



Writer's email: chkla@legalaid.mb.ca

February 8, 2023

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

Attention: Dr. Darren Christle, Executive Director and Board Secretary

Dear Dr. Christle,

**Re: Motion of the Consumers Coalition to compel further responses to Round 1
Information Requests (Manitoba Hydro 2023/24 & 2024/25 GRA)**

By this letter, the Consumers Coalition makes a motion seeking an Order requiring Manitoba Hydro to file further responses to Round 1 Information Requests COALITION/MH I-25, I-75, I-88, I-89(d), I-90(f), and I-91(e). The Coalition further requests that if the Board grants the relief sought, it also provide for an amended proceeding schedule by which second round information requests may be submitted respecting the information to be produced. The Consumers Coalition submits this request pursuant to Public Utilities Board (PUB) Order 130/22 and rule 22 of the *Public Utilities Board Rules of Practice and Procedure*.

For the reasons set out below, Manitoba Hydro's responses to these IRs are insufficient to enable the Board and Interveners to address the in-scope issues raised in the present General Rate Application. Further responses by Manitoba Hydro are necessary as Manitoba Hydro bears the onus of supporting its application, and are appropriate so that the material provided can be brought before the Board and examined through second round IRs. Each IR response will be addressed in turn.



COALITION/MH I-25

The Coalition requested that Manitoba Hydro provide specific assessments of the implications of the government of Manitoba's policy changes respecting Manitoba Hydro's water rental and debt guarantee fees announced November 23, 2022.

The Coalition's questions respond to Manitoba Hydro's presentation of some of these implications in Figure 3.6, and sought to isolate effects of these policy changes from other potential or hypothetical realities in Manitoba's fiscal circumstances by asking Manitoba Hydro to assume long-term budgetary balance on the part of the province.

Manitoba Hydro declined to respond, characterizing the question as hypothetical and unrelated to the issues before the Board.

The Consumers Coalition submitted these requests to support its assessment of the issues before the Board which relate to Manitoba Hydro's financial health, interest rate risk, the corporation's net debt, and the servicing of that debt over time. Manitoba Hydro makes clear that these are significant drivers of its rate request.

Manitoba Hydro's rationale for declining to respond misstates the nature of the request, which does not invite speculation on the financial results of the province of Manitoba. The Coalition is seeking to better understand the effects of the province's policy change, which the corporation has calculated.

The Consumers Coalition seeks an Order requiring Manitoba Hydro to provide a meaningful response to this IR.

COALITION/MH I-75

The Consumers Coalition requested that Manitoba Hydro file a copy of its "information technology plan" in order to assess the prudence and reasonableness of the initiative and its associated spending as components of the corporation's Operating and Administrative (O&A) expenses.



In response, Manitoba Hydro filed a one-page graphic¹ titled “D&T Roadmap Summary”. It appears that this document presents timelines from fiscal year 2022 through 2024 for various IT-related initiatives. However, no information is provided about the initiatives listed, how they relate to one another as part of the broader IT plan, or about their respective business cases.

The Consumers Coalition requested this information because Manitoba Hydro’s application emphasizes the significance of its “shift of traditional IT services to the Cloud” and notes that this “is having a significant impact on O&A.”² The Coalition also understands that IT spending is driving significant increases in Business Operations Capital. Further, Manitoba Hydro characterizes its IT plan as “inseparable” from Strategy 2040,³ and has requested approval of a new regulatory deferral account related to these costs.⁴

Together, these realities make clear that a series of IT initiatives, referred to as an information technology plan, are making substantial contributions to growth in Manitoba Hydro’s expenditures and are highly relevant to issues before the PUB.

As such, the Consumers Coalition reiterates its request for Manitoba Hydro’s information technology plan and seeks an Order requiring Manitoba Hydro to file all components of its information technology plan as referred to in Tab 6 of its application. The Consumers Coalition expects, without limiting what may constitute Manitoba Hydro’s information technology plan, that this may include, at minimum and among other things, identification of Manitoba Hydro’s IT-related risks, opportunities and objectives, a description of the initiatives that comprise the IT plan, information on the businesses cases for each initiative including cost/benefit analyses, risk assessments and alternatives evaluated, and a description of the connection between the IT plan and Strategy 2040.

COALITION/MH I-88

The Coalition requested clarification of the total costs of the Bipole I and II HVDC Refurbishment Investments that are included in the Capital Expenditure Plan provided in Appendix 7.7 of Manitoba Hydro’s application, and to provide a schedule of these forecast expenditures by year over a the 20-year financial forecast period of the capital expenditure plan.

¹ COALITION/MH I-75 Attachment 1

² Manitoba Hydro 2023/24 and 2024/25 General Rate Application at Tab 6, page 29.

³ *Ibid.*

⁴ Manitoba Hydro 2023/24 and 2024/25 General Rate Application at Tab 6, page 33. See also Appendix 4.3.



Manitoba Hydro's response provided a range of \$1.0 billion to \$1.8 billion, and cited its statement in the application that the scope is "currently under development".

However, the Coalition notes that Appendix 7.7 provides Business Operations Capital and Electric capital spending totals for the test years as well as 10- and 20-year forecasts. Recognizing that the scope for these initiatives is currently under development, it appears that Manitoba Hydro has used more specific figures in developing the forecasts in Appendix 7.7 than were provided in the response to this IR.

The Coalition seeks an Order requiring Manitoba Hydro to clarify the project costs for the Bipole I and II HVDC Refurbishment Investments, by year, that were included in the Appendix 7.7 capital expenditure plan table.

COALITION/MH I-89(d)

The Coalition requested clarification of where Manitoba Hydro's forecast of \$300 million⁵ in expenditures on Advanced Metering Infrastructure can be found in the Capital Expenditure Plan table in Appendix 7.7, and to provide a schedule of these forecast expenditures by year over a the 20-year financial forecast period of the capital expenditure plan.

Manitoba Hydro's response indicated that "no detailed cashflow or project execution plan has been developed yet."

However, the Coalition notes that Appendix 7.7 provides Business Operations Capital and Electric capital spending totals for the test years as well as 10- and 20-year forecasts. Recognizing that the scope for this initiative is currently under development, it appears that Manitoba Hydro has developed forecasts over the time period requested that take into account AMI spending.

The Coalition seeks an Order requiring Manitoba Hydro to clarify the project costs for Advanced Metering Infrastructure, by year, that were included in the Appendix 7.7 Capital Expenditure Plan table.

COALITION/MH I-90(f)

⁵ Appendix 7.7 at page 13.



The Coalition requested clarification of where Manitoba Hydro’s forecast of \$180 million of expenditures on the Grid Modernization Program can be found in the Capital Expenditure Plan table in Appendix 7.7, and to provide a schedule of these forecast expenditures by year over a the 20-year financial forecast period of the capital expenditure plan.

Manitoba Hydro’s response indicates that the scope, schedule and cost of this initiative “continue to be refined” and that as such it was not able to provide a schedule of forecast expenditures.

However, the Coalition notes that Appendix 7.7 provides Business Operations Capital and Electric capital spending totals for the test years as well as 10- and 20-year forecasts. Recognizing that the scope for this initiative is currently under development, it appears that Manitoba Hydro has developed forecasts over the time period requested that take into account Grid Modernization Program spending.

The Coalition seeks an Order requiring Manitoba Hydro to clarify the project costs for the Grid Modernization Program, by year, that were included in the Appendix 7.7 Capital Expenditure Plan table.

COALITION/MH I-91(e)

The Coalition requested a summary of the material changes between CEF16 of the 2018/19 GRA and the Capital Expenditure Plan table provided in Appendix 7.7 over the forecast periods referenced in each document .

Manitoba Hydro’s response included a table identifying cost changes for two projects (Keeyask and the Manitoba-Minnesota Transmission Project) and an “other” category as suggested by the Coalition. However, no detail was provided for the changes between CEF16 and the present Capital Expenditure Plan for Business Operations Capital. Manitoba Hydro explained that providing the level of detail sought was “unfeasible” due to its new Investment Management structure.

Manitoba Hydro’s response appears to have overstated the intent of the request. The Consumers Coalition sought a breakdown of the 10-year Business Operations Capital increase of \$312 million and the 14-year Business Operations Capital increase of \$812 million into their major contributing components. A listing of each increase by project and investment category is not necessary.



Without being prescriptive, the Consumers Coalition envisioned an appropriate response presenting approximately 10 main or major changes comprising at least 80% of the changes in forecast costs, with an “other” category summarizing the remainder.

A meaningful response to the Coalition’s request should provide the Board and interveners with the ability to assess the prudence and reasonableness of the material difference between the CEF16 and the present capital expenditure plan.

The Coalition requests an Order requiring Manitoba Hydro to provide a further response to this IR.

Conclusion

The Coalition requests an Order requiring further responses to the above-noted IRs to develop a comprehensive evidentiary record and to ensure that Interveners and the Board are able to address the issues before them, including through the second round of information requests.

The Coalition further requests that the Board accommodate the late filing of the information by permitting parties appropriate time to review and file relevant second round information requests as needed.

The Coalition thanks the Board for its consideration of this motion and invites direction respecting process for the Board’s determination of the issues raised.



Chris Klassen*
Attorney
Public Interest Law Centre

*Chris is an independent lawyer retained by the Public Interest Law Centre in this matter.

/ck



cc: Manitoba Hydro 2023/24 & 2024/25 GRA mailing list



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Supported By The Manitoba Law Foundation And
Members Of The Manitoba Bar Association

100-287 Broadway, Winnipeg, Manitoba, R3C 0R9
tel 204.985.8540 fax 204.985.8544
e-mail centre@pilc.mb.ca

