

**Manitoba Hydro
2023/24 & 2024/25 General Rate Application**

**Manitoba Hydro Information Request Round 1 to the
Representatives of the General Service Small and General
Service Medium Customer Classes (GSS-GSM)**

MH/GSS-GSM I-1

Reference: Pre-filed Evidence of Dustin Madsen

Preamble:

Question:

- (a) Please provide a copy of Mr. Madsen's written retainer letter or agreement. Please also provide any additional instructions received with respect to the retainer, if they were not included on pgs. 5-6.
- (b) The cover page of Mr. Madsen's evidence states that the evidence was prepared on behalf of the General Service Small and General Service Medium (GSS/GSM) customers.
 - i. Did Mr. Madsen meet with members or representatives of GSS/GSM? If so, what information was provided to Mr. Madsen? If in written or electronic format, please file.
 - ii. How did Mr. Madsen determine what issues were important to the members or representatives of the GSS/GSM classes?
 - iii. Are there issues which were identified that were similar amongst all members or representatives of the GSS/GSM classes? If so, which ones. Please explain.
 - iv. Are there issues which were identified that were different amongst the members or representatives of the GSS/GSM classes? If so, which ones. Please explain.

Response:

The following responses were prepared by Dustin Madsen.

- (a) All instructions received by Mr. Madsen were as set out in my evidence. I did not receive a written retainer letter for this project.
- (b) Please refer to the following responses:
 - i. No. All instructions I received were directly through counsel.
 - ii. Please refer to the instructions summarized at pages 5 and 6 of my evidence. Counsel for the GSS-GSM customers instructed me to identify issues of potential concern with Manitoba Hydro's GRA materials. I identified the issues I considered to be of most

potential relevance and provided those details to counsel. Counsel then provided me with direction to address the issues I addressed in my evidence.

- iii. With one exception, the issues I identified in my evidence were common to all members or representatives of the GSS/GSM classes. The exception is with respect to rate design, where GSS-ND is and has been outside the zone of reasonableness. In my view, the Manitoba Hydro proposal on rate design is directionally appropriate on this point, so my evidence does not address this issue in detail.
- iv. Please refer to the response to iii. above.

MH/GSS-GSM I-2

Reference: Pre-filed Evidence of Dustin Madsen

Preamble:

Question:

For each observation, conclusion and recommendation, as more fully developed in the body of the report, please identify if there were other contributors to the report of Mr. Madsen. If so, please identify those individuals, their qualifications and what portions of the report were contributed, including a list of the previous projects or proceedings which the individual participated in related to the topic and his/her role in the project or proceeding.

Response:

The following response was prepared by Dustin Madsen.

All observations, conclusions and recommendations are mine. No other individual contributed to any of the observations, conclusions and recommendations set out in my evidence.

Angela Chau, CPA, assisted in the development of evidence by performing the following services:

- Modeling various depreciation survivor curves for certain accounts.
- Identifying, extracting and summarizing key elements of Manitoba Hydro's evidence and information responses.
- Assisting in the development of the evidence outline.
- Conducting a final review and revision of the evidence to confirm mathematical calculations and accuracy of the evidence based on the record.

Ms. Chau is a Chartered Professional Accountant, with approximately 10 years of relevant work experience since commencing employment with PricewaterhouseCoopers LLP ("PwC"). Ms. Chau was previously employed in the financial reporting department of a large Canadian electric utility where she performed detailed accounting analysis and assisted in several initiatives for the regulatory department pertaining to applied for revenue requirements. Ms. Chau has provided services on more than a dozen regulatory tariff applications for consumer intervener groups. Ms. Chau has prepared evidence on operating costs, efficiencies, taxes, prudence assessments, independent audits of utilities, depreciation matters, and broad revenue requirement issues.

MH/GSS-GSM I-3

Reference: Pre-filed Evidence of Dustin Madsen

Preamble: On pages 52-53, Mr. Madsen provides summary results for a simplified depreciation example based on ALG with annual true-up of depreciation rates. In his example, Mr. Madsen states that a loss of \$50 would be realized for year one with an entry booked as a credit to accumulated depreciation. This entry does not appear to have been included in the “ALG with true up” summary results provided by Mr. Madsen in Table 2:

Table 2 – Summary of ALG versus ELG depreciation differences

	ALG without true up	ALG with true up	ELG no true up
Year 1	200	150	183
Year 2	100	125	83
Year 3	0	25	33
Total	300	300	300

Question:

Please provide the underlying annual depreciation expense, gain/loss and depreciation rate true-up calculations supporting the “ALG with true up” figures shown in Table 2.

Response:

The following responses were prepared by Dustin Madsen.

As stated on pages 52 and 53 of my evidence the entries are as follows. In year 1:

Dr. Accumulated depreciation	\$50	
Cr. Loss on disposal		\$50

In year 2 and 3:

Dr. Depreciation expense	\$25	
Cr. Accumulated depreciation		\$25

In year 3:

Dr. Gain on disposal	\$50	
Cr. Depreciation expense		\$50