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April 19, 2024

THE PUBLIC UTILITIES BOARD OF MANITOBA
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

ATTENTION: Dr. D. Christle, Board Secretary and Executive Director

Dear Dr. Christle:

RE: MANITOBA HYDRO'S APPLICATION TO REVIEW & VARY DIRECTIVE 19 OF ORDER 101/23 ON DEPRECIATION MATTERS – MANITOBA HYDRO'S REPLY TO INTERVENER SUBMISSIONS

On April 15, 2024, the Public Utilities Board of Manitoba ("PUB or Board") invited approved interveners from Manitoba Hydro's 2023/24 & 2024/25 General Rate Application ("GRA") to make written submissions on Manitoba Hydro's application to review and vary Directive 19 of Order 101/23 ("R&V Application") on depreciation matters, on the following narrow issues:

- Do you agree that under either of Manitoba Hydro's proposed approaches, there is no impact on 2023/24 and 2024/25 rates that have already been fixed by the Board?
- If not, please explain your rationale and your recommendation on how the Board should resolve the rate impact (including denying Manitoba Hydro's application, if applicable).

Manitoba Hydro is in receipt of submissions from the Manitoba Industrial Power User Group ("MIPUG"), General Service Small and General Service Medium Customer Classes ("GSS/GSM") and the Consumers Coalition ("Coalition"). In accordance with the direction of the PUB received on April 15, 2024, Manitoba Hydro's reply to intervener submissions is provided herein.

MIPUG, GSS/GSM and Coalition all agree that under either of Manitoba Hydro's proposed approaches, there is no impact on 2023/24 and 2024/25 rates that have already been fixed by the Board. In addition, MIPUG, GSS/GSM and Coalition have all indicated a preference for the second option presented by Manitoba Hydro, that being for the Board to confirm that its direction in 19 h) to write off any difference in depreciation expense would increase actual depreciation expense for rate setting purposes, resulting in higher book accumulated

depreciation and lower retained earnings for the test years in the next General Rate Application.

To be clear, what is most important for Manitoba Hydro is to receive clarity on this matter by way of direction from the PUB in an Order on which option Manitoba Hydro should implement. With such confirmation from the PUB, implementation of either option is acceptable as either option will eliminate Manitoba Hydro's obligation to maintain two sets of accounting records in perpetuity, provides necessary audit evidence and brings closure for all parties to this long-standing issue which is in the public interest.

For the reasons previously submitted, Manitoba Hydro respectfully requests the PUB to provide its decision to this matter by April 30, 2024.

Manitoba Hydro appreciates the opportunity to provide these reply comments to intervener submissions on its R&V Application. Should you have any questions with respect to the foregoing, please do not hesitate to contact the writer at 204-360-3257.

Yours truly,

MANITOBA HYDRO LEGAL SERVICES

Per:

A handwritten signature in blue ink, appearing to read 'Brent A. Czarnecki', with a stylized flourish at the end.

Brent A. Czarnecki
Senior Counsel