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MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA HYDRO
COST OF SERVICE STUDY METHODOLOGY
PRE-HEARING

Before Board Panel:

- Graham Lane - Board Chairman
- Bob Mayer - Vice Chairman
- Kathi Avery-Kinew - Board Member
- Len Evans - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
November 24th, 2005

Pages 1 to 97

APPEARANCES

1
2 Bob Peters)Board Counsel
3
4 Patti Ramage)Manitoba Hydro
5
6 Byron Williams)CAC/MSOS
7
8 Tamara McCaffrey)MIPUG
9 Patrick Bowman)
10 John Osler)
11
12 Doug Buhr)City Of Winnipeg
13
14 Randall McQuaker)TREE/RCM
15 Peter Miller
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17 Michael Anderson)MKO
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1	LIST OF EXHIBITS		
2	No.	Description	Page No.
3	PUB-1	Cost of Service Filing, consisting of all the materials in Tab 11 of the three (3) binders, and also Appendix 11.1 and 11.2 found in Volume III of the three (3) volume series.	17
4	PUB-2	Letter from Manitoba Hydro addressed to interested parties. It enclosed three (3) volumes of Manitoba Hydro's November 1st application which enclosed the cost of service materials.	17
5	PUB-3	Letter dated November 22, 2005 from the Public Utilities Board to Manitoba Hydro. It attaches a signed Notice that was previously published November 19th in the Winnipeg Free Press, the Winnipeg Sun, the Brandon Sun as well as the Thompson, Flint Flon and Portage newspapers.	18
6	PUB-4	Affidavit of Service.	18
7	PUB-5	Draft Time Table.	18
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1 --- Upon commencing at 9:10 a.m.

2

3 THE CHAIRPERSON: Good morning, if I
4 could have your attention I'll call the Proceedings this
5 morning to order to begin the Pre-Hearing Conference.

6 Welcome to all of you, my name is Graham
7 Lane, I'm the Chairman of the Public Utilities Board and
8 I'm joined on this Panel by Board Members Len Evans, Dr.
9 Kathi Avery-Kinew, and Vice Chairman, Bob Mayer. We're
10 also assisted by our Acting Secretary, Mr. Hollis Singh.

11 This Pre-Hearing Conference relates to
12 Manitoba Hydro's Cost of Service Study Methodology. The
13 Board understands a Cost of Service Study to be a tool
14 used by Manitoba Hydro allocating the utilities costs to
15 the various customer classes that it serves.

16 The Board also understands that Manitoba
17 Hydro's purpose in using the Cost of Service Study is to
18 determine a fair sharing of the utilities revenue
19 requirement among the customer classes.

20 The Board further understands that while
21 there are many allocation methods, Manitoba Hydro uses an
22 embedded cost approach, wherein unit costs represent the
23 average to serve all customers in a rate class, based on
24 funds at historic costs levels implanted in service.

25 While historic investment costs appear to

1 play a significant role in determining costs, there is
2 also the use of forecasts in the prospective study used
3 by Manitoba Hydro. Perhaps this review process will lead
4 all parties to explore changes to the historical
5 practices and consider creative ways to deal with costs
6 including costs that have historically been deferred or
7 amortized over long time horizons.

8 But, before we get ahead of ourselves, we
9 need to come back to what brings us here today. Issues
10 respecting Manitoba Hydro's cost of service study have
11 been before the Board continuously. In the mid to late
12 1990's the issue of allocation of export revenues became
13 a key topic; that topic remains before the Board and
14 perhaps, through this process, will be resolved.

15 In Board Orders 101/04 and 143/04, both
16 related to Manitoba Hydro's 2004 General Rate
17 Application, the Board considered Manitoba Hydro's cost
18 of service study and found it to be in a state of flux
19 and, perhaps, not reliable.

20 The Board directed Manitoba Hydro to bring
21 forward a review of its cost of service study in a public
22 process prior to filing for new rate increases. It
23 appears that Manitoba Hydro has now done that, although
24 the cost of service materials are included in Manitoba
25 Hydro's Phase 1 filing for a General Rate Application.

1 Just to be clear, there is no request by
2 Manitoba Hydro for a General Rate Application process
3 currently before the Board, even though three (3) binders
4 of materials have been filed. Ms. Ramage from Manitoba
5 Hydro can speak to this matter when she is called upon.

6 What brings us here today and what was in
7 the public notice is Manitoba Hydro's proposed cost of
8 service study methodology. And through this process the
9 Board expects to gain a detailed understanding of the
10 methodologies and the rationale used in preparing a cost
11 of service study.

12 The parties need to be aware that because
13 Manitoba Hydro's proposed changes impact the allocation
14 of costs and revenues to the various customer classes
15 such changes, if approved by the Board, may affect how
16 future changes in rates will be apportioned among the
17 various customer classes.

18 The Board may consider Manitoba Hydro's
19 cost of service study results when approving new rates or
20 changes in existing rates. Saying this, I should add
21 there is no requirement that the Board must do this.

22 The Board is interested in hearing from
23 all interested parties in respect of cost of service
24 study methodologies. To that end, I will now call on Mr.
25 Peters, Board Counsel, for introduction of Board

1 advisors.

2 Mr. Peters will also provide an outline of
3 procedures and exhibits for this pre-hearing conference.

4 Mr. Peters...?

5

6 OPENING COMMENTS BY MR. BOB PETERS:

7 MR. BOB PETERS: Thank you and good
8 morning, Mr. Chairman. Good morning, Board Member Evans,
9 Board Member Dr. Kinew, and Board Member Vice Chair
10 Mayer.

11 Ladies and gentlemen, as indicated, and
12 for the record, my name is Bob Peters and this morning I
13 act as counsel to the Public Utilities Board with respect
14 to this pre-hearing conference.

15 The Board is also assisted by its
16 accounting advisors from PricewaterhouseCoopers and, in
17 particular, Mr. Brent McLean seated to my left. The
18 Board is also assisted by its engineering advisor from
19 LAB Consulting, Mr. Larry Buhr seated to my right.

20 Mr. Chairman, Board Members, ladies and
21 gentlemen, the purposes of this pre-hearing conference
22 include the identification of prospective Intervenors and
23 identifying their reasons for intervention and also
24 providing an opportunity for Intervenors to cooperate and
25 avoid duplication of interventions.

1 And the further purpose for this pre-
2 hearing conference is to attempt to finalize a timetable
3 for the orderly exchange of evidence and information.
4 Before proceeding much further it would also be
5 appropriate, I suggest, Mr. Chairman, to facilitate the
6 record of the pre-hearing conference, by marking proposed
7 exhibits at this time.

8 I've circulated a copy of the exhibit list
9 and, for the record, I propose that there be five (5)
10 exhibits at this point in time, always subject to the
11 comments of other parties, and the introduction of
12 additional exhibits as we proceed.

13 I have proposed, Mr. Chairman, in the
14 exhibit list that Exhibit 1 be what you have referred to
15 as the Cost of Service Filing. I find that to be
16 consisting of all the materials in Tab 11 of the three
17 (3) binders that you referred to, Mr. Chairman, and also
18 it includes Appendix 11.1 and 11.2 found in Volume III of
19 the three (3) volume series.

20 I believe those are the materials which
21 form the basis of Manitoba Hydro's application, as it
22 were, before the Board and, Ms. Ramage, I would ask to
23 maybe confirm that when it's her turn on the microphone.

24 Exhibit 2, a copy of which was also
25 attached to the exhibit list, was a letter from Manitoba

1 Hydro addressed to interested parties. It enclosed three
2 (3) volumes of Manitoba Hydro's November 1st application
3 which, in and of itself, enclosed the cost of service
4 materials.

5 I propose that Exhibit 3 be a letter dated
6 November 22, 2005, it's from the Board to Manitoba Hydro,
7 and it just attaches a signed Notice that was previously
8 published November 19th in the Winnipeg Free Press, the
9 Winnipeg Sun and the Brandon Sun.

10 Exhibit 4 is a number that I'll reserve
11 for Ms. Ramage to fill in later with Mr. Singh, and that
12 would be filing an affidavit of service. This will show
13 the Board how Manitoba Hydro has -- has published the
14 Notice that the Board has approved, and where it has been
15 published.

16 And Exhibit 5 is a draft time table and
17 it's also been circulated. The draft time table sheet
18 that I have actually has two (2) different time tables on
19 it, and there are some blank calendar pages also at the
20 back of the exhibits, just for people to look ahead and
21 -- and plan when we get to that point in the Pre-Hearing
22 Conference, when we talk about the draft time tables.

23 Mr. Chairman, Board Members, and ladies
24 and gentlemen, I've indicated one (1) of the purposes of
25 this Pre-Hearing Conference is to have the Intervenors

1 identify the reasons for seeking to intervene.

2 Those reasons for intervention are
3 generally tied to the scope of the Proceedings before the
4 Board, and in the present matter, Manitoba Hydro is
5 proposing changes to the Cost of Service Methodology that
6 they utilize.

7 As I believe you've indicated just now,
8 Mr. Chairman, these changes, if approved, may have an
9 impact on the rates and rate increases, subsequently
10 charged to various customer classes.

11 These proposed changes are the subject of
12 the review before the Board, as is the entire Cost of
13 Service Methodology that would be appropriate for use by
14 Manitoba Hydro.

15 To pick up on a point that you mentioned,
16 Mr. Chairman, and while it may be that Manitoba Hydro
17 initially had intentions of filing for a General Rate
18 Application, there is presently no General Rate
19 Application before the Board for consideration.

20 Therefore, it's hoped that this process
21 that we are embarking on today can focus on the Cost of
22 Service Study Methodology, and not on many of the other
23 matters that would be more appropriately addressed
24 through a General Rate Application.

25 I can also leave it to My Colleague

1 representing Manitoba Hydro, to indicate what if any
2 plans her client has for its next General Rate
3 Application.

4 When the prospective Intervenors identify
5 themselves, perhaps they can indicate as well if their
6 scope of intervention goes beyond a review of the Cost of
7 Service Study Methodology. If it does, that party should
8 clearly state their intentions so the Board and others
9 can comment on whether it is within the scope of the
10 Hearing, as the Board is planning.

11 Mr. Chairman, I see in the Hearing Room
12 that in addition to Manitoba Hydro's counsel, and -- and
13 the counsel from Centra Gas, there are counsel and
14 representatives in attendance from other prospective
15 Intervenors.

16 At the conclusion of my opening comments,
17 I will suggest that the Board turn to the other
18 interested parties in attendance for their introductions,
19 as well as any opening comments, and an indication as to
20 their intended level of involvement in this process.

21 I can indicate by way of a quick survey,
22 Mr. Chairman, that the (ph) Consumers Association of
23 Canada, Manitoba Society of Seniors, has their counsel,
24 Mr. Williams, present. And I believe also Ms. Desorcy is
25 present.

1 For Manitoba Industrial Power Users Group,
2 a number of parties represented -- a number of people
3 here on their behalf, represented by the, I suspect the
4 mother of the year, Ms. McCaffrey.

5 And the City of Winnipeg attends today,
6 which is a -- a bit of deja vu for some of us, through
7 Doug Buhr. Doug Buhr is from the City of Winnipeg Law
8 Department, and I notice him in the Hearing Room.

9 On behalf of Time to Respect Earth's Eco
10 Systems and Resource Conservation Manitoba, I have noted
11 this morning that Mr. McQuaker and also Dr. Miller are in
12 the room.

13 And lastly, but not least, but perhaps
14 last in the Hearing Room was on behalf of MKO, was
15 Michael Anderson. And I can indicate Michael Anderson
16 has some time constraints, and I've certainly agreed to
17 cooperate in getting his Intervenor Request Form before
18 the Board in a timely fashion today.

19 Before I close, and still on the topic of
20 Intervenor, I will remind Intervenor who may be seeking
21 an order for an award of costs, that the Board Cost
22 Order, as well as its Rule 41, set out a fourfold test,
23 that provides the Board may award costs to an Intervenor,
24 and that is to an Intervenor who has made a significant
25 contribution that is relevant to the Proceeding, and

1 contributed to a better understanding by all parties to
2 the issues before the Board.

3 And that Intervenor has to participate in
4 the Hearing in a responsible manner, cooperating with
5 other Intervenors who have common objectives in the
6 outcome, in order to avoid duplication.

7 As well, that Intervenor has to have
8 insufficient financial resources to present the case
9 adequately, without an award of costs. And that
10 Intervenor also has to have a substantial interest in the
11 outcome of the proceedings and represent the interests of
12 a substantial number of ratepayers.

13 In closing, Mr. Chairman, and subject to
14 any questions that you or your colleagues may have of me,
15 this will conclude my opening comments. I would suggest
16 that you canvass the other parties present for their
17 introductions, their opening comments and intended
18 participation on the review of Manitoba Hydro's cost of
19 service study.

20 After these preliminary matters, you may
21 then want to proceed with the applications for Intervenor
22 status and, thereafter, with a review of the timetables
23 that have been drafted. And I would also like a brief
24 opportunity to provide an overview of the technical
25 conference that is scheduled for later today and allow

1 parties to speak to that.

2 So, thank you, Mr. Chairman. Those are my
3 comments.

4 THE CHAIRPERSON: Thank you, Mr. Peters,
5 and we'll put those exhibits on the record, subject to
6 check, when Ms. Ramage comments.

7 Let me turn now to the other parties
8 present this morning for introductions, their opening
9 comments, if any, and ask to any indication of the level
10 of intended involvement in the process.

11 I will start with Manitoba Hydro and Ms.
12 Ramage.

13 Ms. Ramage, perhaps you could cover off
14 those other points that Mr. Peters raised at the same
15 time?

16

17 OPENING COMMENTS BY MS. PATTI RAMAGE:

18 MS. PATTI RAMAGE: Yes, Mr. Chairman.
19 Mr. Chairman, Vice Chair Mr. Mayer, Board Member Evans
20 and Board Member Dr. Avery-Kinew, good morning.

21 I had prepared a few notes but it appears
22 between the Chairman and Board Counsel most of the
23 history leading us up to this morning has been covered.
24 However, there are a few matters to be addressed by
25 Manitoba Hydro which I believe, perhaps, Mr. Warden is

1 probably the best one to speak to those matters.

2 But prior to turning the mic over to Mr.
3 Warden I thought I should introduce the Panel that's here
4 to assist the Board today with respect to this -- with
5 respect to the pre-hearing conference.

6 To my right is Mr. Vince Warden. He is
7 Vice President of Finance and Chief Financial Officer of
8 Manitoba Hydro. To his right is Mr. Robin Wiens who is
9 the Division Manager of Rates and Regulatory Affairs and
10 to his right is Mr. Chic Thomas who is the Supervisor of
11 the Cost of Service Study Preparation.

12 And, again, prior to turning over the mic
13 to Mr. Warden, I -- there's a few housekeeping matters.

14 First, with respect to the exhibit list,
15 just glancing it over, and this is fairly minor in
16 nature, but in terms of publication it's my understanding
17 in -- that in addition to the Free Press Sun and -- or
18 Winnipeg and Brandon Suns the publication was also in the
19 Thompson, Flint Flon and Portage newspapers.

20 And -- and Exhibit 4 ultimately we expect
21 to be an affidavit of publication that will indicate that
22 -- once we have the tear sheets from those newspapers we
23 will be filing that.

24 Mr. Peters also requested confirmation
25 with respect to the materials to be relied on in this

1 filing and we would agree that that would be the Tab 11
2 in the binder along with the Appendix 11 dealing with the
3 cost of service study.

4 And with that, I would turn the mic over
5 to Mr. Warden and he can comment on those matters that
6 the Board Counsel has requested confirmation on.

7 THE CHAIRPERSON: Thank you.

8

9 --- EXHIBIT NO. PUB-1: Cost of Service Filing,
10 consisting of all the
11 materials in Tab 11 of the
12 three (3) binders, and also
13 Appendix 11.1 and 11.2 found
14 in Volume III of the three
15 (3) volume series.

16

17 --- EXHIBIT NO. PUB-2: Letter from Manitoba Hydro
18 addressed to interested
19 parties. It enclosed three
20 (3) volumes of Manitoba
21 Hydro's November 1st
22 application which enclosed
23 the cost of service
24 materials.

25

1 --- EXHIBIT NO. PUB-3: Letter dated November 22,
2 2005 from the Public
3 Utilities Board to Manitoba
4 Hydro. It attaches a signed
5 Notice that was previously
6 published November 19th in
7 the Winnipeg Free Press, the
8 Winnipeg Sun, the Brandon Sun
9 as well as the Thompson,
10 Flint Flon and Portage
11 newspapers.

12
13 --- EXHIBIT NO. PUB-4: Affidavit of Service.

14
15 --- EXHIBIT NO. PUB-5: Draft Time Table.

16
17 THE CHAIRPERSON: Mr. Warden...?

18 MR. VINCE WARDEN: Thank you and good
19 morning, Board Members, ladies and gentlemen.

20 I thought I'd just take this opportunity
21 to update the Board and other interested parties on
22 Manitoba Hydro's most recent financial results and our
23 projection for the remainder of this fiscal year.

24 Our quarterly report for the six (6) month
25 period ended September 30th, 2005 was issued last week

1 and it indicates consolidated net income of \$192 million
2 for that six (6) month period; that's comprised of a \$216
3 million net profit in the electricity sector and a \$24
4 million net loss in the gas sector.

5 The -- the loss in the gas sector is
6 seasonal and we fully expect that this will be recouped
7 over the winter hearing season and that we're pretty much
8 on track towards achieving a \$2 to \$4 million net income
9 in the gas sector for the fiscal year.

10 Just updating the September quarterly to
11 include October results, we're continuing the favourable
12 trend with very strong export sales. Net income for the
13 seven (7) month period is approximately \$250 million.

14 And we are now projecting that net income
15 for the fiscal year 2005/06, will be in the range of \$350
16 million.

17 MR. ROBERT MAYER: Is that consolidated
18 or Hydro?

19 MR. VINCE WARDEN: That would be
20 consolidated, although the -- as I mentioned earlier, the
21 net income for gas operations is essentially break even,
22 so the number is very similar, whether it's consolidated
23 or electric.

24 So this is another all time record for the
25 Corporation. Hydro's previous net income record was set

1 in 2000/2001, when a profit of \$270 million was achieved.

2 The major contributing factor to record
3 profit levels is unprecedented levels of export sales.
4 In fact, we've achieved another first for the Corporation
5 in this fiscal year, we've reached a point where
6 electricity sales to out of Province customers are now
7 exceeding sales within the Province.

8 Export sales for the seven (7) month
9 period to October 31st, 2005, totalled \$556 million,
10 whereas the sales within the Province totalled 522
11 million.

12 The -- the magnitude of export sales is
13 the major reason that historical approaches to Cost of
14 Service are no longer adequate.

15 THE CHAIRPERSON: Sorry, Mr. Warden,
16 could you just repeat the last line?

17 MR. VINCE WARDEN: The relative
18 proportion of -- of the export sales is the major reason
19 that we now believe that the historical approaches to
20 Cost of Service are no longer adequate.

21 And while we -- we certainly believe that
22 the Cost of Service has served us well in the past, a new
23 approach towards a fair and equitable sharing of export
24 benefits amongst Manitoba Consumers is now required. And
25 as a matter of fact, that new approach has been approved

1 by the Manitoba Hydro Board, it was approved by the Hydro
2 Board in October.

3 So, we've now adopted that as -- as the
4 official approach of -- to Cost of Service by Manitoba
5 Hydro, it's no longer being ref -- will no longer be
6 referenced in these Proceedings by Manitoba Hydro, at
7 least as a recommended approach, because it has now been
8 approved by the Board of Manitoba Hydro.

9 So, the establish -- this new approach has
10 the establishment of an export class in which residual
11 revenues from that class are allocated to all functions,
12 not just generation and transmission. And we firmly
13 believe that that's the fairest way to distribute export
14 benefits to Manitoba ratepayers.

15 This is the key issue to be presented in
16 Manitoba Hydro's new Cost of Service Methodology. So we
17 look forward to discussing this with you and answering
18 any questions you may have at our technical conference
19 this afternoon.

20 With respect to the status of Manitoba
21 Hydro's General Rate Application it is Manitoba Hydro's
22 intention to reassess its requirement for a general rate
23 increase following the finalization of financial results
24 for the 2005/06 fiscal year.

25 Thank you very much, that concludes my

1 comments.

2 THE CHAIRPERSON: Thank you, Mr. Warden.
3 Ms. Ramage, do you have anything more at
4 this point?

5 MR. PATTI RAMAGE: No, Mr. Chairman.

6 THE CHAIRPERSON: Thank you. Then we'll
7 turn now to the Consumer Association of Canada, Manitoba
8 Society of Seniors.

9 Mr. Williams...?

10

11 OPENING COMMENTS BY MR. BYRON WILLIAMS:

12 MR. BYRON WILLIAMS: Yes, good morning,
13 Mr. Chair and Members of the Board. I'm here as you can
14 tell, and I'm appreciative to Mr. Peters for noting that
15 my client, Ms. Desorcy from CAC is here. As well I've
16 tended to forget in recent hearings or misidentify my
17 clients on one (1) notorious occasion as well.

18 Mr. Chairman, we have no opening statement
19 per se, we're certainly prepared to take you through our
20 Intervenor Request Form, if that would be of assistance
21 to the -- to the Panel.

22 THE CHAIRPERSON: We'll come to that in
23 time. Thank you.

24 We'll move now to Manitoba Industrial
25 Power Users Group and I'll turn to Ms. McCaffrey.

1 MS. TAMARA MCCAFFREY: Yes, good morning,
2 Mr. Chairman, and Members of the Board. We are here
3 intending to participate fully as an Intervenor in this
4 process if our application is accepted.

5 We don't have a formal opening statement
6 at this point for the Pre-Hearing Conference. We do,
7 however, have some pre-asks questions, which we provided
8 to Manitoba Hydro, with respect to a view as to whether
9 or not we could support a Cost of Service Hearing that
10 would only have one (1) round of IR's.

11 So, I know that they were looking at that
12 and I'm not sure what their position is on that, but
13 perhaps, once I hear from them as to whether they're able
14 to gather this information for us, then we can give our
15 position with respect to the process, following the
16 review of the Intervener Application.

17 With me is Mr. John Osler of Intergroup
18 Consultants, and behind us is Mr. Bowman, Patrick Bowman,
19 and Susan Robinson. Mr. Osler and Mr. Bowman are, I
20 think, known to the Board and have had -- appeared here
21 as witnesses before. Thank you.

22 THE CHAIRPERSON: Thank you very much.
23 In terms of the City of Winnipeg, Mr. Doug Buhr, from the
24 City of Winnipeg Law Department.

25 Mr. Buhr...?

1

2 OPENING COMMENTS BY MR. DOUG BUHR:

3 MR. DOUG BUHR: Thank you, Mr. Chairman.
4 Like my colleagues, I have no Opening Statement. We will
5 be applying to intervene, with the exception, I think, of
6 calling witnesses. I can't identify at this time whether
7 for certain whether we will or not. We are a stakeholder
8 and we will not be seeking costs.

9 THE CHAIRPERSON: Thank you, Mr. Buhr.

10 TREE/RCM. Professor Miller...? Mr.
11 McQuaker...?

12

13 OPENING COMMENTS BY DR. PETER MILLER:

14 DR. PETER MILLER: Hello. Randall
15 McQuaker and myself as -- have been introduced already.
16 We do have a strong interest in this Proceeding, and --
17 and indeed in -- in other matters that are associated
18 with hit. Maybe I'll be an exception here and make a
19 little bit of an opening statement, just to make clear
20 our orientation, although that's probably fairly clear to
21 people who have participated with us in -- in the past.

22 We use two (2) sets of principles to guide
23 us in our interventions: One (1) around the concept of
24 sustainability, and we're content to use the thirteen
25 (13) principles and guidelines in the back of the

1 Sustainable Development Act to define what we mean by
2 sustainability.

3 They are legally binding on the Province
4 and Manitoba Hydro, and in particular, we have found very
5 useful in these Proceedings, Guideline 1: Efficient Use
6 of Resources, which talks of encouraging and facilitating
7 development, an application of systems for proper
8 resource pricing, demand management, resource allocation,
9 together with incentives to encourage efficient use of
10 resources, and, B, employing full-cost accounting to
11 provide better information for decision makers.

12 And full-cost accounting goes outside the
13 books of the Corporation, even outside the -- the direct
14 energy costs of the customer to consider other social and
15 environmental costs in the consideration.

16 And justice, we have, it seems that every
17 time I appear here, I come up with another element of
18 justice. I'll go through my current -- current list.

19 One which is central in -- in these and -
20 - and central to the costs, is equitable assessment of
21 revenues between customer classes in proportion to cost
22 responsibility. And cost responsibility is what a cost
23 is supposed to determine.

24 But besides that equitable distribution
25 amongst customers, we think that Manitoba Hydro should be

1 considered an asset of the people of Manitoba, through
2 the Government, and we think that the benefits of -- of
3 that corporation should be equitably proportioned and
4 optimally proportioned, to -- to Manitobans, and that
5 isn't necessarily on the basis of how much energy is
6 consumed.

7 If you just consider customers, and some
8 kind of a -- a distribution on total allocated internal
9 costs, you're -- you're not considering people in the
10 other dimensions of their lives. And, so we think as --
11 as a public asset, we should think of an equitable
12 benefits to the citizens of Manitoba.

13 There's intergenerational equity and
14 that's where considerations of how much debt you load on
15 the next generation, what kind of environmental damage
16 you put on the next generation and how much you've used
17 up the cheap resources and left them the more expensive
18 ones to get. These are all questions of
19 intergenerational equity.

20 Then there's the notion of, I'm calling
21 it, social justice which is seeing that the basic needs
22 of citizens are met, and in this case the basic energy
23 needs. I think that has to be part and parcel of it.

24 It's pretty standard throughout the US. I
25 guess spurred by the federal low income home energy

1 assistance program, I think it's call LIHEAP or LEAP is -
2 - has a package of -- it's funding that goes to the
3 states as a package of funding to be combined with local
4 resources and distributed according to local priorities
5 to essentially deal with emergency situations and more
6 intensive DSM programming for low income and sometimes a
7 different rate structure for low income folks.

8 So, that would be one (1) example of
9 meeting the basic energy needs of citizens. The inverted
10 rate structure that we've been advocating would be
11 another. You -- you have a certain portion of lower cost
12 power, which you reserve for each customer. And then if
13 they consume more than that the cost goes up.

14 And as emerged in the Centra Gas Hearing,
15 compliance with the just laws of the land is an issue
16 that we pursue. I'm not sure that Manitoba Hydro has
17 contested that, but Centra did, as to the applicability
18 of the Sustainable Development Act. I'm -- I'm hoping
19 that that's been resolved. But, anyhow, that's -- that's
20 been an issue for us.

21 So, I hope that gives you some sense of
22 what our overall perspective is. And, of course, we're -
23 - we're just starting in on this one and don't know what
24 all the ramifications will be.

25 But you can be sure that we'll be trying

1 to apply that orientation of those principles to an
2 examination of the cost of service study. In the
3 background there's this other question about the
4 government's announcement about a rate stabilization
5 program and appropriating Hydro funds.

6 Where, in the cost of service, will that
7 appear? I think that's a question that will have to be
8 considered. Perhaps Hydro will have some comments on
9 that at some point.

10 And there is also -- we had the -- the
11 inverted rate and time of use study earlier, and the
12 concept of marginal costs and letting customers face the
13 real marginal cost of electricity and make their energy
14 decisions on the basis of that rather than -- than an
15 artificially low cost.

16 The -- NERA also did that study and I
17 believe there's a recommendation in there that if you go
18 that route, and Hydro has given indications that that's a
19 route they'd like to go that this embedded cost approach,
20 E cost (phonetic) I think they called it, perhaps should
21 be replaced by marginal cost of service study.

22 I know there are elements of marginal cost
23 that's in here in terms of weighting different factors.
24 I can't say that I really understand it all. But anyhow
25 the M costs (phonetic) would seem to be something beyond

1 any of the four (4) options that have been presented to
2 us. And that's something we'll need some clarity on.

3 And then as -- as has already been
4 indicated the big issue -- or certainly a big issue is
5 the allocation of export earnings. Now, that comes in
6 again with this background legislation of Government to
7 stabilize gas rates. I mean, I think they intended to do
8 that on the basis of export earnings.

9 So, we -- we've already had in the last
10 Order, another allocation of export earnings to cover the
11 cost of uniform rates across the province, that is to
12 subsidize rates in -- in less dense communities, where
13 the -- the cost per person are higher.

14 And now all four (4) of these proposals
15 say, Well, okay, do that, because that's been ordered,
16 but all the rest goes back to the domestic customers.

17 It seems to me that the same argument that
18 could be presented that was presented for saying that,
19 you know, things are -- are distorted in giving a higher
20 share to industrial customers still applies, even if you
21 give it to all classes of customers, because some are big
22 energy users and some are small energy users in all
23 classes.

24 So, it means that Manitoba's wealth, our
25 collective wealth, earned by a corporation owned by us

1 all, basically gets distributed to people in terms of how
2 much energy they use. And that doesn't seem to -- to
3 meet the -- the wider concept of -- of equity that I
4 mentioned earlier.

5 And if it encourages wasteful use of
6 energy, it -- it may, apart from equity, may not be the -
7 - the greatest net social benefit, even if you don't
8 consider equity. There may be better things you can do
9 with the money.

10 And so those are some of the issues we
11 see. And it may mean that some of the other material,
12 particularly from the other NERA Report, which talks
13 about, you know, moving beyond an E cost to an M -- M
14 cost, if I can call it that. I don't know that they did,
15 taking into account marginal costs, might be relevant to
16 -- to this procedure.

17 So those are -- are my initial remarks and
18 overview, and I'll -- I'll just turn to Randall, and see
19 if he wants to say anything at this point.

20

21 OPENING COMMENTS BY MR. RANDALL MCQUAKER:

22 MR. RANDALL MCQUAKER: Thank you very
23 much. My name is Randall McQuaker, I'm Executive Director
24 of Resource Conservation Manitoba.

25 Resource Conservation Manitoba is a non-

1 word, that -- I've got to get that word externality in.
2 Well, I guess the full cost accounting does it, but that
3 was an issue in the Gas Hearing, and we wanted to bring
4 that to bear in this Hearing too.

5 THE CHAIRPERSON: Thank you, gentlemen.
6 Okay, now we'll move on to MKO, and fortunately Mr.
7 Anderson was able to give us enough time to make some
8 opening remarks.

9 Mr. Anderson...?

10

11 OPENING COMMENTS BY MR. MICHAEL ANDERSON:

12 MR. MICHAEL ANDERSON: Thank you, Mr.
13 Chair, Mr. Vice-Chair, Members of the Board, Mr. Peters,
14 Manitoba Hydro. The Cost of Service Methodology
15 application or information that's been presented to the
16 Board for consideration is of great interest to MKO.

17 Many of you may recall that historically
18 MKO proposed the creation of an export customer class to
19 identify correctly, in our view, the actual operations of
20 Manitoba Hydro and the occurrence of cost and the pattern
21 of its revenues, to do, what essentially is, in its
22 essence, very similar to what Manitoba Hydro is proposing
23 in that regard.

24 So we have a common interest in
25 identifying the export operations of the Corporation.

1 Mr. Warden's summary of the current operations and the
2 pattern of generation and sales is of great interest to
3 us.

4 We, of course, are students of the
5 hydrology of the Corporation and the eighteen (18)
6 reservoirs that have energy in storage. And we continue
7 to be apt students during the current season in which
8 we're making these record export sales, while at the same
9 time discharging large volumes of water from Misty Falls
10 and through the Nelson River plants.

11 It's very interesting and we may touch on
12 that, as a matter of information, as we proceed. I
13 suppose our core interest though, of course, is that the
14 thirty (30) MKO First Nations, many of which are located
15 on Manitoba Hydro's developed waterways, have a very
16 close relationship with the Corporation, in this regard.

17 The activities and operations for the
18 production of electricity, export operations in
19 particular, do have an effect on the day-to-day water
20 levels and activities of communities. And where that
21 leads us to, of course, is MKO's core relationship and
22 its commitment to building the nation of Canada and the
23 province of Manitoba through entering into treaties.

24 The treaty relationship contained with it
25 a promise to share; that is the lands, waters, and

1 natural resources of what were the traditional
2 territories of each of the First Nations entering into
3 treaty.

4 And really one of the interesting features
5 of Manitoba Hydro's operations and its cost of service
6 methodology is an equitable distribution of its net
7 export revenues to its customers, to our citizens, to
8 treaty First Nations persons.

9 So, we have a keen interest in ensuring
10 that the allocation methodology for both the distribution
11 of costs to customers, is also equitable in respect of
12 the distribution of the benefits of the operation in the
13 Manitoba Hydro system, which we have most notably
14 identified in terms of net export revenue.

15 So, we believe that the allocation
16 methodology, although there is a great deal of art and
17 science, both to cost of service and to utility
18 regulation, carries with it an element of giving life to
19 the meaning of treaty; to the equitable sharing of
20 resources with First Nations citizens who have entered
21 into a long-term commitment to build this nation.

22 And so with that as a brief overview, we
23 intend, Mr. Chair, to participate fully as we have before
24 and to present evidence in respect of the Application.
25 And really that's a summary of my application for

1 Intervenor -- request for Intervenor status that we
2 request be approved by the Board and a general statement
3 of our interest in these matters. Thank you, Mr. Chair.

4 THE CHAIRPERSON: Thank you, Mr.
5 Anderson.

6 Given the fact that you're going to have
7 to leave us, perhaps we could just change the order a
8 little bit and deal specifically with your Intervenor
9 request form.

10 MR. MICHAEL ANDERSON: If that would be
11 acceptable, Mr. Chair, I would appreciate that. Thank
12 you.

13 THE CHAIRPERSON: I think it might be
14 helpful to do this. You've provided us -- this morning
15 we've got a raft of Intervenor request forms so we're
16 adjusting on the fly, so to speak.

17 But you filed an Intervenor request and a
18 rough budget?

19 MR. MICHAEL ANDERSON: Yes, Mr. Chair,
20 that's correct.

21 THE CHAIRPERSON: And you've indicated
22 that you intend to appear throughout the Hearing,
23 participate in the production of evidence, in the testing
24 of evidence and to present final argument, and that
25 finally you also intend to call a witness and identified

1 the witness as being a officer or staff member of
2 Stantech Consulting; is this correct?

3 MR. MICHAEL ANDERSON: That's correct,
4 Mr. Chair.

5 THE CHAIRPERSON: Mr. Anderson, when I'm
6 looking at the tentative budget, have you accounted for
7 the witness?

8 MR. MICHAEL ANDERSON: The -- because of
9 the rules of the Public Utilities Board in respect to an
10 award of costs, the normal sorts of costs, because we
11 directly participate as MKO, are not eligible for an
12 award of costs, we had discussed this matter briefly
13 during our last appearance.

14 The only costs that are eligible under the
15 Board's order are our expert witness costs. And so we
16 have a rough budget there, pending further consultation
17 with our expert witness, Mr. Chair.

18 THE CHAIRPERSON: Thank you, Mr.
19 Anderson.

20 Ms. Ramage, do you have any difficulty
21 with this Intervenor?

22 MS. PATTI RAMAGE: No, Mr. Chairman.

23 THE CHAIRPERSON: Thank you.

24 Thank you, again, Mr. Anderson.

25 MR. ROBERT MAYER: Mr. Chair?

1 THE CHAIRPERSON: Yes, Mr. Mayer...?

2 MR. ROBERT MAYER: When may we expect to
3 see the detailed budget; you've indicated, estimated
4 pending further consultations?

5 MR. MICHAEL ANDERSON: We're actively
6 doing that now, Mr. Vice Chair, so that we can provide
7 the Board with as detailed a picture of the estimate of
8 costs.

9 My understanding is that the prospective
10 budget information is to provide guidelines for the
11 Board's consideration in awarding -- granting a request
12 for Intervenor status, and that the detailed budgets are
13 required to be filed at the time and award of costs in
14 actually applied for at the conclusion of the Proceeding.

15 However we will provide as much
16 information as we can as soon as we're able to do so, Mr.
17 Vice Chair. Thank you.

18 THE CHAIRPERSON: Thank you, Mr.
19 Anderson.

20

21 (BRIEF PAUSE)

22

23 THE CHAIRPERSON: Gremlins have been at
24 work.

25 MS. PATTI RAMAGE: Someone no doubt stole

1 my mic. It might be helpful just to clarify at those
2 point while Mr. Anderson's still in the room in terms of
3 budgeting process.

4 From Manitoba Hydro's perspective I
5 understand Mr. Anderson's difficulty in providing a -- a
6 detailed budget at this stage in the Proceeding because
7 we haven't established a timetable or -- or the process.

8 But, I think it would be useful if we came
9 to an understanding that a budget -- more detailed budget
10 would be submitted prior to the commencement, perhaps, of
11 the process but not at the end of the -- the process to -
12 - because it's not really a budget at that point.

13 THE CHAIRPERSON: That was my
14 understanding.

15 Mr. Anderson, do you have any problem with
16 that?

17 MR. MICHAEL ANDERSON: Absolutely not,
18 Mr. Chair. I understand Ms. Ramage's distinction between
19 prospective and having it exposed at the Proceedings.
20 And my undertaking to the Vice Chair was to provide it
21 certainly prior to the commencement of Proceedings.
22 Thank you.

23 THE CHAIRPERSON: Thank you, Mr.
24 Anderson, we'll take your request under advisement and
25 we'll provide our decision, in due course, along with the

1 rest. Thank you.

2 MR. MICHAEL ANDERSON: Thank you, Mr.
3 Chair.

4 THE CHAIRPERSON: Now we'll turn to the
5 other bodies that have requested to intervene and we'll
6 review the requests as we have them.

7 First up we have CAC/MSOS and Mr. Williams
8 again. And Mr. Williams, you have provided us with a
9 handwritten application and a sort of a rough first
10 estimate of a budget; is that correct?

11 MR. BYRON WILLIAMS: Yes, Mr. Chairman,
12 and I'd be happy to take you through it with a few
13 comments which -- which may expedite matters, if that
14 would be of assistance.

15 THE CHAIRPERSON: That would be helpful.
16 You'll probably do a better job with it than I will.
17 Thank you.

18 MR. BYRON WILLIAMS: I'm not confident of
19 that, Mr. Chair, but my client's here so I have to do a
20 bit of talking.

21 In terms of the reasons that CAC/MSOS are
22 proposing to intervene in this Proceeding, they want to
23 test the merits of the Manitoba Hydro cost of service
24 proposal with particular reference to how it -- it's
25 impacted upon residential customers.

1 They've certainly expressed views in the
2 past on an approach similar to this. They will be
3 addressing the Hydro proposal with an open mind, but
4 certainly be guided by the direction that they had
5 certainly taken in the past.

6 In terms of the nature of the proposed
7 intervention, CAC/MSOS intend to appear throughout the
8 Hearing to participate in the production of evidence,
9 test the evidence of Manitoba Hydro and other
10 intervenors, if so filed, and to present final argument.

11 And we intend to call Mr. Bill Harper, a
12 face familiar to this Board from a number of proceedings.
13 He's with the firm of ECS in Toronto, and as the Board
14 will be aware has spent decades on cost of service issues
15 through his work with Ontario Hydro, and has also
16 testified as an expert on one (1) or two (2) proceedings
17 before -- before this Board, on cost of service issues.

18 And we've given him a fairly broad
19 retainer in the sense that we will ask him to look at the
20 merits of the proposal and provide his objective views in
21 terms of the pros and cons of this -- this proposal.

22 We will be applying for costs and I can
23 direct you to -- hopefully the -- the Panel Members will
24 have a -- a document which is the Intervenor Budget and
25 Cost Summary Sheet of CAC/MSOS.

1 And I can -- the -- the first page and the
2 back of that first page are the estimates for the Public
3 Interest Law Centre. And then the third page of that
4 budget is the estimate for EC (phonetic) Analysis Support
5 or ECS support of the -- of CAC/MSOS.

6 So, the first page and the back of the
7 first page speak to the legal -- legal fees and
8 disbursements, and the -- the third -- the final page
9 speaks to the expert -- the costs associated with Mr.
10 Harper.

11 In terms of the legal fees we're
12 estimating ten (10) days, in terms of hearing time. That
13 may or may not be right, but that's the -- the kind of
14 the operative estimate we're -- we're working on, based
15 upon our discussions both with Board Counsel and with My
16 Friends from Inter-Group.

17 In terms of Mr. Harper's hours you can see
18 -- which appears on the last page, you can see a more
19 detailed estimate. It is based upon an assumption of a
20 second round of IR's, and I'll speak to why we believe
21 that is necessary.

22 And it's also based on an assumption in --
23 in turn, that there may be two (2) other Intervenors, or
24 perhaps three (3) other Intervenors filing evidence, and
25 -- and I suspect that that's likely to be the case.

1 So in total Mr. Harper's estimated about
2 one hundred and ninety (190) hours. The global figure is
3 in the range of sixty-one thousand dollars (\$61,000) for
4 our -- for our estimate, and we think that that's a -- a
5 reasonable estimate.

6 I've shared this with my client, Ms.
7 Desorcy, from CAC. We have not had an opportunity to
8 review this with MSOS, so we'd be happy to provide the
9 Board with a more formal written estimate.

10 When we do file the written estimate, we
11 will also provide a range of reasonableness, and we've
12 done that in the past, giving you a rough number and then
13 suggesting a figure that we think is reasonable that we
14 should stay within that -- that number, either higher or
15 lower. And that would be --

16 THE CHAIRPERSON: Sort of an ROR rather
17 than a ZOR?

18 MR. BYRON WILLIAMS: That's exactly it.
19 I saw your eyes light up at that reference.

20 And essentially that's -- that's our
21 submission, Mr. Chair, and Members of the Panel.

22 THE CHAIRPERSON: Thank you, Mr.
23 Williams. So you're proposing to provide us with a
24 written submission with perhaps more detail, in due
25 course?

1 MR. BYRON WILLIAMS: Yeah, and I -- we
2 can probably turn that around early next week, Mr. Chair.
3 The only more detail will be on legal counsel's side.

4 I think Mr. Harper's estimate is fairly
5 thorough, and we want to provide you a range and I want
6 to reflect upon what I consider to be a reasonable range.

7 I'd also note the hourly rate for legal
8 counsel would be one hundred and seventy dollars (\$170)
9 an hour, which I believe we charged in the past. In
10 future Proceedings, we -- CAC/MSOS, may instruct me to
11 seek a higher rate reflective of the increased costs, but
12 for this Hearing we'll keep it at -- at what we've sought
13 in the past.

14 THE CHAIRPERSON: I imagine that in
15 preparing your -- you'll have the opportunity to reflect
16 on the new information coming today?

17 Ms. Ramage, does Manitoba Hydro have any
18 difficulty with this Intervenor, or the plans to submit a
19 more formal written budget?

20 MS. PATTI RAMAGE: No, Mr. Chairman. I
21 would comment, simply on the budget, that we would -- we
22 do note that the second round of IR's and the length of
23 Hearing is not what we had contemplated, but the -- in
24 particular the more detailed budget provided by Mr.
25 Harper, appears reasonable for that process. But

1 Manitoba Hydro, we don't want it assumed from that
2 statement that we necessarily agree with that process.

3 THE CHAIRPERSON: Fair enough. Okay
4 then, thank you very much, Mr. Williams.

5 We'll move on now to MIPUG and Ms.
6 McCaffrey.

7 Do you want to quickly take us through it,
8 or do you want me to summarize it?

9 MS. TAMARA MCCAFFREY: You're welcome to
10 summarize. I just wanted to say for the record that
11 MIPUG now has ten (10) member companies. I think the
12 members are largely known to the Board, but just for the
13 record I should probably go through them, Canexus
14 Brandon, INCO Thompson, TEMBEC Pine Falls, ERCO Worldwide
15 in Verden, TOLKO is in the Pas, Hudson's Bay Mining and
16 Smelting, of course in Flin Flon, Enbridge Pipelines, MRM
17 Gerdau Ameristeel, which is in Selkirk, Simplot in
18 Brandon, and Griffin Steel in Winnipeg.

19 We are not going to be applying for costs,
20 but MIPUG does represent this group of large power users
21 in the Province of Manitoba. And of course any changes
22 to costs of service and its impact on potential rates to
23 these customers is of interest to this -- to this group,
24 and we'll be testing the evidence in that context,
25 particularly.

1 THE CHAIRPERSON: You've indicated that
2 you intend to call a witness, but that's to be announced?

3 MS. TAMARA MCCAFFREY: Yes, well subject
4 to some scheduling, the -- the witness -- we will be
5 calling consultants from Intergroup Consultants.

6 THE CHAIRPERSON: Mr. Mayer...?

7 MR. ROBERT MAYER: The Pine Falls
8 operation, when did they become part of MIPUG?

9 MS. TAMARA MCCAFFREY: I'll just check
10 with Mr. Olsler. He would have that information.

11 MR. ROBERT MAYER: The reason I ask is,
12 MIPUG has been circulating a document, apparently through
13 the Chambers of Commerce, and that one wasn't on it and I
14 thought this document was relatively recent?

15 MS. TAMARA MCCAFFREY: TEMBEC is a new
16 addition to the group.

17 THE CHAIRPERSON: Thank you, Ms.
18 McCaffrey, were you expecting two (2) rounds of IR's
19 or...?

20 MS. TAMARA MCCAFFREY: With respect to
21 the IR's, I had indicated, just briefly, in my -- in my
22 opening statement, we prepared about five (5) pre-ask
23 questions and it's because some basic information that
24 ordinarily we would request in the first round of
25 Interrogatories, it isn't present.

1 and Ms. Robinson will distribute them and provide them to
2 the secretary right away.

3 THE CHAIRPERSON: Thank you. Ms. Ramage,
4 do you have any difficulties with this Intervenor?

5 MS. PATTI RAMAGE: No, Mr. Chairman. I
6 would just note that perhaps after the break we'll be
7 able to answer the question regarding the pre-asks,
8 because while they were handed to me this morning I
9 immediately handed them off to the man who will answer
10 them.

11 So, I'd like an opportunity to consult
12 with him just to confirm our view.

13 MS. TAMARA MCCAFFREY: Mr. Chairman, we
14 also have some comments to make with respect to
15 scheduling but perhaps that's premature at this point?

16 THE CHAIRPERSON: Yes. Mr. Buhr for the
17 City of Winnipeg, you filed an Intervenor request form
18 and I believe you've indicated that you're not seeking
19 costs.

20 Do you want to speak briefly to your
21 Intervenor request form.

22 MR. DOUG BUHR: Thank you, Mr. Chairman.

23 Mr. Chairman, the City is applying to
24 intervene to appear throughout the hearing, to
25 participate in the production of evidence, to participate

1 in the testing of that evidence and to present final
2 argument.

3 We do not, at this point in time,
4 anticipate calling a witness. Should that change we
5 will, of course, immediately advise parties. We are also
6 not seeking costs.

7 The reason for our intervention, very
8 simply, is we are a stakeholder and, in fact, in one of
9 the classes, the area of roadway lighting, basically we
10 are it for the -- for the entire city. And obviously
11 cost of service methodology has long range impacts which
12 we are anxious to make sure that we understand. Thank
13 you.

14 THE CHAIRPERSON: Thank you, Mr. Buhr.
15 Ms. Ramage...?

16 MS. PATTI RAMAGE: We have no objections.
17 We welcome Mr. Buhr back to the process.

18 THE CHAIRPERSON: Thank you. Nice to be
19 appreciated in advance, eh, Mr. Buhr?

20 MR. DOUG BUHR: Yes, Mr. Chairman, it
21 certainly is.

22 THE CHAIRPERSON: Professor Miller and
23 Mr. McQuaker for TREE and RCM Intervenor request form has
24 been filed. Do you want to speak briefly to it,
25 Professor Miller?

1 DR. PETER MILLER: Yes, thanks. Again,
2 we will be participating in all aspects of the proceeding
3 and we intend to call a -- our previous witness for two
4 (2) prior Hydro rate hearings, Mr. Jim Lazar from
5 Washington State.

6 And we will be applying for -- for costs.
7 As I indicated in my earlier remarks there may be some
8 need to -- to refer a little bit outside the documents
9 that were named, in particular the other NERA report,
10 just to explore what the implications are for the -- the
11 requirements of inverted time-of-use rates and the
12 marginal -- use of marginal costs in that document.

13 I hope, maybe in the technical conference
14 this afternoon, some of those questions can be clarified,
15 but I just leave that open as a -- as a possibility
16 there.

17 If you have any questions on our Proposal,
18 we have submitted a -- a budget, just scaled down from a
19 normal hearing.

20

21 (BRIEF PAUSE)

22

23 THE CHAIRPERSON: Professor Miller, I
24 take it the -- is the consultants' expected charges
25 incorporated within the Application?

1 DR. PETER MILLER: Yes. Again --

2 THE CHAIRPERSON: What is it?

3 DR. PETER MILLER: -- we'll -- we'll not
4 be using legal counsel, so essentially our costs are --
5 are his, plus whatever disbursements, I guess you call
6 it, there may be.

7 THE CHAIRPERSON: Okay. You gave quite a
8 thorough introduction, so I do not have any other
9 questions with respect to your intentions here.

10 Ms. Ramage, do you have any views on this
11 Intervenor?

12 MS. PATTI RAMAGE: No, Mr. Chairman, we
13 have no objections to this Intervenor. I'd note then
14 with the budget, we appreciate the attempt made by TREE
15 RCM to provide a budget. I expect that, again though,
16 once the process is determined, these will be refined
17 too, so that we understand where the hours are allocated
18 within the process.

19 THE CHAIRPERSON: I thank you. Well now,
20 Mr. Peters, perhaps you could explain to the Board what
21 is proposed with respect to the technical conference that
22 is planned for one o'clock today in this room.

23 At the same time, perhaps, you give the
24 Board advice, should we take MIPUG's pre-ask as Exhibit
25 Number 6?

1 MR. BOB PETERS: I think it would be
2 appropriate that -- that MIPUG's pre-ask questions do
3 form part of the -- the record from today, so we will
4 mark that as Exhibit 6.

5 And we will try to be mindful that Ms.
6 Ramage is to provide a position back to the Board as to,
7 I guess, whether these questions can be answered in the
8 timeline in which they can be answered and from that
9 point of view whether they would, in Hydro's view, remove
10 a need for a second round of information requests.

11 I will turn, Mr. Chairman, to the issue of
12 technical conference, and I will also touch on the issue
13 of the timetable, and -- and perhaps the timetable first,
14 while we have the parties' attention, Mr. Chairman.

15 When I spoke about the exhibits earlier
16 this morning, I indicated that when Manitoba Hydro
17 initially filed material with the Board, that it
18 requested the cost of service methodology be reviewed.
19 It was part and parcel of three (3) binders of material
20 which was considered Phase 1, as you called it, of the --
21 of a General Rate Application.

22 Manitoba Hydro was directed to bring the
23 Cost-of-Service Study, by itself, forward, prior to any
24 rate-increase requests. And the Board also asked of the
25 Utility to bring a time line forward that would have a

1 public hearing commence January or February of 2006.

2 If everyone could find the exhibit
3 documents and turn to Exhibit 5, it's a draft timetable,
4 and it's just in front of some blank calendar pages that
5 are there just for parties' convenience.

6 These draft timetables, Mr. Chairman and
7 Board Members, are -- are what I think we will turn our
8 discussion to at this point in time.

9 Manitoba Hydro filed a draft time line
10 that culminated with a public hearing commencing February
11 6th of 2006. That information was shared in a general
12 way with other known Intervenors by myself, including
13 MIPUG and CAC/MSOS, I did not share it with others. It
14 was shared from the point of view of, does that look
15 workable and is that time line, perhaps, acceptable.

16 The Board had been previously made aware
17 that CAC/MSOS, their counsel, as well as their expert,
18 had other commitments, other cases on the go, so to
19 speak, and that the time line might be somewhat tight.
20 To that end there was an effort made by CAC/MSOS, also in
21 concert with MIPUG to come forward with a time line that
22 might be more favourable from their perspective.

23 The Board and all parties need recognize,
24 and all parties do recognize that the Board hasn't had
25 their say on this matter, and the Board's availability,

1 of course, is the trump card. And that will have to be
2 considered by the Board Panel Members as to their
3 availability to accommodate the time lines from any
4 Hearing that we will discuss this morning.

5 I would suggest, Mr. Chairman, that with -
6 - with that copy of Exhibit 5 in front of us, that you
7 again go down the list and perhaps ask the parties as to
8 their views on the time lines. I probably should think
9 further of this before I say it, but that's never stopped
10 me before.

11 But, when Mr. Warden appeared in his -- I
12 just turned over and I think I envisioned him as Santa
13 Claus this morning, because I -- I think his word was
14 Manitoba Hydro was going to reassess their needs for a
15 General Rate Application after the 2005/06 fiscal year.

16 And while I'm not saying I'm quoting him
17 exactly correctly, I understood from his comment that the
18 fiscal year will end on March 31st, and by the time they
19 count the large bills that are flowing in, that will take
20 some time, to the summer perhaps, it usually takes July
21 when we see an Annual Report.

22 And so I'm taking it that from that point
23 in time it has to go back to some -- some Board
24 discussion and executive review. It may not be until
25 next fall that we hear back from Mr. Warden on whether or

1 not he's going to put on a scrooge hat next year, instead
2 of his Santa hat this year.

3 But, I'm saying that the -- the time line
4 in terms of a General Rate Application does not appear to
5 be an issue at this point in time, and I'll defer to Ms.
6 Ramage if she has any different view on that. But there
7 was initial thought that there may have to be two (2)
8 processes planned, and now it may only be this one (1).

9 Having said that, Mr. Chairman, I would
10 again suggest that you turn to the various parties who
11 are seeking to intervene to find out their views on the
12 timetable, find out what flexibility exists so that the
13 Board can consider its own availability, and that the
14 parties who speak today can assist the Board in -- in
15 moving the matter forward.

16 THE CHAIRPERSON: Thank you, Mr. Peters.
17 Before working through the list, I'll just mention that
18 we're aware that with respect to the draft by CAC/MSOS
19 and MIPUG, the concludes COS Hearing to commence March
20 20th or April 3rd.

21 I don't think either of those dates are
22 going to be available for us. Probably, and subject to
23 check amongst our own group, April 10th would be a
24 substitute.

25 With that note and given this provision,

1 I'll leave it at that. I'll start with the Manitoba
2 Hydro and Ms. Ramage.

3 Do you have any comments on these proposed
4 time tables, the one (1) that would end on February 6th,
5 and the other one (1) that would end on an amended April
6 -- well start, the Hearing would start on February 6th,
7 the other would start on April 10th?

8 MS. PATTI RAMAGE: Yes, Mr. Chairman.
9 Dealing with Manit -- the proposed timetable by Manitoba
10 Hydro, that timetable was put together at a time when
11 there were two (2) other factors, potentially a General
12 Rate Application. Well, I guess one (1) other factor;
13 the General Rate Application.

14 We've heard from Mr. Warden that that is
15 not as constraining as -- as we had thought. And the
16 timetable was also put together with the Board's
17 direction that we would have a Hearing in January or
18 February, which also appears to no longer be a
19 constraint.

20 So, for that reason, Manitoba Hydro can be
21 more flexible. I haven't had an opportunity to consult
22 with my clients or for them to get back to the office to
23 check for their own conflicts, or potential conflicts,
24 with respect to the proposal of CAC/MSOS, and MIPUG.

25 Certainly from my perspective, the April

1 10th date does assist my own personal conflicts. So I --
2 I would like an opportunity to consult with my client.

3 Though the one (1) matter that I can speak
4 to is the inclusion of the second round of IR's in this
5 process. And again, I've heard from MIPUG this morning,
6 that assuming the pre-asks can be accommodated, that that
7 second round of IR's is not, from their perspective,
8 necessary. From Manitoba Hydro's perspective it is -- it
9 is not necessary, and, in fact, it would unnecessarily
10 add to this process.

11 In our view the -- the purpose of having
12 this technical conference this afternoon was to, in
13 essence, allow parties to ask questions of those persons
14 directly involved in the preparation of the Cost of
15 Service. Some of those questions that would normally
16 come up in the first round of IR's, and to clarify those
17 matters, and that was one (1) from our perspective, if
18 not the main goal, of the technical conference.

19 So, to add back in the second round
20 Information Requests, from our vantage points, is
21 unnecessary.

22 MR. VINCE WARDEN: Mention the cost of
23 gas.

24 MS. PATTI RAMAGE: Oh, yes, and Mr.
25 Warden reminds me, the other -- the other item that we --

1 we need to consider is on the other side of the business.
2 Ms. Murphy is in the audience today and Mr. Rainkie in
3 the back row, who, at the break, may be able to assist
4 us. But there is always, usually, a cost of gas hearing
5 in the spring.

6 So we're not entirely unconstrained in
7 terms of our availability and we would like an
8 opportunity to compare potential schedules and conflicts.

9 THE CHAIRPERSON: Thank you, Ms. Ramage.
10 Mr. Peters, in light of this, what's your
11 view?

12 MR. BOB PETERS: I'm wondering if this
13 would be a good time for a break to allow Ms. Ramage and
14 her colleagues to -- to caucus on their calendar, before
15 canvassing through the other Intervenors who may have
16 views on the -- on the scheduling.

17 MR. ROBERT MAYER: Before we do that, are
18 you telling me, Ms. Ramage, that I can stop reading
19 Volumes I and II? It would save the public a little
20 money.

21 MS. PATTI RAMAGE: I --

22 MR. ROBERT MAYER: Or Hydro.

23 MS. PATTI RAMAGE: -- I would suggest
24 focussing on Tab 11.

25 THE CHAIRPERSON: How much time do you

1 need, Ms. Ramage, would you like, we're in no great time
2 rush this morning?

3 MS. PATTI RAMAGE: Fifteen (15) minutes,
4 I think.

5 THE CHAIRPERSON: Okay, we'll come back
6 at --

7 MS. PATTI RAMAGE: Oh, I'm sorry, Mr.
8 Warden needs -- has suggested --

9 THE CHAIRPERSON: Okay, we'll come back
10 at quarter to 11:00, how's that? Is that okay?

11 Very good.

12

13 --- Upon recessing at 10:15 a.m.

14 --- Upon resuming at 10:48 a.m.

15

16 MR. BOB PETERS: Mr. Chairman, there's --
17 there's been some opportunity in the break to discuss a
18 number of matters and I think the matter that would be
19 first at hand will be the discussion further about the
20 timetable.

21 I will suggest that after the parties have
22 -- have gone back and forth as they will on the
23 timetable, that the matter will rest with the Board to
24 make some decisions and publish what they believe is an
25 appropriate timetable with the procedural order that will

1 follow today's Hearing.

2 But at this time, perhaps we could go back
3 to Ms. Ramage and find out, generally, about the
4 timetable for the Cost of Service study and find out
5 whether or not she can impart any information to the
6 Board as to the Corporation's plans for its annual cost
7 of gas hearing that will be started relatively soon and
8 include some time in the spring or early summer.

9 THE CHAIRPERSON: Thank you, Mr. Peters.
10 Ms. Ramage...?

11 MS. PATTI RAMAGE: Yes. Starting with the
12 timetable, with respect to -- to gas matters, I don't
13 know that I'll impart any -- or shed any great light on
14 it other than in conferencing in our back room.

15 It was felt that we will be able to manage
16 gas matters and be able to accommodate the hearing date
17 referenced in -- in the CAC/MIPUG proposal -- or I should
18 say the April 10th date that you indicated, Mr. Chair.

19 So gas should not be an impediment to the
20 schedule. Another matter I was going to clarify was I
21 have had an opportunity to talk to my client regarding
22 the MIPUG pre-asks. It appears that -- that these can be
23 accommodated.

24 The lawyer in me compels me to say that
25 pre-asks are -- are not something that I encourage

1 because we -- I -- I like to see us stick within a
2 process but we want to make this process work. And we'd
3 like everybody to be able to understand what we're doing
4 here and if this will assist in the process then -- then
5 we will accommodate that.

6 I -- I put the caveat on the -- the pre-
7 asks in that the one caveat is the first question request
8 information on a zonal basis. And that I -- I would just
9 put the caveat that our zonal distinctions have not been
10 kept since the introduction of uniform rates to the same
11 degree of detail as -- as may have been -- the parties
12 may have been accustomed to in the past.

13 So we will certainly make our best efforts
14 to answer that question. And also the last question
15 references certain IR's from a previous hearing. And
16 while we'd like to think we -- we remember it all we're
17 not entirely sure what IR's those are but if we did it
18 before, we're sure we can do it again.

19 THE CHAIRPERSON: Thank you, Ms. Ramage.

20 MR. ROBERT MAYER: Ms. Ramage, you had
21 mentioned -- I noticed that the zones appeared in the
22 material that was filed with the GRA material and I of
23 course hit the roof again because that just drags the
24 subject back up and those of us in Northern Manitoba
25 still think its our power.

1 But in light of the Board's decision about
2 using export revenues, the first call to cover the costs
3 of rate equalization, how are we going to be able to keep
4 updated on that if you don't continue to at least track
5 that issue in some manner or other, whether or not you
6 call it zones?

7 MS. PATTI RAMAGE: It's Manitoba Hydro's
8 intention to address that issue at the technical
9 conference.

10 THE CHAIRPERSON: Thank you, Ms. Ramage.
11 So we'll start going through the
12 interveners now and we'll begin again with Mr. Williams.

13 Sir, what do you think about the schedule
14 discussion?

15 MR. BYRON WILLIAMS: I have many
16 thoughts, Mr. Chair. Generally I -- just by -- by way of
17 background we were -- we were -- had kind of hoped that
18 we would never -- we may be the stumbling block in this
19 discussion, so I want to be -- give the Board just a bit
20 of quick background.

21 Our expectation was that if we were going
22 to be having a Cost of Service Hearing that it likely
23 would have been held in the -- in the fall or early
24 winter, based upon I guess the Board's Orders in -- in
25 April, I believe, or March of 2005, and then subsequent

1 correspondence to the Board urging Manitoba Hydro to
2 bring its Cost of Service Study ahead as soon as
3 possible.

4 The -- when -- when it became possible
5 that -- that this might not occur, on behalf of my
6 clients I wrote to the Board, I think in June or July of
7 2005, and just indicated the potential for a conflict.
8 And I'll -- I'll certainly set out the dates. I have a
9 trial that's tentatively scheduled for seven (7) weeks,
10 although I think it's more likely to take twelve (12)
11 weeks. But -- but the dates that are set for this trial
12 as of right now, run from January 30th, 2006, to February
13 28th of 2006, and then from April 17th, 2006, through to
14 May 2nd of 2006. So -- and there's more to come, but I
15 don't think anymore will potentially conflict with the --
16 the Hearing schedule.

17 So if my clients are to have myself as
18 counsel, there are some limits on -- in terms of my
19 availability, and I certainly advised the Board of -- of
20 that potential conflict five (5) or six (6) months ago.

21 In terms of our availability, I can
22 indicate that CAC/MSOS and their counsel are available in
23 March, they're available in the first two (2) weeks of
24 April, they're also available in May. And I'm not sure
25 if that will assist the Board or not, but that's the --

1 the situation from my client's perspective.

2 I did canvass with them, the potential to
3 -- whether they wished to consider having another counsel
4 represent them on this matter, and their strong
5 preference would be that it would -- they would prefer it
6 to be me for a couple reasons, one (1) is my experience.

7 There's a steep learning curve associated
8 with cost of experience issues, and the other one (1) is
9 financial. There's a lot of -- to get someone else up to
10 speed there would be a lot of additional costs from my
11 client's perspective in so doing.

12 So in terms of the time table, I cannot
13 commit to -- to being available in the month of February
14 or in the last two (2) weeks of April. That's from my
15 client's perspective.

16 That's, so certainly we're open in May,
17 and I haven't checked with Mr. Harper, but my strong
18 sense from him in his discussions is he's tightly jammed
19 in December and January in any event. So those are tough
20 months for him to be involved. The later out, the
21 farther out it goes the better from -- from his
22 perspective.

23 So those are my comments in terms of time
24 table, subject to any questions the Board may have.

25 MR. ROBERT MAYER: I have one (1)

1 question I thought might have been addressed while you
2 had your discussions, and I've heard now that you may be
3 able to accommodate MIPUG on the pre-asks, and are we
4 still talking about two (2) rounds of Information
5 Requests or are we down to one (1), and if we are, does
6 that adjust the schedule significantly?

7 MR. BYRON WILLIAMS: Mr. Mayer, I was
8 going to speak to the -- that was my time table comments.
9 I have some process comments as well. So hopefully I
10 can, from my perspective.

11 We share with MIPUG the questions that
12 they've proposed, they certainly -- we agree that they're
13 important. Just in brief conversation with Mr. Harper,
14 we've identified some additional questions that we feel
15 need to be answered, and this is just a preliminary list,
16 prior to -- or to back up a second.

17 Based upon the disclosure we have to date,
18 even with the MIPUG pre-asks, from our perspective
19 there's still a need to better understand the Hydro
20 proposal. Some of that may come this afternoon, I don't
21 know. And we wouldn't, from our perspective, we would
22 still feel that two (2) rounds of Interrogatories are
23 required.

24 And I'll just give you an example of three
25 (3) of the questions that Mr. Harper's identified, in a

1 very quick survey of the material.

2 One (1) I think relates to a question that
3 you asked, Mr. Mayer. In terms of the \$60 million in
4 export revenues to support uniform rates it's not clear
5 from the filing to date how that \$60 million was
6 calculated or how it will be determined in the future.

7 And this is important, certainly, because
8 of the collapsing of the rate classes there will be --
9 we're not sure whether there will be details after this
10 year. So that's one (1) issue that we would need to
11 understand before we could ask follow up Interrogatories.

12 Another issue is to how the transmission
13 lines for exports were determined. There's a monetary
14 figure that's associated with it but not the calculation.
15 Also, there's no details on the calculations of the
16 weights for assigning generation costs to periods.

17 And I'm not even sure what SEP prices are
18 but Mr. Harper advises me that there's no explanation as
19 to what the SEP prices used were or for us newer to the
20 process, how SEP prices are determined.

21 So those are just three (3) examples.
22 And, Mr. Chairman, if I could provide a bit more comment
23 on this. My clients are quite supportive of the idea of
24 using technical conferences as a way to improve
25 knowledge, as a way to expedite the process.

1 They're not sure that that will achieve
2 the objective in this -- this end -- in this particular
3 proceeding. They certainly, CAC/MSOS, were not canvassed
4 in terms of what issues they would like to discuss in the
5 technical conference and it's been on a pretty tight
6 timeframe.

7 So if -- you know, in a moving-forward
8 position, if the Board is looking at using technical
9 conferences as a way to expedite the process my clients
10 would suggest that two (2) other elements of that that
11 would be needed to make the process work quicker and
12 cleaner would be better pre-filing -- more adequate
13 filing.

14 And secondly, if we're going to use
15 technical conferences, the proponent or the applicant
16 should be circulating an issues list, getting some
17 feedback on it, so that we can have both of our agendas
18 met in the course of the technical conference.

19 So from my client's perspective, at this
20 point in time, they think two (2) rounds of
21 Interrogatories are necessary. They don't want to seem
22 uncooperative. They don't want to derail the process or
23 undermine the good intentions behind the technical
24 conference.

25 They're just not sure it will achieve the

1 end of minimizing the need for a second round of
2 Interrogatories.

3 The other comment that I just have on
4 behalf of my clients, which is a process one, is our
5 expectation for the technical conference is that it will
6 be a tutorial.

7 Board Counsel, in the sense of achieving a
8 high level discussion of cost of service principles.
9 Board Counsel was kind enough to ask me whether I would
10 object to the Board being there and I certainly, based on
11 discussions with my clients, didn't on the understanding
12 that this is what the technical conference would be.

13 Let's get us all on the same level playing
14 field in terms of definitions, how cost of service
15 proceedings work. And I may -- and if that's the case my
16 clients certainly have no objection to -- to the process
17 or to Board Members being present.

18 My clients, at a general level of
19 principle, would be uncomfortable if the technical
20 conference turns into, kind of, a first kick at the cat
21 for Manitoba Hydro in terms of their case theory.

22 Now, my clients may turn out to be very
23 supportive of the case theory of Manitoba Hydro; that may
24 well be the case. But just as a process matter, there's
25 a hearing, per se, formal hearing where Hydro has a

1 chance to make its introductory statements and bring
2 evidence and they would be uncomfortable with using the
3 technical -- technical conference as a second kick at the
4 cat for Manitoba Hydro.

5 So those are just some -- some comments,
6 Mr. Chairman. I'm not sure if I've caused more problems
7 than I've solved, but I just want to put those on the
8 record for my client.

9 THE CHAIRPERSON: Thank you, Mr.
10 Williams. Just if -- looking at your schedule with this
11 trial, if we -- and also the issue about first or second
12 round Interrogatories, if we move back the requirements
13 for the first round IR's and moved the start of the COS
14 hearing to, say, April 5th rather than the 10th.

15 I'm wondering how that fits because we're
16 going to work through the rest of the Intervenors, so we
17 might as well keep the schedule moving as we go rather
18 than returning to you when we're done.

19 So the concept would be, is we'd move the
20 first round Information Requests back, that should allow
21 people time for reflection on events and presumably the
22 Technical Conference, et cetera. Allow one (1) to better
23 formulate the IR's in potentially one (1) round.

24 And then if we started the Hearing on
25 April 5th rather than April 10th that we were advancing

1 before, given the number of days we're talking about, it
2 appears we might be able to fit it in before you head
3 off. Just your first opinion?

4 MR. BYRON WILLIAMS: Mr. Chairman, if I
5 understand you correctly, that would give us
6 approximately eight (8) working days for the -- for the
7 Cost of Service Hearing. We'd certainly work within that
8 schedule.

9 It might be, based upon our past
10 experience in Hydro hearings, we tend to underestimate
11 the time. So it may well give us an opportunity to
12 complete the evidentiary portion of the Hearing, and we
13 might have to reserve argument for a later date. But we
14 -- certainly we will accommodate the -- the Board to
15 every degree we can.

16

17 (BRIEF PAUSE)

18

19 MR. BYRON WILLIAMS: So if -- I guess my
20 bottom line is, Mr. Chairman, if the Hearing's starting
21 on the 5th we'll be there, and we'll do our best to make
22 sure that it finishes on the 14th. But my caution would
23 be that I -- I have this feeling that closing argument
24 might not -- might not follow for a few weeks after.

25

THE CHAIRPERSON: Okay, well we'll take

1 the comments into account, but there's other problems
2 with this too that I'm now aware of. But let's -- we
3 can't begin prior to the 5th, that's our problem there,
4 and follow this particular schedule. And, but that's
5 helpful. Let's keep going for now.

6 Ms. McCaffrey, what do you think of this?

7 MS. TAMARA MCCAFFREY: We have no
8 objection to a later date, as proposed by My Friend, Mr.
9 Williams. Certainly from my own personal circumstances
10 having had a baby recently, that that's certainly
11 advantageous to me.

12 But my clients will be there at the date
13 the Board determines, but we certainly have no objection
14 and no problem with the matter proceeding at a later
15 time, whether it's April 5th, or -- or even into May.
16 Given that there's no GRA plan now for the fall, I think
17 the urgency has diminished somewhat.

18 THE CHAIRPERSON: Well the difficulty the
19 Board has is that we have other regulated utilities,
20 including water and sewer, and they all start running
21 together at some point. But thank you, Ms. McCaffrey.

22 Mr. Buhr...?

23 MR. DOUG BUHR: Thank you, Mr. Chairman.
24 Mr. Chairman, I should perhaps start by saying that the
25 last times that I appeared before here I was in the

1 schedule. Unfortunately the dates you're landing on are
2 -- he -- he has a conflict from April 8th to 15th. So he
3 could not appear as a witness in that period. He has
4 another conflict which hasn't been operative here between
5 the 11th and the 25th of March. So those are his
6 constraints.

7 My personal constraints, I think I'm
8 supposed to appear somewhere on June the 1st, and you all
9 know that my mom's 101st birthday is in early July, and I
10 will not miss that for this.

11 THE CHAIRPERSON: I agree with your
12 priorities, Professor Miller. But it's looking more and
13 more that the complications keep accruing here, we may
14 end up in May before we're done. It is the only month
15 that no one has actually said anything negative about.
16 Now, Mr. Anderson isn't here.

17 MR. BOB PETERS: He -- and far be it for
18 me to speak on behalf of Mr. Anderson, but -- but he did
19 -- he did speak to me in the hallway and as I best
20 recall, his suggestion is he has no difficulty with the
21 time tables in any -- in any respect.

22 And I asked him if he had restrictions,
23 and at this point he felt he could work around any of
24 them, for whatever dates the Board chose.

25 So I will put that on the record, and if

1 I'm wrong, Mr. Anderson will certainly chastize me in a
2 public way.

3 THE CHAIRPERSON: Yes, I do not think we
4 are going to be done with this this morning; I think what
5 you will have to do, all of you will have to leave it
6 with us. We understand the various conflicts, and we
7 have to look at our various Hearing schedules at the same
8 time, and through the good offices of Mr. Peters, in
9 consultation with the rest of you, we will come up with
10 an approach. I think that sounds reasonable.

11 MS. PATTI RAMAGE: Mr. Chairman, if I
12 could just interject, because the main concept hadn't
13 arisen when I last was on the mic. I would just add for
14 the record that Manitoba Hydro can accommodate May also.
15 Just so that you're not wondering afterwards what we
16 were --

17 THE CHAIRPERSON: That was the C-A-N,
18 right, CAN?

19 MS. PATTI RAMAGE: C-A-N.

20 THE CHAIRPERSON: Well I think we should
21 probably grab this and run. Mr. Williams, your trial
22 will be finished on May the 2nd. You also indicated
23 something that it could go longer.

24 MR. BYRON WILLIAMS: It will -- it
25 certainly will not be finished on May the 2nd, but

1 there's no -- it's not possible to get dates in May, so
2 we'll probably, when we adjourn it, like, we have dates,
3 we will probably look at more dates in the fall.

4 MR. ROBERT MAYER: So we can fill your
5 time now in-between.

6 MR. BYRON WILLIAMS: My time is
7 available.

8 THE CHAIRPERSON: Very good. Thank you.
9 I think we got someone --

10 MR. ROBERT MAYER: I'm glad nobody's
11 talking about July too far, but if anybody ever gets into
12 July, the Folk Festival is on the 2nd weekend.

13 THE CHAIRPERSON: I was thinking back to
14 all of the urgencies when we all wanted to COSS review,
15 but everyone's trying their best and we will figure
16 something out.

17 Mr. Peters, now I think we can go back to
18 you explaining to the Board what is proposed with respect
19 to the Technical Conference and gain people's views on
20 that subject.

21 MR. BOB PETERS: Yes, thank you, Mr.
22 Chairman, that will be the last matter I think I have to
23 speak to this morning.

24 And briefly on the issue of the Technical
25 Conference, it needs to be considered a rather unique and

1 perhaps, novel idea for use of proceedings that come to
2 this Public Utilities Board. I guess I am of sufficient
3 age that I recall one (1) prior use of a Technical
4 Conference by Manitoba Hydro.

5 And I've also heard the comments on the
6 record from My Friend, Mr. Williams, and have some
7 concerns. The Technical Conference that is planned and
8 will go on this afternoon, is designed to provide a
9 greater understanding to all parties present, of Manitoba
10 Hydro's Cost-of-Service Study methodology, and that's
11 what they file and that's what they're going to hopefully
12 explain and we'll -- we'll get to that.

13 One of the -- one of the hopes is that
14 they explain not only the Cost of Service Study and how
15 they got there, but and -- and the changes perhaps that
16 they have, but maybe some of the building blocks on which
17 Cost-of-Service Study has been constructed.

18 Mr. Chairman, I suspect as I gaze around
19 the room, Mr. Osler, Mr. Bowman, Ms. Robinson, Mr.
20 Thomas, Mr. Wiens, just to name those that are here, Mr.
21 Buhr to my side, maybe even Mr. Harper, they go to bed at
22 night with Cost of Service Studies on their night table,
23 for goodness sakes, and -- and their knowledge of Cost of
24 Service Studies, I think, is --is at a different level
25 than -- than certainly, mine, and I will go that far.

1 Having said that, the biggest objective in
2 this proceeding is not how good my knowledge is, but
3 rather how good the Board's knowledge is, because I think
4 all parties recognize that unless the Board has an
5 intimate understanding of what's going on, the best
6 decision possible won't be rendered.

7 I'm also cognisant of Mr. Williams'
8 perhaps, vernacular, but accurate use of the words, "If
9 this is going to be an extra kick at the cat for Manitoba
10 Hydro," from a legal perspective, it may have the
11 appearance of putting them at -- at an advantage, that
12 they would get a chance to -- to, in my words, give a
13 sales pitch today, let that ruminate with the Board and
14 then come back and do it at a later point in time.

15 Those are all legitimate concerns and
16 we're trying to work a way of -- of resolving them.
17 There may be more discussions between now and this
18 afternoon, but it really will come down to my asking all
19 the parties now, and also again when we start this
20 afternoon, that if there is any objection for the Board
21 Panel Members to sit in on the proceedings then it has to
22 be voiced so that the Board can make a decision as to
23 what it will do as Board Members.

24 We have indicated in my discussions with
25 Ms. Ramage and Manitoba Hydro, they're prepared to have

1 their representatives under oath so that it will be
2 transcribed and it will form part of the record.

3 And if it does form part of the record it
4 may be that it'll shorten up whatever they have to do
5 come, I forget which day we're now looking at, but April
6 or May when the hearing starts. It may abbreviate what
7 they need to do.

8 But by the same token, it's not meant to
9 give Manitoba Hydro any advantage from an evidentiary
10 point of view over anybody else. Mr. Williams made a
11 good suggestion, perhaps -- perhaps the timeliness of it
12 would have been helpful to me to consider with him
13 earlier, but -- but he has been busy, as have we all.

14 But if the -- if there are agendas to be
15 met, maybe an issues list could have been circulated.
16 Maybe all parties could have put some matters on there
17 that they wanted talked about just so that this afternoon
18 the Board is hearing not only what Manitoba Hydro is
19 proposing in their prospective Cost of Services Study '06
20 but some other options that may have been considered.

21 Now, Manitoba Hydro, in their wisdom, will
22 have considered all of the options that they -- that they
23 have and they will have come down on what they are
24 recommending to the Board.

25 Their recommendation to the Board may not

1 be the recommendation from any of the other Intervenors
2 or it may be and that's something the Board doesn't know.

3 So this is a long-winded, I suppose,
4 request and encouragement for parties certainly to attend
5 and if there's anybody in the hearing room that would
6 like to speak to the issue now and if they have objection
7 with the Board attending to let us know.

8 If there's an opportunity to -- if those
9 parties think the playing field is not level there may be
10 an opportunity to level it. And that is to say, this
11 doesn't have to be the only technical conference we
12 arrange.

13 The technical conference that we are
14 arranging is, as Mr. Williams used the word, a tutorial.
15 If there's going to be others who want to give a tutorial
16 to the Board about different methodologies or different
17 issues, that might be something that we could
18 accommodate.

19 Likewise, if the consultants who I named
20 who have those cost of service studies on their night
21 table have ideas that they want to chat about over lunch
22 and decide where the real issue is before the Board,
23 they're always free to do that as well.

24 So we're looking for a way that we can
25 accommodate the purpose of the pre-hearing conference,

1 which is to ensure that the level of knowledge and
2 understanding for all is increased.

3 Now, that may or may not result in fewer
4 information requests, and no promise can ever be made
5 that it will or it won't. But certainly if we can
6 educate the people who have to understand this and make
7 ultimate decisions on it, I think the process will be
8 better served.

9 So while I appreciate that's somewhat of a
10 legal requirement, I will turn it back, Mr. Chairman, and
11 suggest that you canvass the parties and find out if they
12 have serious concerns or any concerns about the Board
13 being present this afternoon to -- to listen to the -- to
14 the technical conference.

15 And if so, what solutions, if any, they
16 can offer at this time.

17 MR. ROBERT MAYER: Before we go there,
18 Mr. Peters, have you previewed -- I understand the
19 presentation is ready because somebody was in here this
20 morning talking about where we're going to put the
21 screen? So I'm assuming this is a pre-packaged item
22 that's coming forward.

23 Has anybody other than Manitoba Hydro
24 previewed this?

25 MR. BOB PETERS: I've had discussions

1 with my colleague, Ms. Ramage, in a general way about it.
2 I believe it's going to be a PowerPoint presentation with
3 slides that are going to be available and handed out to -
4 - to all parties that hasn't been handed out as of yet.

5 That is something we can talk about after
6 this morning and let everybody have a look at it. What
7 does happen, Mr. Vice Chairman, is I think the Board
8 wants to encourage open dialogue and if somebody wants to
9 say, well, hold a second, you used X, why didn't you use
10 Y, that free flowing discussion might be helpful and
11 that's not in the script, so to speak.

12 MR. ROBERT MAYER: I -- once we have an
13 objection, I mean, do we have it -- are we having a
14 tutorial or are we having something different?

15 Because if we have an objection I, for
16 one, do not want to see the Board's objectivity
17 challenged at this early stage of these proceedings
18 because whether or not the rest of the Intervenors are
19 aware, we have had two (2) sessions with our advisors to
20 bring us up to speed on cost of service methodology.

21 And we see -- we could see absolutely no
22 problem with that. But if there's a problem with getting
23 yet another lesson from Hydro then I'd like to hear about
24 it before rather than after, and I especially do not want
25 to see it in front of Mr. Justice Scurfield, or somebody

1 like.

2 So, I would much appreciate it if somebody
3 got a look at these PowerPoint slides before we actually
4 start watching it.

5 MR. BOB PETERS: That's a fair comment,
6 Mr. Vice-Chairman, about looking at the slides. And I --
7 I can indicate and I can -- I can certainly pass on the
8 assurance that -- that of all the parties who are present
9 here today, every one (1) of them wants to enhance the
10 Board's knowledge about this issue, and there is no
11 attempt to exclude the Board from gaining any better
12 understanding or knowledge.

13 But with your -- with your usual daytime
14 background, you are sensitive to the legal issues that --
15 that can arise relative to this issue, and that's what
16 we're hoping that we can resolve between now and one
17 o'clock this afternoon.

18 So, Mr. Chairman, I would suggest that
19 maybe you go back down your list starting with Ms.
20 Ramage, and canvass everybody for their thoughts,
21 recognizing that I will revisit this in a final way this
22 afternoon at one o'clock.

23 THE CHAIRPERSON: Ms. Ramage...?

24 MS. PATTI RAMAGE: Manitoba Hydro itself
25 has no objection to the Board Members attending and

1 participating in the Technical Conference. And in fact,
2 we encourage their attendance at this conference.

3 The slides that are going to be presented,
4 I have no trouble providing them to Mr. Peters at the
5 break and running through them, but the -- the
6 presentation speaks to a tutorial on Cost of Service.
7 But it also, in fairness, it tells us why Manitoba Hydro
8 has done -- has selected the -- the approach it is
9 advancing in this process. I don't think it goes as far
10 as to -- to appear to be a first kick at the cat.

11 But to understand what we're doing,
12 there's comparisons between the -- the various processes.
13 And I also do not think it's a great departure from
14 what's been filed to date, other than an explanation of
15 what has been filed. That ultimately can be confirmed
16 with Mr. Peters.

17 But as Mr. Peters has alluded to, the
18 purpose of a -- of a technical conference is to foster a
19 better understanding of the materials, and these
20 materials are very technical in nature. And it seems
21 counter-intuitive that we would proceed with this process
22 in this forum and exclude those persons who I think
23 arguably are -- I don't even think it's arguable, it's
24 most important that you understand and are on the same
25 level playing field with everyone else in the room.

1 I -- I agree with Mr. Peters that also his
2 -- his comments with respect to certain members or
3 certain parties present, invariably know these materials
4 better than the lawyers in the room, and -- and those
5 that don't dream of Cost of Service at night. And -- and
6 this tutorial is intended to assist all of those parties.

7 I -- I frankly don't think the members of
8 -- or they're not MIPUG members, the folks from Inter-
9 Group need a tutorial on Cost of Service. I certainly
10 encourage them to attend and participate, because they
11 will have questions that may delve a little deeper. And
12 the one (1) hope I have from this Technical Conference is
13 that we won't end up having our experts having an
14 exchange while the rest of us sit back and -- and wonder
15 what they're talking about.

16 But the -- the goal of this technical
17 conference is to provide that background information and
18 to understand where Manitoba Hydro's coming from, and to
19 understand the materials that have been filed.

20 In terms of the process itself, I don't --
21 I don't believe the process is -- is in any way outside
22 the -- the bounds of -- of this Board's jurisdiction to --
23 - in terms of creating that process. Section 24 of the
24 Public Utility Board Act specifically says that the Board
25 can -- can adopt rules of procedure, which it has. And

1 those rules of procedure at paragraph 11, sub-section 2,
2 specifically contemplate a Technical Conference.

3 And again, the reasons, if I could just
4 quote that section, it's:

5 "Where in the opinion of the Board the
6 amount, level of detail and complexity
7 of material so warrants a non-
8 evidentiary Technical Conference may be
9 held for the purpose of considering a
10 tutorial presentation for interested
11 parties, a discussion or workshop style
12 conference to gain an understanding or
13 clarification on a matter, and any
14 other presentation or conference style
15 arrangement."

16 And this, to me, is the key that will
17 assist the understanding of the Board and interested
18 parties. And so to exclude the Board from that type of a
19 -- a conference seems counterintuitive to the process.

20 Now, I recognize that this section also
21 references not evidentiary. The evidentiary component of
22 this has been added to provide an assurance to parties
23 that Manitoba Hydro witnesses are sworn so we're not --
24 so that when the Board is hearing it they're hearing
25 sworn statements.

1 And -- and that was something that was
2 added to the process as a comfort. It -- it certainly
3 isn't something that was intended to -- to bog down the
4 process.

5 And in that regard, however, I note that
6 Section 3 of the rules specifically say that in any
7 proceeding the Board may dispense with, vary, or
8 supplement any -- any provisions of these rules. These
9 rules are ultimately intended to ensure the greater
10 understanding of all parties, including the Board, of the
11 materials before it.

12 And these are complex materials that --
13 that were filed in the context of a general rate
14 application, but have now been put into a standalone
15 process.

16 So going from that point it -- from
17 Manitoba Hydro's perspective it is entirely reasonable
18 that the Board participates in this process.

19 THE CHAIRPERSON: Thank you, Ms. Ramage.
20 Your comments were informative?

21 Mr. Williams...?

22 MR. BYRON WILLIAMS: Thank you, Mr.
23 Chair. I think most of my comments were made previously.

24 I -- I'm hopeful that we'll get a chance
25 to see the PowerPoint presentation, as well, at the

1 break. And I'll consult with my client on that.

2 I just want to reiterate, like, from a
3 selfish point of view, my clients probably, I suspect,
4 will want Hydro to have a second kick at the cat in this
5 particular hearing.

6 MR. ROBERT MAYER: You want to hope
7 they're under the animal rights around here, with us
8 kicking cats all over the place.

9 MR. BYRON WILLIAMS: But, yeah, perhaps a
10 second try at the -- at the issue. But from -- from my
11 client's perspective it's a concern with future hearings
12 and -- and how we approach technical conferences that --
13 that these concerns are being -- being asked. And my
14 client is intending to appear this afternoon because she
15 -- she and I both look forward to learning about this
16 issue.

17 But this is a kind of a process issue and
18 we want to be careful about how we proceed with regard,
19 not only to this hearing, but future hearings.

20 THE CHAIRPERSON: As do we.

21 Mr. Buhr...?

22 Thank you, Mr. Williams.

23 MR. DOUGLAS BUHR: We have no objection
24 to the -- to the Board attending the conference.

25 THE CHAIRPERSON: Thank you, sir.

1 Mr. Peters, are you aware of Mr.
2 Anderson's view?

3 MR. ROBERT PETERS: I am not. We didn't
4 have an opportunity to discuss that this morning. I can
5 try to track him down at the break, but I do know he has
6 a -- a major seminar this afternoon.

7 THE CHAIRPERSON: Okay. Thank you.
8 Ms. McCaffrey...?

9 MS. TAMARA MCCAFFREY: Thank you. We do
10 have a concern.

11 Ms. Ramage read through the rules of
12 procedure and a technical conference makes a lot of sense
13 when we're dealing with complex materials such as cost of
14 service, such as the changes in cost to service. I
15 myself don't dream of cost of service; I have nightmares
16 about cost of service. So unfortunately though, I am not
17 available this afternoon to attend.

18 The concern that we have is this is going
19 to be an advocacy position here. Manitoba Hydro's board
20 has already, interestingly enough, adopted one (1)
21 particular cost of service methodology. One might query
22 whether this might be premature without any input from
23 the Public Utility Board, but that's another matter.
24 They have adopted a particular methodology; they are
25 putting forward a particular methodology in the position.

1 Now, Intergroup, in terms of the
2 assistance that they provide to Manitoba Industrial Power
3 Users' Group has always been and traditionally been to
4 assist the Board. We do not want to take a position that
5 is going to in any way encumber the Board's understanding
6 of the issues that are being dealt with.

7 However, it seems to me that what My
8 Friend Ms. Ramage is proposing to do, is going to be
9 saying, This is the methodology that we have chosen and
10 here's why. Which is what is going to happen in the cost
11 of service hearing which makes this conference -- that
12 portion of it, in any event, redundant but also does
13 impact the fairness issue as -- as Board Member Mr. Mayer
14 is sensitive to.

15 Here we would have a presentation, an
16 opening statement that would be just like what would be
17 given, presumably, at a cost of service hearing when it
18 takes place in a -- in a few months time.

19 But yet, there's no counter-presentations
20 prepared. It's going to be unchallenged. The only
21 written material is that which is already before the
22 Board, as it is. The difficulty -- I was going to
23 propose that this be adjourned so that it could be more
24 carefully, I think, thought out.

25 I understand from My Friend, Mr. Williams,

1 however, that Mr. Turner has flown in for it and I think
2 that an adjournment might be difficult, for that reason.
3 I'm concerned about the process, the perception of
4 fairness.

5 I don't -- Mr. Harper, yes, thank you.
6 Mr. Turner -- yes -- yes, he is. I think I do that every
7 hearing. I am concerned about the perception of
8 fairness.

9 I don't think anybody in this room -- and
10 it would not assist the Board to not object to the
11 Board's presence at such a hearing given that it's going
12 to be a presentation and -- and an advocacy if it's going
13 to taint the process going forward; then nobody benefits
14 from that.

15 If the presentation could be curtailed and
16 controlled to the extent that it is, in fact, a technical
17 conference designed for the sharing of information, as
18 opposed to advocacy for a particular position, and I
19 don't know, I think that they may well be so. I haven't
20 seen the PowerPoint presentation.

21 My concern is that they may be so enmeshed
22 and entwined it might be difficult to do that. If there
23 was a way to do that where questions could be answered
24 about some of the basic material I am told by my -- my
25 assistants from InterGroup that the basic material that's

1 been filed, the complete material is really only in
2 relation to the cost of service approach that Manitoba
3 Hydro is advocating and has adopted.

4 But they haven't provided the background
5 information with respect to the other studies, the
6 alternatives, that were also considered and that was the
7 basis of our pre-ask questions.

8 So my concern is if this is really an
9 advocacy exercise, it makes it redundant, given that it
10 would be dealt with in this form -- forum at a later
11 time. And in terms of sharing information, we wouldn't
12 have any problem with that.

13 MIPUG wouldn't even object to having the
14 Public Utilities Board's technical advisors participate
15 in this -- in this conference. The concern with respect
16 to having the Public Utility Board members participate
17 proper, is if this is, again, going to be a pitch for a
18 particular exercise.

19 And based on any comments I've heard from
20 Manitoba Hydro this morning, including Mr. Warden's
21 indication that Manitoba Hydro's Board has already
22 adopted one (1) particular study, I don't see that they
23 can extricate it. So I would have to say that if that's
24 the case, we would have an objection to the Board
25 participating.

1 If, however, the presentation could be
2 curtailed enough in the sense that it's sharing of
3 information; it's facilitating asking questions about
4 certain things, I think that that could be productive and
5 -- and I wouldn't -- we certainly wouldn't object, at
6 that point.

7 I don't know that that's -- that's the
8 case here and if that isn't the case we'd have to
9 register our objection. Regrettably, my -- I have to
10 take my youngest child to an appointment -- a medical
11 appointment this afternoon and I will not be able to
12 attend. But I understand Mr. Williams will be there as
13 counsel for his client and that may -- that may assist.

14 But we do have that fairly serious concern
15 going forward.

16 THE CHAIRPERSON: Thank you, Ms.
17 McCaffrey. We understand your position in this and have
18 got to give some thought to it. Just to conclude the
19 round, I'd like to hear from Professor Miller or -- Mr.
20 McQuaker isn't here now?

21 DR. PETER MILLER: Right. Thank you, Mr.
22 Chair. I guess I would object if the Board didn't
23 participate. I don't equate ignorance with objectivity.

24 I think objectivity is served by hearing
25 as much as possible. And if there's a feeling that

1 there's some imbalance then let MIPUG and Consumers hold
2 a workshop in January and acquaint us with things that
3 they think were not expressly covered in this one that
4 should have been covered or -- or whatever.

5 Seek a balance on the side of further
6 knowledge rather than further ignorance. So I know I
7 desperately need a workshop at this time. It's not
8 redundant. I can't ask any intelligent first round
9 questions without it. And as I indicated, Mr. Lazar's
10 tied up until December the 15th.

11 So, I think too many recent decision on
12 energy matters have been made in a climate of
13 insufficient knowledge and I'd hate to see that repeated
14 in this forum.

15 MR. ROBERT MAYER: Mr. Miller, I readily
16 admit to being -- to having been incredibly ignorant
17 about Cost of Service methodologies.

18 We have, however, had the benefit of two
19 (2) seminars put on by our advisors, who have had the
20 benefit of reviewing Manitoba Hydro's Cost of Service
21 methodology, the proposed, the existing, and two (2)
22 others; NERA and one (1) you people suggested at the last
23 Hearing.

24 And no matter what the Board's decision on
25 whether it attends, I'm expecting that the -- it's going

1 ahead in any event, it's just a question of whether the
2 four (4) of us are here or not. And of course Ms.
3 McCaffrey won't be. But that's the decision to make.
4 But you -- I think you can be assured that we have taken
5 steps to acquaint the Board with exactly what we're
6 dealing with when we're dealing with Cost of Service.

7 So although we may have been, or at least
8 speaking for myself, may have been incredibly ignorant
9 prior to the seminars we have. I feel a little bit
10 better at dealing with the issue, having received that
11 tutorial from our advisors.

12 THE CHAIRPERSON: Yes, I don't share My
13 Learned Colleague's view that we were ignorant
14 previously, but I'm pleased that you referenced in that
15 way, Mr. Mayer.

16 Mr. Mayer's correct, my understanding is
17 the Technical Conference will proceed with or without the
18 Board, and we'll have to deliberate on this.

19 Mr. Peters, do you have any last thoughts
20 on this before we close the Pre-Hearing Conference?

21 MR. BOB PETERS: Yes, I think I would ask
22 the representatives from the various intervening parties,
23 or the parties requesting to intervene to remain behind
24 after the adjournment.

25 I will ask from Ms. Ramage to -- to make

1 available for our review, the slides that are intended to
2 -- to be reviewed this afternoon. And I think at that
3 time it would give an opportunity to -- to perhaps
4 crystallize whether or not the education can be
5 extricated from the sales pitch, in my words, and -- and
6 see if that's the concern. And -- and that will help us
7 understand whether or not the parties still have a
8 concern about the Board being present.

9 I think we can also talk about some of the
10 things that have been suggested, including further
11 technical conferences perhaps hosted by other parties if
12 they're granted Intervenor status, that -- that that may
13 provide a similar opportunity to share information with
14 the Board on a very technical basis. And we can talk
15 about that at the break.

16 So I will do that and get back to the
17 Board. And we will know I guess by one o'clock or
18 shortly thereafter, what the -- what the decision will
19 be.

20 THE CHAIRPERSON: I think we clearly
21 understand Ms. McCaffrey's concern about the separation,
22 if you like, rhetoric from fact. I mean a tutorial
23 that's just addressing sort of what is, okay, and how
24 it's composed, is perhaps a different matter than one (1)
25 that speaks directly in support to it, absent the other,

1 gives rises to the other possibilities that Mr. Peters
2 raised.

3 In any case, we'll leave it to the lawyers
4 and counsels to discuss this during the break. And one
5 (1) way or another, the Technical Conference will proceed
6 at one o'clock with or without us.

7 I would like to thank all parties for
8 coming this morning. These Proceedings will result in
9 transcripts, which I believe will be posted, in due
10 course, on our website. And I think that, by the way,
11 our website and the transcript posting to it, courtesy of
12 Digi-Tran has been a major advance in the Board's ability
13 to provide transparency to our processes.

14 The Board will issue a procedural order in
15 due course with respect to Intervenors. So if there's
16 any further questions or comments at this point in time,
17 absent the one (1) with respect to the Technical
18 Conference, please let me know now.

19 MS. TAMARA MCCAFFREY: I think that MIPUG
20 might take this opportunity if you'll allow me, Mr.
21 Chair, MIPUG does have a question with respect to the
22 comments made by Mr. Miller or Professor Miller, I'm
23 sorry.

24 In terms of the comments that Professor
25 Miller made deal with rate design, there's a lot of

1 issues surrounding rate design. And MIPUG would like
2 some clarity or direction from the Board as to how far
3 this Cost of Service Hearing is going to wade into rate
4 design matters.

5 Does this -- it seems from the
6 correspondence that we have seen, that the Board has
7 indicated that this is to be a Cost of Service Hearing
8 when it takes place, in -- in isolation and separate from
9 rate design matters, although it will impact them.

10 So I guess we would like some clarity with
11 respect to the issue of how far into rate design the
12 parties are -- are to go or to look at in the context of
13 this hearing.

14 THE CHAIRPERSON: I think the purpose of
15 the Hearing was fairly clearly set out. If we have any
16 other further thoughts when we provide the procedure
17 order we'll cover it then.

18 MS. TAMARA MCCAFFREY: Thank you.

19 THE CHAIRPERSON: Mr. Miller...?

20 DR. PETER MILLER: Yes, just one (1)
21 further thought. Perhaps at the end of the technical
22 conference I'll have a better understanding and be able
23 to formulate a pre-ask or two (2), as -- as well.

24 I mean, if we're going to one (1) round --
25 I don't know if we're going to one (1) round or not, but

1 basically what we're trying to do is squeeze in a first
2 round here in the form of a pre-ask.

3 And I guess I would ask if I could have
4 until Monday to formulate any questions that I might have
5 -- initial questions that I might have about the goings
6 on. I just don't understand things well enough at this
7 point.

8 THE CHAIRPERSON: I think you should wait
9 until the technical conference is concluded. But I can't
10 see any reason if we can accept the pre-ask from the
11 MIPUG group, if yours are pertinent and concise, I would
12 imagine we could take that under consideration.

13 DR. PETER MILLER: Thank you.

14 THE CHAIRPERSON: If there are no other
15 comments at this point in time, seeing and hearing none,
16 we stand adjourned and most of this room will reconvene
17 at 1:00, perhaps with the Board as well.

18

19 --- Upon adjourning at 11:40 a.m.

20

21 Certified Correct,

22

23

24 _____
Carol Wilkinson

25