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August 1, 2018

Mr. D. Christle  
Secretary and Executive Director  
Public Utilities Board  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

Dear Mr. Christle:

**RE: MANITOBA HYDRO RESPONSE TO DIRECTIVE 37 OF ORDER 59/18  
STATUS OF DIRECTIVES AND COMMENTS ON PROCESS**

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On May 1, 2018, the PUB issued Order 59/18, its final Order with respect to Manitoba Hydro's 2017/18 and 2018/19 General Rate Application ("GRA"). Included in that Order was Directive 37, which states:

*Manitoba Hydro file with the Board on or before August 1, 2018 the status of compliance with all outstanding and ongoing directives, along with the Utility's comments on a process for feedback and clarification on Board directives.*

**Status of Compliance with Open and Ongoing Directives**

Pursuant to the PUB's directive, enclosed as Attachment 1 to this letter is a table of all PUB directives, as of August 1, 2018, that Manitoba Hydro views to be open or ongoing with respect to its electric operations as well as certain directives that it believes are completed, superseded or closed. The table also provides the Corporation's assessment of the current status of each directive. Other PUB directives issued to Manitoba Hydro that are not included on this list are considered by the Corporation to have been satisfied or closed. In the event that the PUB identifies certain directives that are not included on this list and still require a response from Manitoba Hydro, the Corporation requests an explanation as to what additional information is required in order to satisfy those directives.

*Available in accessible formats upon request*

Manitoba Hydro notes that the Time of Use directive under Order 59/18 is still under consideration by the PUB and that the status will be updated once the PUB issues its Order in this regard. In addition, the current status of the directives that were included in Manitoba Hydro's Review and Vary of May 30, 2018 have been included without prejudicing Manitoba Hydro's right to appeal Orders 59/18 and 90/18.

**General Comments on a Process for Feedback and Clarification on PUB Directives**

Manitoba Hydro's position with respect to compliance with PUB Directives was summarized by Legal Counsel on February 14, 2018 in Reply Argument to Manitoba Hydro's 2017/18 and 2018/19 GRA (transcript page 8369). There exists no disagreement that the objective of implementing a directive is to provide value to the regulatory process. In order to ensure that the information requested through directives achieves the objective contemplated by the PUB when issued, including both with respect to intended purpose and expected cost, it would be beneficial for Manitoba Hydro to be provided with the ability to provide feedback to the PUB prior to the finalization of a directive. Manitoba Hydro could also provide its views as to a reasonable timeline for efficient completion of the directive, taking into account competing priorities. Upon receipt of such feedback, the PUB would issue a final order with respect to its Directives.

Manitoba Hydro also believes that a process to periodically review the status of open and ongoing directives with the PUB should be established. Experience has demonstrated that some of the challenges associated with particular directives cannot be foreseen until the Corporation is already well into performing work associated with the directive. In other instances, the value of a directive may change due to changed circumstances and it is important to revisit and review the status of directives to ensure that directives will still provide value. For example, in Order 150/08, Directive 6, the PUB directed Manitoba Hydro to undertake and file with the PUB an independent benchmarking study of key performance metrics. As noted in Attachment 1, p. 11, this directive was deferred until after implementation of IFRS and Manitoba Hydro provided an update on the status as part of the 2017/18 & 2018/19 General Rate Application. In Order 59/18, while the PUB noted that it views Directive 6 of Order 150/08 as an outstanding directive and that an independent benchmarking should be completed, the PUB also stated that the study should not be performed until after the

transition period resulting from the Voluntary Departure Program concludes.<sup>1</sup> The PUB correctly identified that the departures occurring as a result of the VDP would have an impact on any benchmarking study to be conducted. In addition, as noted by Mr. Kelvin Shepherd during the 2017/18 and 2018/19 General Rate Application, there are a number of factors that need to be considered and understood in order for a benchmarking study to be useful.<sup>2</sup> In order to ensure that the intent and expectation of the current panel is met, that the scope of a benchmarking study is useful to the PUB and also cost effective for the Corporation, it would be beneficial for Manitoba Hydro to review and discuss the scope of this directive with the PUB so that the final benchmarking study provided meets expectations.

Additionally, the sheer volume of open and ongoing directives to Manitoba Hydro at any one time presents a challenge to the Corporation to address all requirements associated with these directives within the prescribed timelines. Given these challenges, it is well past the 30 day period for which to Review and Vary a directive pursuant to Rule 36. The process contemplated herein, if incorporated into the PUB normal work processes, would serve to keep the PUB apprised of the status of directives and provide Manitoba Hydro the opportunity to identify any issues or challenges and allow the PUB to respond and adjust as it deems appropriate with the overall objective of improving regulatory efficiency and the value derived from directives issued.

Manitoba Hydro's specific comments on a process to provide feedback and seek clarification on directives are provided below. Should Manitoba Hydro have any additional thoughts or comments, it will include those in its overall process submission to be provided to the PUB on August 24, 2018.

**Process to Review/Clarify PUB Directives Following the Issuance of an Order**

Upon the conclusion of a GRA and in its final rate order, the PUB would include a directives section similar to that contained in current orders. Such directives would be general in nature and not address administrative details such as timelines for completion. Thereafter, Manitoba Hydro would meet with the PUB and, with the benefit of an understanding of all of the directives sought to be accomplished and knowledge of its other resource commitments, provide its comments regarding the timing for completion of directives. If necessary, such a meeting could also be used to facilitate

<sup>1</sup> Order 59/18 dated May 1, 2018, p 142.

<sup>2</sup> Testimony of Mr. Kelvin Shepherd Transcript at transcript pgs. 504 and 547 on December 5, 2017.

directive clarification and provide comments regarding alternative means to achieve objectives and anticipated costs.

Through this process, the Corporation can offer insight into the information the Corporation has available or the analysis that could be undertaken to satisfy the PUB's requirements while at the same time giving consideration to its current resource constraints and the associated costs to ratepayers of providing the information. By providing Manitoba Hydro greater clarity regarding the objective of a directive it is expected that the meaningfulness of the information produced will be improved. Imposition of realistic timelines for the completion of the work will assist in managing expectations and developing longer term regulatory agendas.

Thereafter, and similar to the process for establishing rates, the PUB will issue a second Directive Order which addresses administrative details and provides clarification of its general directive as required. To ensure compliance requirements are clear, all directives that require a formal response from the Corporation should be included in the "It is therefore Ordered" section of a Final Order.

The following is an illustration of how Manitoba Hydro's recommendations could be incorporated into a process to review directives at the conclusion of a regulatory proceeding.

1. In the Order issued following a regulatory hearing, a list identifying the subject matter or issues that the PUB feels requires further analysis or review could be included, including a list of directives.
2. Within 30-days of the Order, Manitoba Hydro will meet with the PUB and provide comments and feedback to the PUB regarding timing of the Directives and any implementation issues. The roles of each party are summarized below.
  - a. **Role of PUB** - Attendees from the PUB should include, advisors, staff and legal counsel who can provide clarification as to of the specific intent of the directive, if it is unclear. As part of these discussions, the PUB can also identify the priority of the directives to assist the Corporation in planning its work to focus its efforts on providing the information that is most relevant for the PUB at the time.
  - b. **Role of the Applicant (i.e. Manitoba Hydro)** - Attendees will include subject matter experts and legal counsel from the Corporation who could offer insight on the information the Corporation has available, the challenges or difficulties arising as a result

of the directive and the analysis that could be undertaken to satisfy the PUB's requirements and timeframes in which a response could be provided. As the Applicant, Manitoba Hydro would record its understanding of the discussions in a formal letter to the PUB which would reflect the discussions held to ensure they are consistent with the priorities and expectations of the PUB and gives appropriate consideration of the ability of the Corporation to respond to competing regulatory requirements and manage the operations of the business.

3. The PUB would issue an Order on Directives which will address administrative details such as timing and also incorporate any clarifications or other direction required in order to implement the directive as contemplated by the PUB.
4. Within 30-days of the issuance of the PUB's Order on Directives, Parties may file a Review and Vary of any directives as it deems necessary and appropriate. Manitoba Hydro hopes the proposed process would reduce its requirement for such a process.

Manitoba Hydro also believes that any process to review PUB directives should include a formal "close-out" mechanism where the PUB issues an Order or other correspondence once it considers a directive to be "closed" or "satisfied". Manitoba Hydro includes in all general rate applications filed with the PUB a status update of current directives, including those it considers to be satisfied or "closed" since the last application. However, the status of these directives are not typically reviewed as part of the hearing or addressed in the PUB's final Order following the application. In the absence of any close-out mechanism to review the status of directives and subsequently close those that the PUB considers to be satisfied, the corporation has understood that the PUB has accepted Manitoba Hydro's response to the directives. If the PUB employed and followed a formal close-out mechanism to confirm those directives that are closed, any misinterpretation in this regard could be avoided and clarity would be provided to all parties (including Intervenors) as to whether the PUB considers a directive satisfied or closed.

For example, in Order 85/13 (page 62) with respect to Centra's 2013/14 General Rate Application, the PUB indicated that for *"all future rate applications...Centra is to provide a comprehensive listing of past Board Directives and their status. ... The Board will pronounce whether the Directives in this list are complete to the Board's satisfaction, upon which they may be removed from future listings."* Centra included a comprehensive list of all PUB directives dating back to Order 128/09 in its 2015

Cost of Gas Application. However, in its Order flowing from this Application, the PUB did not comment on this list of directives or advise whether any could be removed from future lists which results in a lack of clarity to all parties as to whether the PUB considers certain directives closed or satisfied.

#### Periodic Reviews of Open/Ongoing Directives

Manitoba Hydro recommends that a periodic review of the status of directives be established, together with a means to adjust directives if necessary with minimal “red tape”. Such review would keep the PUB apprised of work that is ongoing to comply with directives and any issues or challenges Manitoba Hydro may be experiencing or has encountered once work has progressed on certain directives. At the conclusion of this review, correspondence would be issued by PUB affirming or amending the directives, and confirming those directives that have been satisfied or closed.

The intent of this proposed process is to improve the implementation, delivery and quality of responses to PUB directives without adding “red tape” and associated costs to the process. For this reason Manitoba Hydro has intentionally not involved Intervenors in these added processes. Intervenors bring value to the regulatory process by testing evidence of the Corporation through information requests, presenting its own expert evidence, cross-examining company witnesses at the oral hearing and providing its argument during the process. As evidenced throughout commentary contained in its Orders, the PUB takes the positions of all Intervenors into consideration when it issues its findings and direction contained in its Orders at the conclusion of a hearing process. In its Orders, the PUB has made a determination on all matters and issued their final Orders in that regard. It is not appropriate, necessary or efficient for Intervenors to provide comments on their interpretation of a PUB directive based on positions taken during the course of a hearing nor should they attempt to speak for the PUB. In fact, It would be concerning if the PUB required input from or required Intervenors to interpret or determine the PUB’s intent. Manitoba Hydro will, as it has in the past, include in all general rate applications filed with the PUB a status update of directives and Intervenors will be apprised, as part of a hearing process, as to their status.

Manitoba Hydro appreciates the opportunity to provide its comments on a process feedback and clarification on PUB directives. If you have any questions or comments with respect to this submission, please contact the writer at 204-360-3633 or Liz Carriere at 204-360-3591.

Yours truly,

**MANITOBA HYDRO LEGAL SERVICES DIVISION**

Per:



**ODETTE FERNANDES**

Barrister & Solicitor

cc: Bob Peters, Board Counsel

**Status of Open and Ongoing Public Utilities Board Directives for Manitoba Hydro**

Order	#	Directive	Status	Comment
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**Order 90/18**

90/18	3	Manitoba Hydro's Application to review and vary Directive 14 of Order 59/18 BE AND HEREBY IS DENIED. Manitoba Hydro is to file with the Board by August 31, 2018 for the Board's review and comment the Terms of Reference for the independent consultant directed to be retained by Manitoba Hydro in Directive 14 of Order 59/18;	Open	MH will file a terms of reference with the PUB by August 31, 2018.
90/18	8	The Board directs a further process to consider Manitoba Hydro's Application to review and vary Directive 29 of Order 59/18. Manitoba Hydro is directed to file its position as to when Directive 29 of Order 59/18 can be completed for filing with the next General Rate Application within 2 weeks of the issuance of this Order.	Closed	MH provided a response to this directive on July 26, 2018.

**Order 59/16**

59/18	9	Manitoba Hydro participate in a technical conference hosted by Board Staff or an external consultant appointed by the Board for the consideration of the establishment of a minimum retained earnings or similar test to provide guidance in the setting of consumer rates for use in rule-based regulation.	Open	In accordance with Order 90/18, MH will provide comments on the scope and process for the technical conference by August 15, 2018.
59/18	10	Manitoba Hydro provide information about the Other Cash Payments included in the Cash Flow Statement in the next GRA filing.	Open	MH will provide the requested information in its next GRA.
59/18	11	Manitoba Hydro consider the areas recommended by the Independent Expert Consultants for improvement and enhancement of the load forecasting methodology and provide details of the implementation of these recommendations, or reasons for not implementing them, at the next GRA.	Open	MH will provide the requested information in its next GRA.

**Status of Open and Ongoing Public Utilities Board Directives for Manitoba Hydro**

Order	#	Directive	Status	Comment
<b>Order 59/16</b>				
59/18	12	Manitoba Hydro file with the next GRA the details of its Operating & Administrative expenditures with an explanation as to how Manitoba Hydro is carrying on its operations with reduced staffing levels, including the details of the operational plan developed to continue running operations with a workforce that has been reduced by 15%, and any advice or recommendations received from external consultants retained to assist with the restructuring and transition.	Open	MH will provide the requested information in its next GRA.
59/18	13	Manitoba Hydro file with the next GRA details of its actual Operating & Administrative expenditures dating back 10 years through to the date of the filing, along with forecast Operative & Administrative expenditures by cost element and business unit, including the details of the Utility's pension liability related to the reduced staffing levels. The actual Operating & Administrative expenditures are to include the compound annual growth both before and after accounting changes.	Open	MH will provide the requested information in its next GRA.
59/18	14	Manitoba Hydro retain an independent consultant to assess Manitoba Hydro's development of its asset management program and its progress in addressing the recommendations made by UMS, as well as the progress of the development of the Corporate Value Framework. Manitoba Hydro is to file with the Board <del>by June 29, 2018</del> the Terms of Reference for the consultant for the Board's review and comment. Manitoba Hydro is directed to report back to the Board on its progress and the result of the consultant's assessment at the next GRA.	Open	Please see MH's response to Directive 3 of Order 90/18.  MH will report to the PUB on its progress at the next GRA.
59/18	15	Manitoba Hydro consider implementing the recommendations made by the Independent Expert Consultants with respect to Keeyask, Manitoba-Minnesota Transmission Project, and Great Northern Transmission Line, including implementing the recommendations to improve productivity to meet the control budget and schedule for Keeyask. Manitoba Hydro is to report to the Board at the next GRA whether and the extent to which it has implemented these recommendations and the projected cost savings and schedule impacts.	Open	MH will provide the requested information in its next GRA.

**Status of Open and Ongoing Public Utilities Board Directives for Manitoba Hydro**

<b>Order</b>	<b>#</b>	<b>Directive</b>	<b>Status</b>	<b>Comment</b>
<b>Order 59/16</b>				
59/18	16	Manitoba Hydro file detailed quarterly reports for all Major New Generation and Transmission projects currently under development. These reports are to outline the proposed budget and schedule (at time of contract), budget and schedule changes and reasons for such changes, and the current forecast at completion costs and schedule based on weekly or monthly reports made by or to Manitoba Hydro. Where actual or forecast capital costs have materially increased, Manitoba Hydro is to explain how such increases will impact domestic revenue requirements and projected impacts on Manitoba Hydro's financial forecasts and targets. Specific contract costs are to be detailed for any contracts in excess of \$50 million. These reports are to be provided to the Board no later than 45 days following the last day of each quarter. This Directive replaces Order 73/15 Directive 13.	Ongoing	MH is in compliance and will continue to file quarterly reports on its Major New Generation & Transmission projects. The reports will be filed within 45 days of the last day in each quarter.
59/18	17	Manitoba Hydro continue to use its existing Average Service Life methodology for calculating depreciation rates for rate-setting purposes, without reversion to Equal Life Group in the financial forecast. Manitoba Hydro shall not amortize the difference between Average Service Life and Equal Life Group for rate setting.	Ongoing	<p>MH is in compliance. In Directive 10 of Order 73/15, the PUB directed MH to retain the existing ASL methodology for rate-setting purposes until Directives 8 and 9 from Order 43/13 have been complied with and the PUB has been provided with an IFRS-compliant depreciation study based on ASL. MH will continue to use the ASL methodology for rate-setting purposes, and not amortize the difference between the calculation of depreciation expense between the ASL and ELG methods.</p> <p>MH is planning to engage a consultant to prepare both an ELG depreciation study, as well as an IFRS-compliant ASL depreciation study, including an assessment of the additional asset componentization required to use the ASL method under IFRS. MH will file both studies as part of a future GRA, when completed, including a comparison of depreciation expense under each method.</p>
59/18	21	Manitoba Hydro continue the annual deferral of \$20 million in ineligible overhead. The regulatory account balance is to be amortized over 34 years.	Ongoing	MH is in compliance and will continue the annual deferral of \$20 million of ineligible overhead and amortize the deferred balance over 34 years.

### Status of Open and Ongoing Public Utilities Board Directives for Manitoba Hydro

Order	#	Directive	Status	Comment
<b>Order 59/16</b>				
59/18	22	Manitoba Hydro's request to begin recognizing the Bipole III Deferral Account in domestic revenues following the in-service date of Bipole III, amortized over a five-year period BE AND IS HEREBY APPROVED.	Complete	MH will begin to amortize the Bipole III Deferral Account into domestic revenues following the July 4, 2018 in-service of Bipole III. Manitoba Hydro will include a schedule showing disposition of the account in the next GRA.
59/18	23	Manitoba Hydro discontinue the accounting practice of recognizing a Demand Side Management Deferral Account.	Complete	MH is in compliance and has stopped recognizing a DSM deferral account effective for the 2017/18 fiscal year. The balance as at March 31, 2017 remains on the financial statements. As per page 155 of Order 59/18, the PUB indicated that it will review MH's disposition of the regulatory asset and liability at the next GRA.  <i>Note: Centra intends to propose to dispose of the DSM deferral account for natural gas operations at its next GRA; if approved by the PUB, MH will seek confirmation of the same treatment for electric operations.</i>
59/18	24	Manitoba Hydro exclude non-tariffable transmission costs from the allocation of export revenues in its future Prospective Cost of Service Studies.	Open	MH will comply with this directive in its future Prospective Cost of Service Studies.
59/18	25	Manitoba Hydro allocate the activities of building moves & safety watches, contact centre-outages, line locates, and marketing research & development costs to all customer classes other than General Service Large 30-100kV and General Service Large >100kV in future Prospective Cost of Service Studies.	Open	MH will comply with this directive in its future Prospective Cost of Service Studies.
59/18	26	Manitoba Hydro complete the study of the Service Drops Allocator and the Common Costs study in time for its next Prospective Cost of Service Study.	Open	MH will complete this study in time for its next Prospective Cost of Service Study.
59/18	27	Manitoba Hydro calculate Revenue to Cost Coverage ratios using the alternative methodology of treating export revenues as a reduction to class costs in future Prospective Cost of Service Studies filed with the Board.	Open	MH will comply with this directive in its future Prospective Cost of Service Studies.
59/18	28	Manitoba Hydro provide in its next GRA filing the rationale for the declining block rate design for the General Service customer classes and an evaluation of the block thresholds and charges.	Open	MH will provide the requested information in its next GRA.

### Status of Open and Ongoing Public Utilities Board Directives for Manitoba Hydro

Order	#	Directive	Status	Comment
<b>Order 59/16</b>				
59/18	29	Manitoba Hydro file with the next GRA a time-of-use rate design proposal, including the results of consultation undertaken with General Service Large customers prior to filing the proposal with the Board.	Open	On July, 13, 2018, the PUB issued Order 90/18, which directs a further process to consider MH's Application to review and vary Directive 29 of Order 59/18. MH filed a letter with the PUB regarding this directive on July 26, 2018.
59/18	30	Manitoba Hydro provide with the next GRA additional details on the Solar Energy Program and other net metering installations in Manitoba.	Open	MH will provide the requested information in its next GRA.
59/18	36	Manitoba Hydro provide confirmation to the Board that the executed diesel zone Settlement Agreement documents have been received by the Utility and that the documents are in proper form. With this confirmation, Manitoba Hydro is to advise the Board of its intention regarding finalization of the interim diesel zone rates.	Open	<p>On February 7, 2018, MH received true copies of the executed diesel zone Settlement Agreement. MH has provided copies to the newly formed Indigenous Services Canada (one of 2 new departments created in August 2017 to replace Indigenous and Northern Affairs Canada) for their records. MH can confirm that the documents appear to be in proper form.</p> <p>MH will work with PUB staff to set priorities to develop a timetable so that MH can finalize the interim diesel zone rates.</p>
59/18	37	Manitoba Hydro file with the Board on or before August 1, 2018 the status of compliance with all outstanding and ongoing directives, along with the Utility's comments on a process for feedback and clarification on Board directives.	Complete	MH filed a submission on the status of directives on August 1, 2018.
59/16	5	Directive 7 from Order 73/15, which required Manitoba Hydro to file the Terms of Reference for an Asset Condition Assessment Report that includes the information set out in Appendix F of Order 73/15, IS VARIED. The Report does not need to differentiate assets based on geography, but must differentiate based on age and remaining life.	Superseded	<p>During the review of MH's April 1, 2016 interim rate request, MH provided information on the various asset management initiatives being undertaken and the status of asset condition assessment methodology reviews. In Order 59/16, the PUB acknowledged the work underway and requested MH to provide asset condition assessment information for generation, transmission and distribution at the next GRA.</p> <p>In Tab 5 of its 2017 GRA, MH reported on the work being undertaken by MH to mature its asset management practices. MH's Capital Planning Model (outlined in Section 5.1.2 of Tab 5) and Asset Investment Process Improvements (outlined in Section 5.1.3 of Tab 5) provide the terms of reference for achieving its objectives of optimizing the timing of</p>

Status of Open and Ongoing Public Utilities Board Directives for Manitoba Hydro

Order	#	Directive	Status	Comment
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Order 59/16				
				<p>investments to maximize value and forecasting the long term capital requirements of the Corporation. MH also filed a terms of reference for the Capital Portfolio Management program as Appendix 5.2, a report on the asset condition assessment audit for transmission, HVDC and distribution system assets as Appendix 5.3, updated condition assessments for applicable transmission and generation assets and an asset condition assessment report for key distribution system assets as part of the response to PUB MFR 92, asset condition assessment methodology reports for generation assets in response to Coalition MFR 10, and Kinectrics Report on Asset Degradation Curve Development for some transmission system assets in response to COALITION/MH I-160.</p> <p>Timelines for asset refurbishment and/or replacement out to 2049/50 are not available, as specific asset replacements are not planned on this horizon for the breadth of assets listed in Appendix G of Order 75/15. Rather, condition monitoring requirements and planning horizons are customized in managing the asset as a function of its operating context.</p> <p>In Directive 14 of Order 59/18, the PUB has directed MH to retain an independent consultant to assess MH’s development of its asset management program and its progress in addressing the recommendations made by UMS, as well as the progress of the development of the Corporate Value Framework. MH is to report back to the PUB on its progress and the result of the consultant’s assessment at the next GRA. Manitoba Hydro views this directive to be superseded by Directive 14 of Order 59/18 and Directive 3 of Order 90/18.</p>

Order 73/15				
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**Status of Open and Ongoing Public Utilities Board Directives for Manitoba Hydro**

Order	#	Directive	Status	Comment
<b>Order 73/15</b>				
73/15	6	Manitoba Hydro shall consider additional measures to increase participation rates in the Affordable Energy Program and to assist all-electric customers, particularly those living in rural Manitoba and aboriginal communities without access to natural gas heating options, and to provide annual reports on the implementation of the Affordable Energy Program and any additional measures developed by the end of June of each calendar year.	Ongoing	Subject to changes to MH's processes and operations as a result of Efficiency Manitoba becoming fully operational, MH will continue to file annual reports on its Affordable Energy Program, including the information requested in this directive, by June 30th of each year.
73/15	7	Manitoba Hydro shall file terms of reference for an Asset Condition Assessment Report for approval by the Board that, at minimum, include the information set out in Appendix "F" of this Order, by no later than October 31, 2015.	Superseded	Please see the response to Directive 5 of Order 59/16.
73/15	10	Manitoba Hydro is to continue to use its existing Average Service Life Methodology for calculating depreciation rates for rate-setting purposes until the Board is satisfied that a change in methodology is warranted.	Superseded	See MH's response to Directive 17 of Order 59/18 for additional information.
73/15	14	Manitoba Hydro shall file quarterly updates regarding its Operation, Maintenance & Administration (OM&A) expenditures and the actual OM&A expenditures compared to Manitoba Hydro's target.	Ongoing	MH is in compliance and will continue to file quarterly reports on its Operating & Administrative expenditures.
73/15	15	Manitoba Hydro shall identify and provide details of individual capital projects with a value greater than \$1 million in future Capital Expenditure Forecasts.	Ongoing	MH is in compliance and will continue to provide details of individual capital projects greater than \$1 million within or as an appendix to its Capital Expenditure Forecast.
73/15	19	As part of any future quarterly Surplus Energy Program reports, Manitoba Hydro include an explanation of the National Energy Board (NEB) pricing and other factors that have influenced the pricing during the quarter addressed by the report.	Ongoing	MH is in compliance and will continue to file quarterly reports on its Surplus Energy Program, including an explanation of the NEB pricing and other factors influencing pricing during the quarter.

**Status of Open and Ongoing Public Utilities Board Directives for Manitoba Hydro**

Order	#	Directive	Status	Comment
<b>Order 43/13</b>				
43/13	5	<p>That Manitoba Hydro file with the Board, as part of any future interim application for rate increases, the following information on a monthly basis for the previous three months, and on an on-going basis until a rate Order in respect of the Application is issued:</p> <p>(a) Hydraulic generation monthly data (GWh) for the Winnipeg River System, Grand Rapids, Upper Nelson River Generating Station(s), Lower Nelson River Generating Station(s), and Wuskwatim Generating Station;</p> <p>(b) Monthly adjusted system energy-in-storage curves and Lake Winnipeg water levels;</p> <p>(c) Average monthly flow data for the Winnipeg River, Saskatchewan River, and Upper Nelson River (Kelsey Generating Station) and Lower Nelson River (Kettle Generating Station);</p> <p>(d) Monthly extra-provincial energy exchange data (volumes and prices) for National Energy Board-filed sales and purchases (by permit / license number), Midwest Independent System Operator day-ahead and real-time sales and purchases, and Canadian sales and purchases; and</p> <p>(e) Monthly updates to Manitoba Hydro's financial results relative to its forecast.</p>	Ongoing	MH is in compliance and will continue to file the requested information on a monthly basis with any interim rate application starting with data from three months previous.
43/13	8	That Manitoba Hydro file updated depreciation rates and schedules based on an International Financial Reporting Standards-compliant Average Service Life methodology with the next General Rate Application.	Open	See MH's response to Directive 17 of Order 59/18.
43/13	9	That Manitoba Hydro file with the Board, with the next General Rate Application, a chart showing a comparison of the impact on its Integrated Financial Forecast (i.e. 'Budget') of asset depreciation pursuant to the Average Service Life methodology (without net salvage) and the Equal Life Group methodology (without net salvage), applying both methodologies to all planned major capital additions.	Open	See MH's response to Directive 17 of Order 59/18.

Status of Open and Ongoing Public Utilities Board Directives for Manitoba Hydro

Order	#	Directive	Status	Comment
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Order 134/10				
134/10	3	<p>MH file with the Board and all Parties to this Diesel Zone Application:</p> <ul style="list-style-type: none"> <li>a) Confirmation that the Settlement Agreement (from the 2004 Minutes of Settlement) has been fully executed;</li> <li>b) A true copy of the fully executed Settlement Agreement;</li> <li>c) Confirmation of payments or adequate funding arrangements for the capital costs incurred by MH, by community, since 2004; and</li> <li>d) Indication of capital costs still in dispute, if any, and the process and timeline for resolution of such dispute(s).</li> </ul>	Open	<p>MH has in previous applications advised the PUB that on January 24, 2011 MH received an email from MKO attaching PDF copies of the Settlement Agreement and related authorizing documents. On February 28, 2011 MH provided to the PUB, PDF copies of the Settlement Agreement as forwarded by MKO.</p> <p>On June 16, 2011, MKO advised MH and Aboriginal Affairs and Northern Development Canada (“AANDC”) that MKO had received most of the originals. Missing were three original Band Council Resolutions and one original Certificate of Independent Legal Advice. Manitoba Hydro was advised by MKO that these documents could not be located by either MKO or the First Nations.</p> <p>To remedy this situation, AANDC proposed that for each of the four documents, a sworn declaration by one of the signatories to the document attesting that either the fax copy or the PDF (depending upon the circumstances) is a true copy of the original document and that the document was signed on that particular date was to be provided. Manitoba Hydro and MKO concurred with the proposed remedy and action was to be taken by MKO in this regard.</p> <p>On October 28, 2011, MH received from MKO, PDF copies of three of the four sworn declarations. Specifically, MH received PDF copies of the sworn declarations from representatives of MKO, Tadoule Lake and Barren Lands. MH had not at that time been advised by MKO as to whether it has yet secured a sworn declaration from Shamattawa.</p> <p>During the 2012/13 &amp; 2013/14 GRA, MH informed the PUB that AANDC advised that a compensation issue had arisen between AANDC and MKO, which did not involve MH. MH was not privy to the exact details but was advised that the issue was related to</p>

## Status of Open and Ongoing Public Utilities Board Directives for Manitoba Hydro

Order	#	Directive	Status	Comment
<b>Order 134/10</b>				
				<p>the Settlement Agreement.</p> <p>As to capital costs listed in items c) and d) MH can confirm that since the inception of the agreement, INAC/AANDC/ISC has paid MH in full, approximately \$23.5 million, for all amounts current and outstanding from March 31, 2004 to March 31, 2018.</p> <p>During the 2014/15 &amp; 2015/16 General Rate Application, the PUB indicated in its Procedural Order 18/15 (page 21) that MKO was approved to intervene in that proceeding on the issue of “The finalization of Diesel Rates, provided MKO has provided MH and Canada with all required settlement documents.” No documents were provided to MH during the course of the 2015 proceeding.</p> <p>In a letter of April 24, 2017, the PUB indicated that at the upcoming Pre-Hearing Conference, the PUB would expect MKO to provide the prerequisite documents to finalize Diesel Zone rates. During the course of the 2017/18 * 2018/19 General Rate Application, on December 20, 2017 at transcript page 2782, MKO legal counsel was asked by the Chairman of the PUB as to the status of settlement agreements. MKO legal counsel advised that it would be provided to MH within a few days.</p> <p>On February 7, 2018, MH received true copies of the executed diesel zone Settlement Agreement. MH has provided copies to the newly formed Indigenous Services Canada (one of 2 new departments created in August 2017 to replace Indigenous and Northern Affairs Canada) for their records. MH can confirm that the documents appear to be in proper form.</p>
134/10	4	MH, supported by the written consents of INAC, MKO, the four First Nations and CAC/MSOS, is to seek an Order of this Board to confirm, as final, all Diesel Zone rates approved on an interim basis since 2004, including those interim rate approvals in Board Orders 17/04, 46/04, 159/04, and 176/06.	Open	In December of 2011, MH forwarded consents to AANDC, MKO and CAC as requested by the PUB. AANDC did not provided an executed copy of the consent, CAC indicated that it would require a final copy of the Settlement Agreement prior to providing its consent. MKO did not provide its position. MH maintains the position that the PUB does not require any third parties consent to exercise its jurisdiction and that there is

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				no further process required in order to finalize the interim orders.
				In Directive 36 of Order 59/18, the PUB directs MH to provide confirmation to the PUB that the executed diesel zone Settlement Agreement documents have been received by MH and the documents are in proper form. The PUB further requests that MH advise of its intention regarding the finalization of interim diesel zone rates. See MH's response to Directive 36 of Order 59/18.

**Order 150/08**

150/08	3b	MH to provide the Board with: b) Annual reports on the LUBD Program performance;	Ongoing	MH is in compliance and will continue to file annual reports on the performance of the LUBD Program.
150/08	6	MH to undertake and file with the Board, by a date to be fixed by the Board after its review of the study outline to be filed by MH by June 30, 2009, an independent benchmarking study of key performance metrics, using the most currently-available data and including:  a) Primary key drivers of OM&A in each operational division [Board preference is for a divisional break-down to allow for a comparison with other utilities, even if the comparison needs to be limited to specific divisions/activities], b) Comparable other Canadian Utility data for each of the drivers; c) Key comparison indicators, including staffing levels; d) A comparison with and discussion of industry best practices; and e) Potential improvement areas.  The Board expects to be apprised of the scope of the benchmarking study in advance of it being undertaken, and will anticipate being provided a study outline on or before June 30, 2009, to allow the	Open	MH requested this directive be deferred until the Corporation completed the required work to transition from CGAAP to IFRS. In Order 5/12, the PUB acknowledged that MH deferred this Directive until after the implementation of IFRS.  MH filed an update to this Directive as part of the 2017 GRA, which included results of benchmarking work undertaken by the Boston Consulting Group on MH's EFTs and Operating & Administrative Expense.  In Order 59/18, the PUB acknowledged that independent benchmarking should not be performed until after the transition period resulting from the Voluntary Departure Program concludes and requested an update on the status of the post-Voluntary Departure Program re-organization at the next GRA, including with respect to how the safety of employees and customers has been maintained. MH will provide an update at its next GRA.  In early July, the Crown Services Minister accepted Manitoba Hydro's inaugural

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		Board the opportunity to provide direction and/or comment.		<p>Annual Business Plan filed in accordance with <i>The Crown Corporations Governance and Accountability Act</i>. The plan identifies an emphasis on further optimization of work, reallocation of resources, and change management emerging from the Voluntary Departure Program for 2018-19.</p> <p>In order to ensure that the intent and expectation of the current panel is met, that the scope of a benchmarking study is useful to the PUB and also cost effective for the Corporation, it would be beneficial for Manitoba Hydro to review and discuss the scope of this directive with the PUB so that the final benchmarking study provided meets expectations.</p>
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**Order 28/05**

28/05	3	Manitoba Hydro file a report of the performance of CRP on a calendar year basis commencing the year 2005 by no later than February 15 following the end of the reporting period.	Ongoing	On April 27, 2005, MH filed a letter with the PUB proposing fiscal year reporting for the CRP as the Terms & Conditions for the program were implemented on April 1st of that year. MH is in compliance and has filed annual reports on a fiscal year basis since that time, and will continue to do so.
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