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September 21, 2017

METSCO Energy Solutions Inc.  
c/o Alex Bakulev & Thor Hjartarson  
2550 Matheson Blvd E  
Mississauga, ON L4W 4Z1

Dear Mr. Bakulev & Thor Hjartarson:

**Re: Manitoba Hydro – 2017/18 and 2018/19 General Rate Application**

The purpose of this letter is to provide an update and revisions to the retainer letter of 5 April 2017, in which I, on behalf of Winnipeg Harvest and the Consumers' Association of Canada, Manitoba Branch (together "the Consumers Coalition"), retained your assistance to provide expert analysis in the Manitoba Hydro General Rate Application 2016-17 and 2017-18.

**Background**

In May 2017, Manitoba Hydro applied to the Public Utilities Board for approval for its 2017/18 and 2018/19 General Rate Application. Our clients, the Consumers Coalition, applied for intervener status on 5 June 2017. On 30 June 2017, the Consumers Coalition was granted intervener status. The hearing into Manitoba Hydro's GRA will begin on 4 December 2017.

**Terms of Retainer**

The Consumers Coalition wishes to retain your services to advise and assist on issues related to Manitoba Hydro's sustaining capital, including a good practice consideration of Hydro's management of its portfolio, and on issues related to major new capital.

Your duties will include the following three (3) tasks, reflecting the addition of hours to Task 1 and the addition of Task 3 as compared to the retainer letter of 5 April 2017:

1. Up to the first pre-hearing conference (12 June 2017), conducting a detailed review of the processes, data, asset risks, failure rates, business cases, and unit costs in Manitoba Hydro's Application, as well as the methodology used by Manitoba Hydro relating to the necessity and justification for:
  - a) sustaining capital expenditures, and
  - b) management oversight of large capital projects.

This task will include:

- assisting in the development of the overall case theory;
- preparing briefings for the Consumers Coalition;
- developing information requests;
- assisting in the identification of required additional expertise; and,
- providing briefings to other experts as required.

While you had initially estimated that task 1 will take approximately 120 hours, the addition of a Technical Conference held on 20 July 2017 added 15 hours to that estimate, bringing the new estimate to 135 hours.

2. Subject to PUB approval:

- a) preparing a critical analysis of Manitoba Hydro's sustaining capital expenditures; and,
- b) if necessary, providing written and oral evidence, and drafting supplemental information requests and preparing responses to any information requests the Consumers Coalition receives

You have estimated that task 2 will take up to 240 hours.

3. Subject to PUB approval:

- a) preparation of evidence relating to an examination of major new capital; and,
- b) if necessary, providing written and oral evidence at the hearing.

You have estimated that task 3 will take 50-100 hours.

### **Duty to the Public Utilities Board**

It is your duty to provide evidence that:

- is fair, objective and non-partisan;
- is related only to matters that are within your area of expertise; and
- to provide such additional assistance as the Public Utilities Board may reasonably require to determine an issue.

Your duty in providing assistance and giving evidence is to help the Public Utilities Board. This duty overrides any obligation to the Consumers Coalition. By signing this letter of retainer, you confirm that you will comply with this duty.

### **Financial Terms**

**[Financial terms have been omitted as they are not relevant to the question as posed or to the determination of a just and reasonable rates]**

### **Reporting and Hours Incurred**

For the purpose of this proceeding we will require a detailed bill of costs itemizing the date you worked on a particular task, the number of hours or percentage of time spent on that task and a brief description of each task. In the event that you expect there to be a material increase in your actual bill of costs, I would ask that you contact me at your earliest possible convenience to discuss this matter and to receive my approval for any material increase.

### **Conclusion**

If you find the terms of this retainer acceptable, I would ask that you sign and return to my attention

one copy of this letter. Please keep another copy for your own records.

Thank you for your consideration of this request. If you have any questions, please feel welcome to telephone me at (204) 985-8533.

Yours truly,

**[Signature in original]**

BYRON WILLIAMS  
DIRECTOR

BW/KD/km

cc: *Consumers Coalition (Manitoba Branch of the Consumers' Association of Canada and  
Winnipeg Harvest)*

I accept the terms of this retainer this        day of        , 2017.

**[Signature and date in original]**

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Alex Bakulev / Thor Hjartarson