

August 9, 2018

Ms. Patricia J. Ramage
Legal Counsel
Manitoba Hydro
22 -360 Portage Avenue
Winnipeg, MB R3C 0G8

VIA EMAIL

-and-

Approved Interveners

Dear Parties:

Re: Manitoba Hydro Application to Review and Vary Directive 29 of Order 59/18 and Timing of GRA Filing Matters

The Public Utilities Board (“Board”) is in receipt of Manitoba Hydro’s letter of July 26, 2018 (attached). That letter provides the Utility’s submissions on the timing of its filing of a time-of-use rate design, the technical conference directed to be held pursuant to Order 59/18, and the timing of Manitoba Hydro’s next General Rate Application (“GRA”) filing.

Time-of-use Rate Design Proposal

In Order 90/18, dated July 13, 2018, the Board held that Manitoba Hydro had not provided enough information for the Board to make a determination with respect to Manitoba Hydro’s Application to vary Directive 29 of Order 59/18. Under that directive the Utility was to file a time-of-use rate design proposal with the next GRA. Pursuant to Rule 36, the Board directed that a written process be held and that Manitoba Hydro file within two weeks of receipt of Order 90/18 its position as to when Directive 29 can be completed for filing with the next GRA. Manitoba Hydro’s position was provided in the July 26, 2018 letter. In accordance with the Board’s directive that a written process be held, each Intervener should provide its position on Manitoba Hydro’s submissions on its Application to vary Directive 29, including its time-of-use rate design process and schedule by **August 15, 2018**. The Board will consider the positions of the parties when all submissions are received.

Technical Conference

With respect to the technical conference, in Order 90/18, the Board concluded that Manitoba Hydro had misunderstood the Board's intent. While Manitoba Hydro indicates in the July 26, 2018 letter that Order 90/18 provides some clarification, the Utility suggests the technical conference will provide an understanding of the financial targets that will be relied upon by the Board. The Board does not expect that the technical conference will set financial targets that it will rely upon in the next or future GRAs. Rather, as set out in Order 90/18, the purpose of the technical conference is to gain a better understanding of the financial reserves required for Manitoba Hydro under various circumstances, including consideration of risk tolerances, what risks should be protected by reserves, and the circumstances which would guide the need for more aggressive rate increases to continue full cost recovery for Manitoba Hydro. In Order 90/18 the Board stated that Order 59/18 did not require that a minimum retained earnings test be established and that all other financial metrics be abandoned. Rather the Board directed that a technical conference be held as a forum for stakeholders to discuss and explore the use of rule-based regulation that considers the level of financial reserves required by Manitoba Hydro. Parties are reminded that comments on the scope and timing of the technical conference are due on **August 15, 2018**.

Timing for the next General Rate Application

The July 26, 2018 letter states that the timing of Manitoba Hydro's next GRA filing is dependent upon the findings of the technical conference. Given the purpose and intent of the technical conference, as set out in Orders 59/18 and 90/18, Manitoba Hydro is not prevented from filing a GRA based on its financial plan that it views as just and reasonable for the financial health of the Utility, as it has done in the past.

Please address any questions you may have at this time to the attention of the writer.

Yours truly,

"Original Signed By:"

Kurt Simonsen
Associate Secretary

KS/aw

cc: Bob Peters, Board Counsel
Dayna Steinfeld, Board Counsel
Roger Cathcart, Board Advisor
Brady Ryall, Board Advisor
Liz Carriere, Manitoba Hydro
Shannon Gregorashuk, Manitoba Hydro
Odette Fernandes, Manitoba Hydro