERT MAYER: I think we are  
17 particularly concerned because of the comments we heard  
18 from INAC that what you got was a take it or leave it  
19 draft and if that's the case, where are we going with it?

20                   MR. MICHAEL ANDERSON: I would say with  
21 great hope in all the years and time that we've invested  
22 in the process right back to the '03 diesel proceeding,  
23 that we are parties to a mediated process, we are  
24 mediated -- mediating a resolution to those issues raised  
25 in the '03 proceeding by consensus and agreement.

1                   We are in a mediation with all of the  
2 things that it involves and whether it appears to be a  
3 take it or leave it, that's a matter that's still before  
4 us to explore with Indian and Northern Affairs Canada.

5                   I remain as enthusiastic and hopeful as I  
6 have been throughout the entire process that we'll arrive  
7 at a resolution because we've certainly invested the time  
8 as three (3) entities in achieving that end.

9                   MR. ROBERT MAYER:    Thank you very much.

10                  THE CHAIRPERSON:   For RCM/TREE, Mr.  
11 Gange.

12

13                  OPENING COMMENTS BY RCM/TREE:

14                   MR. BILL GANGE:    Thank you, Mr. Chair,  
15 Mr. Vice-Chair.  Resource Conservation Manitoba and Time  
16 to Respect Earth's Ecosystem do make application to  
17 appear at this Hearing as an Intervenor.

18                   We filed an Intervenor request form which  
19 lists the various issues that my clients wish to examine.  
20 They are consistent with the approach that RCM and TREE  
21 have come to this Board in -- in previous hearings.

22                   Having said that, at -- at present our  
23 understanding is that -- that the following issues remain  
24 outstanding.  We understand from the material that, on  
25 January 21st, the Manitoba Hydro Board will be

1 considering the question of -- of the energy intensive  
2 industrial rate, service extension, metering and time of  
3 use, and inverted rates and strategies.

4           And -- and at that point a decision will  
5 be made by the Board as to whether or not those issues  
6 will be included in the GRA. Those issues are all  
7 matters that RCM and TREE have wished to explore in the  
8 past, and it creates a problem in terms of timing.

9           As well, there are the following issues  
10 that one -- or that Hydro has indicated that it expects  
11 to provide further information on: the twenty (20) year  
12 power resource plan, the greenhouse gas, and the impacts  
13 -- the financial impact of fuel switching, the external  
14 review of the cost of service study, the low income bill  
15 assistance, diesel rate information, and, as well, a  
16 report from Mr. Dunsky with respect to DSM.

17           In the past my clients were the first to  
18 introduce Mr. Dunsky to this Board, I believe at a Centra  
19 Hearing when -- when we introduced a study that Mr.  
20 Dunsky had done for Hydro Quebec. We were very happy  
21 that Mr. Dunsky appeared at the last hearing with -- on  
22 behalf of CA -- CAC/MSOS with respect to giving  
23 evidence. And quite frankly Mr. -- or, Dr. Miller was  
24 very excited and -- and congratulatory of Manitoba Hydro  
25 for having employed Mr. Dunsky to provide assistance on

1 DSM.

2                   That is one of the main issues that --  
3 that RCM and TREE have wanted to explore in past  
4 hearings. We would like to see what Mr. Dunsky's report  
5 is. Mr. -- or, Dr. Miller has had discussions with Mr.  
6 Kuczek, who indicates that he expects that the Dunsky  
7 report will be available sometime in January. It may be  
8 that -- that his report will be such that we won't  
9 require any further information or any further expert  
10 evidence on that issue. And -- but -- but we don't know  
11 what it says.

12                   And, in addition, Dr. Miller is hoping  
13 that -- that Mr. Dunsky would be perhaps made available  
14 to the other parties to this hearing to provide responses  
15 in terms of -- of suggestions that -- that the various  
16 Intervenors may have with respect to DSM in -- in order  
17 to end up with what we would see as a cooperative effort  
18 to provide assistance to the Board with respect to DSM.  
19 So, again, that's an issue that -- that we can't even  
20 comment upon until Mr. Dunsky's report is -- is available  
21 and has been reviewed.

22                   In addition -- and other people have  
23 mentioned this, Ms. Ramage has mentioned it -- the KPMG  
24 review of -- of risk is not available until March. From  
25 my perspective, if -- if there is a court application

1 that is being brought by Manitoba Hydro, I -- I wonder if  
2 the -- the Public Utilities Board ought to consider  
3 asking for Intervenor status itself in that court  
4 application. Because it does seem to me that it would be  
5 useful to the Court of Queen's Bench to understand that -  
6 - that this Board has a -- an expertise and has its own  
7 jurisdiction with respect to the review of Manitoba  
8 Hydro's operations.

9           And if there is a threat, as Ms. Ramage  
10 said has been made by counsel from New York writing a  
11 cease and desist letter, it strikes me that -- that it's  
12 inappropriate for a New York court to be interfering with  
13 the process in Manitoba and interfering in your  
14 jurisdiction.

15           And I would recommend that -- that the  
16 Public Utilities Board take counsel from its legal  
17 counsel in terms of whether Hydro's Application ought to  
18 be supported, because I, on behalf of my clients, would  
19 wholeheartedly recommend that -- that Mr. Peters be there  
20 to -- to say to the Court that -- that the KPMG report  
21 ought to be made available in order for this body to do  
22 its job properly.

23           In addition, there is still material that  
24 is expected with respect to the export program and  
25 implications, the IFRS is not due until February 28th,

1 there's marginal cost data, so that we are clearly in a  
2 position where there is so much information that is still  
3 not yet available, but must be available for this Hearing  
4 to have a real impact.

5                   Dr. Miller says to me that he understands  
6 that it would appear that right now the timetable is  
7 being driven by the desire to have an April 1st rate  
8 increase, and -- and so everything else is being dragged  
9 along with respect to that. And -- and we recognize that  
10 it may well be necessary to have some sort of a -- of an  
11 interim rate review so that -- so that rates can be --  
12 can be reset.

13                   If that's the case, then perhaps the Board  
14 ought to be consider -- ought to be considering making an  
15 interim rate analysis which would then be subject to  
16 review in the -- in the entire GRA, and there may have to  
17 be some adjustment. In fact, there almost certainly  
18 would have to be some adjustment given all of the various  
19 issues that -- that this Board is going to have to  
20 consider.

21                   But that's one (1) possible way of trying  
22 to resolve these two (2) very opposing forces that --  
23 that are at play here.

24                   We do not believe right now that -- that  
25 the timetable that was thrown out by Ms. Ramage and --

1 and Ms. Ramage, in fairness to her, has said that's a  
2 starting point for the discussion. We recognize that  
3 it's a starting point, but right now, it's a starting  
4 point that -- that -- well, the flag hasn't really gone  
5 up yet. And it certainly -- it seems to me that it's  
6 difficult to see those First Round of IRs being ready for  
7 January 4th or January 11th or perhaps even January 31st,  
8 given all of the information that is only going to go to  
9 the Board, the Hydro Board, on January 21st.

10 So we would just say, in summary, a couple  
11 of things.

12 One (1), we would like direction from the  
13 Board in terms of the scope of this Hearing, and -- and,  
14 secondly, once we've got the scope of the Hearing, we can  
15 give a more considered approach. We haven't submitted a  
16 budget because it's impossible to do so at present.

17 Once we have the scope, the budget can be  
18 put in place and the timetable can be put in place. But  
19 the -- the current situation is just not workable.

20 Those are my comments on behalf of RCM and  
21 TREE.

22 THE CHAIRPERSON: Thank you, Mr. Gange.  
23 You certainly contributed to a fairly weighty Pre-hearing  
24 Conference.

25 Ms. Pambrun, for the City of Winnipeg.

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SUBMISSIONS BY CITY OF WINNIPEG:

MS. DENISE PAMBRUN: Thank you, Mr. Chairman and Mr. Vice Chair.

My comments will be brief this morning as it is anticipated that the City, if granted Intervenor status, will play a more limited role than my colleagues.

The City of Winnipeg, as you know, is the single biggest consumer in the category of area and street lighting, and its budget for 2009 was ten and a half million dollars in that category. So it is a significant expense for the City.

A 2.9 percent increase in that category, which is proposed by Manitoba Hydro, means about three hundred thousand dollars (\$300,000) per annum. So it is a -- it is an amount that is of concern to the City, and taxpayers of the City certainly would want me to put forward my best efforts to test the evidence put forward by Manitoba Hydro in that category and ensure that it is an appropriate amount, that it is fair and tested.

The City will also be participating with respect to an area that came up in the past in past hearings, and there are still some unanswered questions with respect to the \$10 million that the City contributes to Hydro in that category.



1                   There have been attempts between the City  
2 and Manitoba Hydro to answer the questions. I'll just  
3 give you a -- an example of some of the areas of the \$10  
4 million that is the -- that constitutes the annual amount  
5 for the rate in that category; two and a half million of  
6 that is capital costs.

7                   That includes the installation of street  
8 lighting in collector and arterial streets, and the City  
9 takes the position that we install those. Why is that  
10 included in our annual energy rates?

11                   The City contributes in that amount  
12 dedicated plant depreciation interest and contribution to  
13 reserve and capital tax. The City is wondering why  
14 that's included in our energy rates when the average  
15 consumer already pays that through their energy rate per  
16 se and not an added amount in the form of these capital  
17 costs.

18                   We appear to be contributing to capital in  
19 a number of ways through capital -- through depreciation,  
20 interest and contribution to reserve. We have some  
21 concerns that there may be -- to use that very, perhaps,  
22 rude but effective phrase -- double dipping.

23                   So the City has some questions. Perhaps  
24 they will ultimately all be answered to the City's  
25 satisfaction, ultimately, but, unfortunately, between the

1 City and Hydro, we've not yet managed to have them all  
2 answered. So we will finish, I hope, finish up that area  
3 of questioning through this process.

4           The weighting factor is something for  
5 which we still have some unanswered questions. So those  
6 are some of the types of technical questions the City  
7 will get into. As you can see, unlike my colleagues, we  
8 will be focused on a much more specific area, and so, as  
9 you may recall from my last comments on December 10th  
10 when I was here, the City will remain relatively  
11 uninvolved in the bigger picture relating to the risk  
12 management issues. I will let my very competent  
13 colleagues address those issues and so our role will be  
14 quite limited, but in respect of the revenue and cost  
15 issues, the City will play a role but will not be calling  
16 evidence and we will not be seeking costs.

17           In respect of the timetable, I'm happy to  
18 say that I will do my best to be at the disposal of all  
19 of my colleagues as well as the members of the Board.  
20 Other than my own personal and professional obligations,  
21 I will attempt to meet whatever deadlines are imposed by  
22 you. And I think it may be difficult to meet some of the  
23 deadlines for all of you, but I don't think I'm going to  
24 be a big factor in that other than perhaps my own  
25 unavailability at certain times, but I don't think I can

1 really add a great deal more than that and thank you for  
2 your time this morning.

3 THE CHAIRPERSON: Thank you. Thank you  
4 for your attendance.

5 I don't believe there's anyone else here  
6 wishing to address us from the Intervenor perspective.

7 Ms. Ramage, do you want a short break  
8 before you provide any reply comments, or are you ready  
9 to go now?

10 MS. PATTI RAMAGE: A -- a short break  
11 would be appreciated.

12 THE CHAIRPERSON: Okay, let's take ten  
13 (10) minutes or so.

14

15 --- Upon recessing at 11:31 a.m.

16 --- Upon resuming at 11:47 a.m.

17

18 THE CHAIRPERSON: Okay. Welcome back.  
19 Ms. Ramage are you ready to provide some final comments  
20 in this Pre-hearing Conference.

21

22 REPLY BY MANITOBA HYDRO:

23 MS. PATTI RAMAGE: Yes. And they may be  
24 a little scattered because there is quite a number of  
25 things to -- of issues to deal with. The first one, I'm

1 going to try to throw out some new dates again, having  
2 heard what all of the Intervenors have -- their comments.

3           And recognizing the January 15th filing of  
4 the OM&A, Tab 4, we would -- we're throwing out that  
5 First Round IRs would be January 29th, with Manitoba  
6 Hydro filing responses February 26th. Second Round IRs,  
7 March 11th, with responses April 8th.

8           Intervenor evidence two (2) weeks later,  
9 April 22nd. Parties to file Information Requests of  
10 Intervenor evidence, May 6th. That takes into account  
11 that CAMPUT falls within that time period. Intervenors  
12 to file responses May 20th. Manitoba Hydro to file  
13 rebuttal evidence May 28th, with a hearing on or about  
14 June 1st.

15           And I put the caveat on that, Mr Warden  
16 believes I've -- may be a little tight on that and too  
17 aggressive, but that's some -- some dates to consider.

18           Manitoba Hydro sug -- would suggest at a  
19 minimum, even if we don't have the other dates  
20 established, we shouldn't be sitting around twiddling our  
21 thumbs right now; we should get the IR process started.  
22 And if we just set that first IR date of January 29th, so  
23 we're working towards a date, that would be extremely  
24 helpful coming out of today.

25           With respect to the various Intervenors

1 who've applied, Manitoba Hydro has no objections to their  
2 participation, but at the same time we also have no  
3 budgets. So, they're -- all the usual suspects are here  
4 so I don't anticipate that we will have objections, but  
5 we would like to see budgets, and would like the  
6 opportunity to comment on those budgets by way of general  
7 comment at the outset.

8           Something Manitoba Hydro would like to see  
9 a practice we would like to followed in the process, is  
10 we recognize that sometimes new issues arise, or -- or  
11 different things happen during the course of the Hearing,  
12 but we often see a bill of cost that isn't anywhere near  
13 what the original budget was, and that there should be a  
14 -- a commitment on the part of Intervenors who are  
15 looking for Manitoba Hydro to pay the costs, or the Board  
16 to order costs, that the Board cup -- kept updated. When  
17 they see those budgets going awry during the process,  
18 that -- that the parties advise the Board of that, so we  
19 all know where we're at in the process.

20           And -- and of course, as much detail in  
21 the budgets -- that I would concur with Intervenors, is  
22 easier when you know what the scope of the Hearing is.  
23 There's no question it's difficult and that's why weren't  
24 not here ex -- we would have normally expected budgets,  
25 but we're not surprised not to have seen them right now.

1                   Comments were made regarding the filing  
2 dates of the diesel and energy intensive rates. We would  
3 simply say -- state that if they are filed our -- our  
4 Board meets -- this is the outset of the proceeding right  
5 now -- there's no prejudice to any party in terms of  
6 getting those -- those matters in.

7                   In terms of past practice, also, things  
8 have arisen during the course of the Hearing. I think  
9 that's one of the benefits of this process is that it  
10 attempts to be flexible enough to accommodate the needs  
11 of the Utility and its ratepayers when these applications  
12 come forward. The -- the purpose of having done them is  
13 in the interest of ratepayers. So, I wouldn't want to  
14 fall back onto some strict process.

15                   At the same time I think it's fair to  
16 receive adequate notice. In this case, I think there --  
17 the proceeding hasn't even started yet so -- and if we  
18 look at the type of calendar or timetable we've proposed,  
19 there -- there would be no prejudice with those processes  
20 going forward after our Board sees them.

21                   Let's see. A comment was made with  
22 respect to interim -- an interim rate process. Also a  
23 comment was made that we seem to be driving towards the  
24 April 1st rates.

25                   I would suggest that giving a May 3rd

1 start date, April 1st wasn't really going to happen in  
2 the first place. Nevertheless there's no doubt that  
3 Manitoba Hydro sees these rate increases as important.  
4 And therefore we would support an interim rate increase  
5 if the Board was so inclined.

6           Comments were made regarding the order of  
7 the proceedings. The suggestion was made that Manitoba  
8 Hydro ought to go first and also that that's what's done  
9 in other jurisdictions. I think there's a difference  
10 between this proceeding and other jurisdictions and  
11 that's the fact that in other jurisdictions Intervenors  
12 are required to tell us what their position is going into  
13 -- prior to their submission of final arguments.

14           Manitoba Hydro doesn't hear that here.  
15 It's worked well for us. Certainly all the parties know  
16 what Manitoba Hydro's position is going into the Hearing.

17           We filed five (5) binders of materials.  
18 So you know where we're at. We haven't seen anything  
19 from Intervenors. So we believe we'd be prejudiced in  
20 the current process to be going first.

21           We -- we spend months reviewing Manitoba  
22 Hydro's position. We then hear from the Intervenors  
23 during -- we hear during that last week usually of  
24 evidence. And we've even had Mr. Williams go so far as  
25 to tell us he's not sure if he's adopting his expert's

1 evidence during -- when his expert has testified in the  
2 past.

3                   So we have had experiences where we're not  
4 even sure what the Intervenor's position is. So to ask  
5 us to go first would put us at a disadvantage.

6                   Again, on the topic of the risk review and  
7 in particular given the information we've provided here  
8 today, Manitoba Hydro does not believe it appropriate to  
9 -- to have a stand-alone hearing.

10                   Mr. Anderson suggested we be able to mark  
11 documents as -- as risk documents versus other documents.  
12 And my simple answer would be, we filed five (5) binders  
13 of materials. I think they can all be marked "risk".

14                   So I don't think that's going to be of any  
15 assistance. It's integral to everything we do and it  
16 can't be separated out that easily. Everything -- you're  
17 talking about -- if we're talking about risk or if we're  
18 talking about a specific aspect of risk, but if it's  
19 risk, it's everything we filed or virtually everything we  
20 filed.

21                   We don't believe there should be a  
22 separate proceeding. We think that this Board can review  
23 the -- the elements of risk, the many elements we --  
24 we've listed out during this process.

25                   And I also wanted to correct what's



1 perhaps a misperception on behalf -- on behalf of MKO and  
2 that was that the Manitoba Hydro court Application  
3 represents Manitoba Hydro's position clearing the way for  
4 all documents to be filed.

5                   That application doesn't deal with  
6 anything but the KPMG report. It has always been  
7 Manitoba Hydro's intention to file that document in the  
8 proceeding. It's -- it's referenced in the materials.  
9 So that's the only thing that that Application deals  
10 with.

11                   In terms of other documents, I've heard  
12 parties bandy about the documents -- or referenced the  
13 documents that were filed on blue paper. Those documents  
14 were filed on November 6th by Manitoba Hydro. They were  
15 filed in response to a specific directive in Order 32/09  
16 and that directive indicated that Manitoba Hydro was to  
17 file any and all documents related to I think it was  
18 energy pricing and risks subsequent to the 2003/2004  
19 drought. And how's that for memory?

20                   But that was any and all which is  
21 essentially a -- a directive to file all documents in  
22 possession. They weren't filed in this proceeding and  
23 the relevance of those documents Manitoba Hydro would  
24 suggest those documents aren't all relevant to this  
25 proceeding. We're not saying that none of them are.

1 We're saying that -- but when you ask us to file  
2 everything we've got, that's what we filed.

3           So I think we could perhaps use some of  
4 the time that we have between now and First Round IRs to  
5 -- to hear from parties and ourselves, perhaps off-line,  
6 what is actually relevant, what -- what are they looking  
7 for in those documents, because certainly some of them  
8 are dated.

9           There's also documents in there that  
10 Manitoba Hydro would -- if -- if the parties want to see  
11 them, our view is we want as transparent a process as  
12 possible. And if there's information they can see, of  
13 course, we would let them see them. If there's --  
14 there's information that, due to confidentiality reasons,  
15 they can't be seen, surely, if they -- we can learn why  
16 they need to see them, we can attempt to work out a way  
17 that we can get information on the public record that  
18 satisfies their needs. But all I've heard is "all the  
19 documents," so unless we understand what the specific  
20 requirement is, it -- it's very difficult to address what  
21 we can do to work around that process.

22           But as I say, our interest is in  
23 transparency, but it's also in protecting our ratepayers  
24 because, while we are a publicly-owned company, we  
25 participate in a very competitive market and some of that

1 information, if released, could severely impact our  
2 ratepayers. And so we all need to be cognizant of that,  
3 not just Manitoba Hydro. and I think everyone in this  
4 room would agree that we don't want to do anything that  
5 negatively impacts our ratepayers.

6 So that's a process that I think we can  
7 use the -- the time we have to work on. There is  
8 information I think we -- we can share in those  
9 documents. As I say, there's information I don't think  
10 we can share.

11 And I think we've covered everything for  
12 Manitoba Hydro.

13 THE CHAIRPERSON: Okay, thank you, Ms.  
14 Ramage, and thank you for all in attendance. After this  
15 Pre-hearing Conference, board counsel, Mr. Peters, will  
16 be in touch with each and every one of you and can get  
17 engaged in some consultations.

18 Mr. Anderson, you had something you want  
19 to add.

20 MR. MICHAEL ANDERSON: Thank you, Mr.  
21 Chair. And I just had a house -- two (2) house -- quick  
22 housekeeping matters to raise.

23 Firstly, I don't believe as I went through  
24 my comments, I mentioned that I have filed an Intervenor  
25 Request Form, Appendix I. The Board, I believe, has

1 them. I had just wanted to make that clear for the  
2 record.

3                   And that, secondly, as a -- perhaps as a  
4 suggestion, given the comments of the parties about  
5 documents, is to perhaps suggest that a table be produced  
6 on these documents that are not yet before the Board or  
7 the parties in the record with an expected production  
8 date, so as the Board contemplates the schedule order, it  
9 can have a look at the materials, for example, that Mr.  
10 Gange was mentioning on behalf of RCM/TREE; he provided a  
11 thorough shopping list of documents. MIPUG referred to  
12 materials, so did CAC/MSOS and MKO.

13                   Perhaps if we can see them all on a  
14 schedule in a table showing when the documents are  
15 expected to be considered and produced, it might be of  
16 assistance to the parties. Also, so we can track the  
17 documents that we believe are relevant to the proceeding.

18                   Thank you.

19                   THE CHAIRPERSON: Thank you for your  
20 suggestions, Mr. Anderson.

21                   Okay. So as I say, Mr. Peters will be in  
22 contact with each of you and -- in due course, and after  
23 a lot of deliberation, a procedural order will follow.  
24 So we'll stand down now. Thank you.

25                   Happy Holidays to all of you.

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--- Upon adjourning at 11:59 a.m.

Certified correct,

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Cheryl Lavigne, Ms.