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**200 – 393 PORTAGE AVE
WINNIPEG, MANITOBA
R3B 3H6**

TEL: 204.985.8540

FAX: 204.985.8544



E-MAIL: centre@pilc.mb.ca

Writer's direct line: (204) 985-5220
Email: kadil@legalaid.mb.ca

February 8, 2019

Public Utilities Board of Manitoba
400-330 Portage Avenue
Winnipeg, MB R3C 0C4

Attention: Kurt Simonsen

Dear Mr. Simonsen

Re: Manitoba Hydro 2019/20 General Rate Application: Consumers Coalition Information Requests to Manitoba Hydro

The Consumers Coalition, comprised of Winnipeg Harvest and the Manitoba Branch of the Consumers' Association of Canada, is pleased to file its information requests relating to Manitoba Hydro's 2019/20 General Rate Application, as per the Public Utilities Board ("PUB") Procedural Order 1-19.

Manitoba Hydro's Responses to PUB Information Requests

The Consumers Coalition notes that significant information has not been provided by Manitoba Hydro in response to PUB information requests.

Manitoba Hydro takes the position that it cannot provide certain information regarding the test year and beyond given that it is waiting on Provincial and Manitoba Hydro-Electric Board ("MHEB") approval of the final 2019/20 budget before releasing any detailed information.

The specific information requests are as follows:

- **PUB-MH I-7b-c:** the questions asked for the Q3 quarterly report and a comparison of the forecast for Q3 with actual Q3 electric operations results for 2018/19 for both the income statement and statement of cash flow. Manitoba Hydro responded that it will file its Q3 quarterly report and a comparison of the forecast for Q3 with actual Q3 electric operations results for 2018/19 after the results have been released publicly. No date was provided by Manitoba Hydro.
- **PUB-MH I-13b:** the question asked for an update to Figure 6.14 from the 2017/18 GRA to include the detail of 2019/20 Interim Budget OM&A expenditures by cost element and to provide the compound annual growth from 2016/17 actual to 2019/20 forecast and explain all variance. Manitoba Hydro's response included that "The details underlying each line item included in the 2019/20 Interim Budget are not available. Following Provincial and MHEB approval of the final 2019/20 budget,

Manitoba Hydro will begin developing the detailed forecasts for each component of its 2019/20 budget; these details will be filed with Manitoba Hydro's next full General Rate Application."

- **PUB-MH I-14b-e:** these questions asked for details underlying the OM&A budget. Manitoba Hydro's response included that the "details underlying each line item in the 2019/20 Interim Budget are not available. Following Provincial and MHEB approval of the final 2019/20 budget, Manitoba Hydro will begin developing the detailed forecasts for each component of its 2019/20 budget; these details will be filed with Manitoba Hydro's next full General Rate Application."
- **PUB-MH I-16:** this question asked for a comparison between OM&A by cost element and business unit for the forecast for 2019/20 with the forecast for 2018/19 and an explanation of the variances. Manitoba Hydro's response included that "The details underlying each line item included in the 2019/20 interim budget are not available. Following provincial and MHEB approval of the final 2019/20 budget, Manitoba Hydro will begin developing the detailed forecasts for each component of its 2019/20 budget; these details will be filed with Manitoba Hydro's next full General Rate Application following approval of Manitoba Hydro's next Integrated Financial Forecast."
- **PUB-MH I-18a-b:** these questions asked for details of OM&A for external Services and Materials and an explanation of why Manitoba Hydro is forecasting an increase of over \$8 million or 6.5% in external services and materials. Manitoba Hydro's response included that "The details underlying each line item included in the 2019/20 Interim Budget are not available. Following Provincial and MHEB approval of the final 2019/20 budget, Manitoba Hydro will begin developing the detailed forecasts for each component of its 2019/20 budget; these details will be filed with Manitoba Hydro's next full General Rate Application."
- **PUB-MH I-19a-b:** these questions asked for details regarding the staffing compliment and an update to PUB/MH II-27 a & b. Manitoba Hydro's response included that "The details underlying each line item included in the 2019/20 Interim Budget are not available. Following Provincial and MHEB approval of the final 2019/20 budget, Manitoba Hydro will begin developing the detailed forecasts for each component of its 2019/20 budget; these details will be filed with Manitoba Hydro's next full General Rate Application."
- **PUB-MH 23a-b:** these questions asked for EFT staffing levels, details regarding the voluntary departure take-up and the position reductions prior to the voluntary departure program and the extent the employee composition for the years are assigned to capital construction, operations and governance, support and services. Manitoba Hydro's response included that "The details underlying each line item included in the 2019/20 Interim Budget are not available. Following Provincial and MHEB approval of the final 2019/20 budget, Manitoba Hydro will begin developing the detailed forecasts for each component of its 2019/20 budget; these details will be filed with Manitoba Hydro's next

full General Rate Application.”

- **PUB-MH I-26b:** this question asked for a table showing updates to the forecasts of export revenues, fuel and power purchases, water rentals, and net income for 2018/19 and 2019/20 based up on the updated Appendix 9 data provided in I-26a. Manitoba Hydro responded that it “is in the process of preparing a revised 2019/20 Budget based on more current water flow conditions and will provide the requested updates following approval from the MHEB and Province of Manitoba.”
- **PUB-MH I-36:** this question asked for an update to the continuity schedule for debt through the test year to 2023/24 in a similar format as PUB MFR 56 based on the current debt management plan. Manitoba Hydro responded that the “information requested for the period beyond the 2019/20 test year is not available at the current time. The assumptions underpinning the requested information will be considered in the context of the MHEB’s approval of the Corporation’s next Integrated Financial Forecast and provided in Manitoba Hydro’s next full GRA.”
- **PUB-MH I-38c:** this question requested an update regarding Manitoba Hydro's debt issuance and corresponding interest rates for 2016-2023. Manitoba Hydro responded that “The information requested for the period beyond the 2019/20 test year is not available at the current time. The assumptions underpinning the requested information will be considered in the context of the MHEB’s approval of the Corporation’s next Integrated Financial Forecast and provided in Manitoba Hydro’s next full GRA.”
- **PUB-MH I-51b-c:** these questions asked what proportion of the 2019/20 investment in Business Operations Capital in each category is considered by Manitoba Hydro to be non-volitional and an explanation of why the volitional projects and programs are being done in the test year. Manitoba Hydro's response included that “The 2019/20 budget cycle is currently underway and will produce an investment plan for 2019/20 and an associated budget, which will be filed following approval from the MHEB and province. Manitoba Hydro’s longer term Capital Expenditure Forecast will be reviewed along with the Integrated Financial Forecast and filed at the next General Rate Application.”
- **PUB-MH I-53:** this question asked why Manitoba Hydro did not defer Business Operations Capital spending in 2019/20 if it was too late to defer projects and decrease spending in 2018/19 due to projects already being active. Manitoba Hydro's response included that “[d]eferral of capital spending in 2019/20 is currently being considered as part of the 2019/20 budget process. Please see response to PUB/MH I-51 b-c for further details.”
- **PUB-MH I-57:** this question asked whether the revised capital cost of \$4.77 billion for Bipole III is reflected in the 2018/19 Outlook and the 2019/20 Interim Budget financial projects. Manitoba Hydro's response included that “The revised capital cost of \$4.77 billion was not reflected in the 2018/19 Outlook and the 2019/20 Interim Budget financial projections as it is pending final approval from the MHEB.”

The Consumers Coalition's position is that there is no requirement in either the *Crown Corporations Governance and Accountability Act*¹ or the *Manitoba Hydro Act*² that Manitoba Hydro obtain the Province of Manitoba's or the MHEB's approval prior to providing information for the PUB's review and consideration in deciding whether to grant a rate increase.

It is our understanding that the MHEB is meeting on February 12, 2019. If the information identified in the information requests above is provided in the form of revised or updated responses prior to Friday February 15, 2019, formal relief may not be necessary.

The Consumers Coalition, however, reserves the right to:

- a) File a motion for further and better disclosure on the grounds that Manitoba Hydro is not prohibited from disclosing the information requested by the PUB;
- b) Pose follow up questions to the information requests that were not answered in full; and
- c) Request that the 2019/20 GRA schedule, as set out in PUB Procedural Order 1-19 be modified given that responses to information requests may be delayed by two weeks (i.e. responses to PUB information requests that were due on January 31, 2019 may only be answered in full after the MHEB meeting of February 12, 2019).

Consumers Coalition Information Requests

The Consumers Coalition has taken steps to eliminate duplication in its information requests, both as compared to other parties' information requests and among its team.³

The Consumers Coalition has had discussions with legal counsel for all interveners in this proceeding, namely the Manitoba Industrial Power Users Group ("MIPUG"), Manitoba Keewatinowi Okimakanak ("MKO") and the Assembly of Manitoba Chiefs ("AMC") in order to increase collaboration and reduce duplication.

To that end, based on our discussions, it is expected that MKO's and AMC's information requests will focus on issues related to and impacts on First Nation customers, while the Consumers Coalition's information requests focus on all residential consumers.

While some of the areas explored by MIPUG and the Coalition are similar, we note that the questions themselves are different in terms of the specific issues and information being pursued.

Within the Consumers Coalition's team, namely the experts and legal counsel, the process of

1 We note that section 7(1) of the *Crown Corporations Governance and Accountability Act*, CCSM c C336 states that "For each fiscal year, a corporation must prepare an annual business plan that is acceptable to the responsible minister."

2 *Manitoba Hydro Act*, CCSM c H190.

3 At the pre-hearing conference on December 19, 2019, counsel for the Consumers Coalition estimated in the range of 20 information requests with sub-parts based upon the best information available from its experts at that time. Today's filing consists of 41 information requests with sub-parts.

drafting the information requests was undertaken with the goal of increasing efficiencies and reducing duplication.

Mr. Harper drafted information requests first, which were then reviewed and supplemented by Ms Derksen and Mr. Rainkie. The Derksen/Rainkie team reviewed the Coalition's information requests against the responses provided by Manitoba Hydro to the PUB, resulting both in elimination of some questions and modifications to build on the information already provided. Specifically, many of the Consumers Coalition's information requests refer directly to the responses provided to the PUB and ask for clarification, updates or further details which are expected to assist not only the Consumers Coalition, but also the PUB and other interveners.

As a result many of the Coalition's information requests focus on:

- The need to reconcile numbers provided in various parts of the Application and in response to the PUB; and
- Manitoba Hydro's use of "dated" forecasts which led to questions regarding the availability of updates and associated impacts.

The legal team reviewed all the Coalition's information requests to eliminate any duplication within the Coalition's experts, against the PUB's information requests and based on discussions with and drafts provided by other interveners.

The information requests filed by the Consumers Coalition are necessary to the development of its position and for the preparation of independent expert evidence. The responses to these information requests are expected to assist in drafting more informed and streamlined intervener evidence.

As a courtesy, we have advised Manitoba Hydro of the number of information requests prior to filing.

Please do not hesitate to contact the undersigned at 204-985-5220 or Byron Williams at 204-985-8533, should you have any questions.

Yours truly,



Katrine Dilay
Attorney
KD/ab

cc: Board Counsel
Manitoba Hydro
Intervenors