
From: Katrine Dilay <kadil@legalaid.mb.ca>
Sent: February-27-19 1:16 PM
To: Simonsen, Kurt (PUB); Christle, Darren (PUB)
Cc: Fernandes, Odette; Jared Wheeler; Schubert, Kristen (PUB); Boyd, Marla; Carriere, Liz; Gregorashuk, Shannon; 'BobPeters@FillmoreRiley.com'; 'Senwung Luk'; 'Corey Shefman'; Byron Williams; Antoine Hacault; Markus Buchart; 'Amanda Beaumont'
Subject: Re: Manitoba Hydro 2019-20 GRA - Revised Information Requests

Good afternoon,

The Consumers Coalition wishes to provide a brief reply to Manitoba Hydro's email from yesterday, February 26, 2019.

On February 14, 2019, after PUB IRs, responses to PUB IRs and Intervener IRs had already been filed, Manitoba Hydro filed a significant update to its rate application that changed the 2019/20 financial outlook before the proposed rate increase by over \$90 million (from a loss of \$30 million to a profit of \$60 million).

The purpose of the Consumers Coalition's revised IRs is to update the information it is seeking in light of the supplemental information filed, which included a modified rationale underlying the proposed rate increase (e.g. as per p 3 of the Supplement, the variability of net income). By necessity, this required re-wording certain IRs to reflect the material changes in circumstances evidenced in Manitoba Hydro's supplemental filing. Without the revisions, the underlying rationale for the questions either no longer makes sense or would require Manitoba Hydro to make its own interpretation of the modified intent of the question as a result of the filing update.

Manitoba Hydro's proposal is to respond to the IRs as originally filed on February 8, 2019. The risk associated with this proposal is that some IRs may go unanswered or only partially answered given that the IRs were based on the circumstances in the original Application, many of which have now materially changed.

The information requested in the revised IRs is important to the development of Intervener evidence and position, especially given the material change in circumstances flowing from the supplemental information filed by Manitoba Hydro. While the Consumers Coalition can use its best efforts to estimate the information requested based on the supplemental information filed, this would represent a less precise and more costly option.

Specifically:

- Coalition/MH I-1 was modified to reflect the changes in the underlying rationale for the requested rate increase. While the original IR asked Manitoba Hydro's reasons for a "target" income of \$31 million, the question as posed was no longer relevant given that the proposed rate increase would now result in a projected net income of \$115 million (see Figure 7 of the Updated Application). The revised IR attempts to reconcile the underlying rationale in the original application with the supplemental information filed.
- Coalition/MH I-6 was modified to clarify the information requested relating to financial ratio calculations that are provided by MH for the first time in Appendix 1 (updated), the process of filing the Interim Budget and the MHEB approved budget, and Q3 actual results and Q4 forecast, in light of the supplemental information filed on February 14, 2019. The financial metrics requested based on a range of rate increases are significant in light of the considerably better financial outlook for the 2019/20 test

year evidenced in the February 14, 2019 filing, with little in way of rationale for maintaining the 3.5% rate increase or analysis of the potential impacts of lower than proposed rate increases.

- Coalition/MH I-8 was modified to clarify the information requested given that Manitoba Hydro's supplemental information assumes a rate increase effective June 1, 2019 and that the 2019/20 Current Outlook has been filed. The information requested based on a range of rate increases is important in light of the considerably better financial outlook for the 2019/20 test year evidenced in the February 14, 2019 filing, with little in way of rationale for maintaining the 3.5% rate increase or analysis of the potential impacts of lower than proposed rate increases.
- Coalition/MH I-14 was modified to reflect the underlying rationale of the rate increase given the Supplemental Application (i.e. variability in net income as per p 3 of the Supplement).
- Coalition/MH I-15 was modified to reflect the information filed in the Supplemental filing including a new O&A variance report to December 31, 2018.
- Coalition/MH I-22 was modified to reflect the updated information relating to Load Forecast in the Supplemental filing.
- Coalition/MH I-30 was modified to reflect the underlying rationale of the rate increase given the Supplemental Application (i.e. variability in net income as per p 3 of the Supplement).
- Coalition/MH I-33 was modified to reflect the underlying rationale of the rate increase given the Supplemental Application (i.e. variability in net income as per p 3 of the Supplement).

Thank you,
Katrine Dilay