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REFERENCE NO: 003991-0135

October 16, 2024

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

Attention: Darren Christle, Rachel McMillin

Dear Mr. Christle/Ms. McMillin,

**Re: Consumers' Association of Canada (Manitoba) Inc. (CAC)
Intervener Application GRA 2024/2025**

Please find attached the Intervener Application with attachments submitted on behalf of CAC.

Yours truly,

DD WEST LLP

Per:

A handwritten signature in blue ink, appearing to read 'Brian J. Meronek', is written over a light blue horizontal line.

Brian J. Meronek, K.C.
BJM /yw

c.c. Counsel to listed parties

INTERVENER APPLICATION FORM

Application re Hearing:			
Name of Prospective Intervener (Organization Name or Individual):			
Prospective Intervener Contact Information			
Organization or Individual Address:			
Organization Contact Person(s) (if applicable):			
Contact Information:	Business:		Other Phone:
	Fax Number:		Email:
Representative Contact Information:			
Counsel or Representative Name(s):			
K.C			
Organization (if different from above) :			
Address (if different from above):			
Contact Information (if different from above):	Business:		Other Phone:
	Fax Number:		Email:
Counsel Seniority:			
Years of Experience	_____ Years	Tariff Rate	\$ _____
Also representing (if applicable):			
Jeremy McKay - 5 years - \$170			

Additional Information

(For organizations only) Please describe the mandate of your organization and provide a description of the membership, including the number of members. Please also confirm whether the organization's intervention in this proceeding is supported by a resolution of the governing body, if any. Please enclose the resolution, if any, with your Application, along with supporting documentation of your mandate and membership

Please state your reasons for intervening in this proceeding:

Please state how you are directly affected by the Board's decision in this matter:

Please explain whether and how you represent a substantial number of ratepayers that are otherwise not represented on issues that are within the scope of this proceeding:

Please describe your experience, information, or expertise relevant to this matter that would contribute to the Board's decision making, including any other prior interventions in regulatory matters before this Board or other decision-makers:

Please list the key issues you intend to address in the proceeding. Please be specific.		
Do you intend to participate fully and actively, including attendance at hearings, submission of evidence, and testing of evidence and cross examination of witnesses? If yes, please describe your intended participation.		
Do you intend to request an award of costs for your participation? Please explain how you meet the criteria for an award of costs.		
Do you intend to retain experts or consultants? If yes, please attach copies of the <i>curriculum vitae</i> for any expert and/or consultant, as well as the following:		
Expert Consultant #1:		
Name:	Experience	Evidence to be provided on issues in scope:
	_____Years	
Telephone #:	Tariff Rate:	
	\$_____	
Address and Email:	Firm or Organization:	Brief explanation of experience relevant to evidence to be provided:

Expert Consultant #2:		
Name:	Experience:	Evidence to be provided on issues in scope:
	_____Years	
Telephone #:	Tariff Rate:	
	\$_____	
Address and Email:	Firm or organization:	Brief explanation of experience relevant to evidence to be provided:
Expert Consultant #3:		
Name:	Years of Experience:	Evidence to be provided on issues in scope:
	_____Years	
Telephone #:	Tariff Rate:	
	\$_____	
Address and Email:	Firm or organization:	Brief explanation of experience relevant to evidence to be provided:
		CAC is exploring the need to engage a gas/transportation/supply expert but it is contingent on receiving the unredacted Application material. CAC will then inform the Board as soon as reasonably possible thereafter.

Do you intend to provide evidence from witnesses other than experts and/or consultants? If yes, please provide:	
Witness #1:	
Name:	Evidence to be provided on issues in scope:
Email:	Brief explanation of relevant experience and/or knowledge to issues in scope:
Address and Phone number:	
Do you intent to seek approval for any other form of participation or provision of evidence, including for which you intend to seek an award of costs? If yes, please provide details and an explanation of the relation to issues in scope in the proceeding.	

CAC Manitoba Application to Intervene
Centra 2025 General Rate Application
Attachment A

1.1 Organization Background

This document provides the responses of the Manitoba branch of the Consumers' Association of Canada (CAC Manitoba) to questions in the Manitoba Public Utilities Board (PUB) Intervener Application Form relating to Centra Gas Manitoba Inc. (Centra) 2024/25 general rate application (GRA). Questions to be addressed include:

- Background information regarding CAC Manitoba and its mandate;
- Reasons for proposed intervention;
- How CAC Manitoba is directly affected by the PUB's decision in this matter;
- How CAC Manitoba represents a substantial number of ratepayers that are otherwise not represented on issues that are within the scope of this proceeding;
- CAC Manitoba's experience, information, or expertise relevant to this matter that would contribute to the PUB's decision making;
- The key issues that CAC Manitoba intends to address in this proceeding;
- CAC Manitoba's intention to fully and actively participate in this proceeding;
- CAC Manitoba's intention to request an award of costs for participation;
- CAC Manitoba's intention to retain experts and relevant details of the expert's experience and areas of focus; and
- CAC Manitoba's intention with respect to witnesses other than experts and other forms of participation for which it intends to seek an award of costs.

1.2 About CAC Manitoba

Please describe the mandate of your organization and provide a description of the membership, including the number of members. Please also confirm whether the organization's intervention in this proceeding is supported by a resolution of the governing body, if any. Please enclose the resolution, if any, with your Application, along with supporting documentation of your mandate and membership.

CAC Manitoba is a volunteer, non-profit, independent organization working to inform and empower consumers, and to represent the consumer interest in Manitoba. Formed in 1947, the organization is governed by a volunteer Board of Directors, elected annually at a general meeting of the organization's membership. CAC Manitoba is a branch of the

national Consumers' Association of Canada but is financially separate and separately incorporated.

CAC Manitoba represents the interests of consumers across Manitoba in a number of areas including food safety and insecurity, patent rights and health care, financial services, access and inclusion, environmental sustainability, and regulatory reviews of utilities and Crown Corporations delivering services and products to consumers. The organization seeks input on its policy positions from consumers through the innovative use of surveys, focus groups, social media, through a growing network of informed experts and professionals, and through its ongoing programs and services to the public. In addition, the organization seeks other perspectives on relevant issues through the use of policy community advisory committees, interviews, and contacts with its networks of community groups and organizations working with underrepresented consumers.

There is no written resolution of the Board of Directors of CAC Manitoba supporting the intervention in this proceeding. Rather, the decision to participate is made by senior management, following the organization's established policies and past practice and to proceed with this application and to fully participate in the proceeding in a manner consistent with the organization's past interventions in Centra GRAs.

CAC Manitoba is guided by its understanding of generally accepted consumer rights, which consist of:

- **The right to satisfaction of basic needs** - To have access to basic, essential goods and services: adequate food, clothing, shelter, health care, education, public utilities, water and sanitation;
- **The right to safety** - To be protected against products, production processes and services that are hazardous to health or life;
- **The right to be informed** - To be given the facts needed to make an informed choice, and to be protected against dishonest or misleading advertising or labeling;
- **The right to choose** - To be able to select from a range of products and services, offered at competitive prices with an assurance of satisfactory quality;
- **The right to be heard** - To have consumer interests represented in the making and execution of government policy, and in the development of products and services;
- **The right to redress** - To receive a fair settlement of just claims, including compensation for misrepresentation, shoddy goods or unsatisfactory services;
- **The right to consumer education** - To acquire knowledge and skills needed to make informed, confident choices about goods and services, while being aware of basic consumer rights and responsibilities and how to act on them; and
- **The right to a healthy environment** - To live and work in an environment that is nonthreatening to the well-being of present and future generations.

CAC Manitoba is also guided by the following consumer responsibilities:

- **Critical awareness** - consumers must be awakened to be more questioning about the provision of the quality of goods and services;
- **Involvement or action** - consumers must assert themselves and act to ensure that they get a fair deal;
- **Social responsibility** - consumers must act with social responsibility; with concern and sensitivity to the impact of their actions on other citizens, in particular, in relation to disadvantaged groups in the community and in relation to the economic and social realities prevailing;
- **Ecological responsibility** - there must be a heightened sensitivity to the impact of consumer decisions on the physical environment, which must be developed to a harmonious way, promoting conservation as the most critical factor in improving the real quality of life for the present and the future; and
- **Solidarity** - the best and most effective action is through cooperative efforts through the formation of consumer/citizen groups who together can have the strength and influence to ensure that adequate attention is given to the consumer interest.

The positions taken by CAC Manitoba in this proceeding will be determined by relying on its understanding of the needs and interests of Manitoba consumers and informed by the sources described above.

1.3 CAC Manitoba's Reasons for Participation and Impact on Consumers

Please state your reasons for intervening in this proceeding.

Please state how you are directly affected by the Board's decision in this matter.

Natural gas costs, rates, billing, and Centra's operations, have a significant impact on many residential consumers in Manitoba, especially as they pay for their own energy bills, as well as that of producers, processors, and retailers of the products they purchase. Residential ratepayers rely on vigorous, independent regulation to hold Crown Corporations, including Centra, accountable.

Centra has a monopoly on many aspects of gas provision in this province, and this process before the PUB acts a proxy for the marketplace, ensuring fairness, just and reasonable rates, and transparency, in a public proceeding.

For CAC Manitoba, bringing the voice of consumers directly to the PUB is of primary importance in the independent rate-setting process.

Consistent with the statutory test for just and reasonable rates, CAC Manitoba applies to intervene in this proceeding to protect the interests of residential ratepayers by assisting the PUB in:

- Ensuring that Centra forecasts are reasonably reliable;
- Ensuring that actual and projected costs incurred are necessary and reasonable;
- Assessing the reasonable revenue needs of Centra in the context of its overall general health;
- Determining and appropriate allocation of costs between customer classes; and
- Setting just and reasonable rate in accordance with statutory objectives.

This hearing is of particular importance given the fact that Centra has chosen not to file a general rate application and as a result has not been before the PUB for a regulatory review of its non-gas revenue requirement since 2019 (approximately six years recognizing the oral hearing is expected in 2025) and based on a preliminary understanding of the 2025 application, there have been significant changes in circumstances for Centra in the last six years.

CAC Manitoba is also concerned that Centra's application could have a disproportionate impact on those consumers who are more vulnerable in the marketplace, including those on low and fixed incomes.

1.4 Representing Residential Natural Gas Consumers in Manitoba

Please explain whether and how you represent a substantial number of ratepayers that are otherwise not represented on issues that are within the scope of this proceeding.

CAC Manitoba will seek to protect the interests of Centra's largest customer class, the residential natural gas customers, by presenting an evidence-based intervention guided by a principled consideration of the consumer interest. The organization places a priority on direct consumer input using various forms of consumer engagement and stakeholder panels. CAC Manitoba strives to protect and reconcile the interests of all Manitoba residential consumers, including low and fixed-income consumers, the working poor, and other groups of consumers that are more vulnerable in the marketplace. No other intervenor or group actively participating in this proceeding represents the same group of Centra's customers.

Just and reasonable rates are those that are fair to both consumers and the utility. In setting just and reasonable rates for natural gas, and reviewing the operations of Centra, the PUB must balance two concerns "the interests of the utility's ratepayers, and the financial health of the utility. Together, and in the broadest interpretation, these interests

represent the general public interest." While Manitoba Hydro/Centra represents the interests of the utility, CAC Manitoba represents the interests of the largest class of residential ratepayers, as it has done in previous Centra GRAs.

1.5 CAC Manitoba's Experience in Regulatory Proceedings

Please describe your experience, information, or expertise relevant to this matter that would contribute to the Board's decision making, including any other prior interventions in regulatory matters before this Board or other decision-makers.

CAC Manitoba has a mandate to provide Manitoba consumers with unbiased information. Through interventions at rate hearings, the organization represents the consumer interest on prices and quality of service. Over the past 34 years, CAC Manitoba has been active in rate regulation matters before the PUB, relating to Manitoba Hydro, Centra, Manitoba Public Insurance, government cheque cashing and payday lending rates.

In addition, CAC Manitoba has extensive and intersecting regulatory experience at the Canadian Radio-television and Telecommunications Commission, the Manitoba Clean Environment Commission, and the National Energy Board. It takes pride in its long-standing record of quality, evidence-based advocacy.

Regarding natural gas, CAC Manitoba participated in proceedings when Centra was still a privately-owned corporation, those regarding the acquisition of Centra Gas by Manitoba Hydro, the entrance of natural gas brokers into the Manitoba marketplace, and the development of a feasibility test for gas expansion to new parts of the province, to name just a few. The proceedings listed are in addition to its long-standing and on-going comprehensive participation in Centra GRAs, since Centra has been owned by Manitoba Hydro.

1.6 CAC Manitoba's Key Issues to Address

Please list the key issues you intend to address in the proceeding. Please be specific.

Given the short period of time between the filing of Centra's application and the deadline for intervenor applications, as well as portions of the application which remain to be filed - reviews of the Integrated Cost Allocation Methodology (ICAM) and Cost of Service (COS) Methodology implementation, any list of issues is necessarily preliminary at this point in time.

In the absence of a preliminary issues list and to assist the PUB in understanding its planned intervention, CAC Manitoba has prepared a preliminary list of issues based upon

the contents of the various tabs of the Centra application, PUB retained independent expert consultant reviews that are yet to be filed, as well as based on issues from past Centra GRAs. This preliminary issues list is provided as **Attachment B** of the CAC Manitoba intervenor application, and has segregated these issues into the following categories in an effort to provide the PUB with information on its areas of primary and secondary focus:

1. Issues where CAC will test Centra's evidence and is likely to file intervenor evidence;
2. Issues where CAC will test Centra's evidence and may file intervenor evidence; and
3. Issues where CAC will test Centra's evidence.

Through its information requests, cross examination, oral submissions and filing of independent expert evidence, CAC Manitoba will consider all issues confirmed by the PUB in its approved issues list (that flows from the pre-hearing conference) to be relevant to the determination of just and reasonable rates. In particular, CAC Manitoba intends to focus on the following key issues:

- Centra's **request for an overall 4.5% interim rate increase** on November 1, 2024;
- Centra's **reasons for the proposed general revenue increase**;
- Centra's **short-term financial position**, including the impacts of substantial increases in operating & administrative expenses and changes in finances and financial assumptions since Order 152/19;
- Centra's **middle-term to long-term financial outlook and scenarios**, including the reliability of the 20-year financial forecast scenarios, the merits of its proposed metrics of financial health and the implications of rate path scenarios and proposed cost control measures;
- The prudence of Centra's **debt management strategy** and associated impacts on actual and forecast finance expense;
- The **ICAM review** and the appropriateness of the methodology to allocate Manitoba Hydro expenses to Centra;
- The prudence and reasonability of the **substantial increase in Centra's operating and administrative expenses** since the 2019/20 GRA;
- Centra's **asset management policy** and **strategic asset management plan**, including the maturity of and prudence of its approach to implementing its asset management framework and prioritizing business operations capital;
- Centra's **capital expenditure plan** and **plant additions** to rate base since the 2019/20 GRA;
- The **COS methodology implementation review**;

- The reasonableness of the **results of the 2024/25 COS study**;
- Centra's **proposed rate design** and whether a **zone of reasonableness** is appropriate for setting natural gas rates; and
- Centra's **proposed rates** and **customer bill impacts**.

1.7 CAC Manitoba's Intended Participation

Do you intend to participate fully and actively, including attendance at hearings, submissions of evidence, and testing of evidence and cross examination of witnesses? If yes, please describe your intended participation.

CAC Manitoba intends to participate fully and actively in this proceeding, consistent with its past interventions in Centra GRAs. CAC Manitoba will be represented by external legal counsel (**Mr. Brian J. Meronek, K.C., and Jeremy W. McKay DDWest LLP**), who will attend the hearing and facilitate the testing of evidence through written information requests and cross examination, with the assistance of experts. CAC Manitoba intends to file independent expert evidence and call witnesses. Through its legal counsel, CAC Manitoba will fully and actively participate in all aspects of this proceeding.

1.8 CAC Manitoba's Intention to Request an Award of Costs

Do you intend to request an award of costs for your participation? Please explain how you meet the criteria for an award of costs.

CAC Manitoba intends to request an award of costs for its participation in the Centra 2025 GRA.

CAC Manitoba also attends to request an Advance of Funds in accordance with section 4.0 of the PUB's Intervenor Costs Policy, given that a final order flowing from this proceeding, an award and payment of costs to intervenors is unlikely to be issued until the fall of 2025 (based on the preliminary timetable circulated by PUB legal counsel).

CAC Manitoba meets the criteria in the PUB's Intervenor Costs Policy as follows:

- **Significant contribution & contribute to a better understanding of issues:** CAC Manitoba intends to make a significant contribution to this proceeding through written information requests, cross examination of Centra witnesses, opening and closing submissions, and the submission of written and oral independent expert evidence. Its intervention will be guided by the advice of legal counsel, the PUB's criteria for the consideration of just and reasonable rates, the interests of residential consumers and by the PUB's Intervenor Costs Policy;

- **Responsible participation & collaboration with other intervenors:** CAC Manitoba is committed to participating in this hearing in a responsible manner. It will also collaborate with other intervenors, where possible, recognizing that there are a number of issues where intervenor groups have differing interests. CAC Manitoba will engage in discussions with other prospective intervenors about areas of focus and opportunities for collaboration and it will continue to coordinate with other parties throughout the proceeding to ensure the effectiveness and efficiency of the process; and
- **Substantial interest in the outcome of the proceeding:** As explained above, CAC Manitoba seeks to intervene in this process to protect the interests of residential customers. The residential customer class is Centra's largest customer class and stands to be directly impacted by the outcome of this proceeding. Due to the likely impacts of this process on the residential customer class, CAC Manitoba has a substantial interest in the outcome of this proceeding.

1.9 CAC Manitoba's Intended Independent Experts & Evidence

Do you intend to retain experts or consultants? If yes, please attach copies of the curriculum vitae (as well as name, experience, evidence to be provided on issues in scope, contact information, tariff rate and a brief explanation of experience relevant to evidence to be provided).

CAC Manitoba intends to assemble a multidisciplinary team of experts to support its participation in this process and file independent expert reports. On a preliminary basis, this team of experts is expected to include the following three experts:

Mr. Darren Rainkie, CPA, CA, CBV,

Organization: Darren Rainkie Consulting

Address: 39 Edenwood Place, Winnipeg, MB, R3X OE5

Email: darrenrainkie@gmail.com

Telephone #: 204.782.5877

Years of Experience: 34

Tariff Rate: \$288

Evidence to be provided on issues in scope: Mr. Rainkie's primary areas of focus in the current proceeding will be on regulatory policy and strategy, short-term and long-term financial forecasts, operating & administrative expenses, debt management strategy, as well other revenue requirement and fiscal matters.

Experience relevant to evidence to be provided: Mr. Rainkie is an independent regulatory consultant (2017 to present) and works closely with Ms. Derksen, to provide a full range of regulatory services to clients that participate in or are impacted by rate-regulation, including regulatory strategy and ratemaking policy, revenue requirements and fiscal matters, internal & external cost allocation, rate design, contribution policy, marginal cost-based ratemaking, reviews of large capital projects, as well as energy transition and integrated resource planning. In addition to his experience as an independent regulatory consultant, Mr. Rainkie is a former Manager of Regulatory Services, Corporate Treasurer, Corporate Controller, Chief Financial Officer and Acting President & CEO of Manitoba Hydro and Centra (1999 to 2017). Mr. Rainkie's CV can be found at **Attachment D** of the CAC Manitoba intervention application.

Ms. Kelly Derksen BSc, CPA, CMA.

Organization: Kelly Derksen Consulting

Address: 14 Timberwood Place, East St. Paul, MB, R2E 0M4

Email: kderksenconsulting@gmail.com

Telephone #: 204.782.4204

Years of Experience: 30

Tariff Rate: \$288

Evidence to be provided on issues in scope: Ms. Derksen's primary areas of focus in the current proceeding will be on ratemaking strategy and objectives, ICAM review, COS methodology implementation review, COS study results and proposed rate design.

Experience relevant to evidence to be provided: Ms. Derksen is an independent regulatory consultant (2018 to present) and works closely with Mr. Rainkie, to provide a full range of regulatory services to clients that participate in or are impacted by rate-regulation, including regulatory strategy and ratemaking policy, revenue requirements and fiscal matters, internal & external cost allocation, rate design, contribution policy, marginal cost-based ratemaking, reviews of large capital projects, as well as energy transition and integrated resource planning. In addition to her experience as an independent regulatory consultant, Ms. Derksen is a former Manager of Gas Rates & Regulation and Manager of Cost of Service of Manitoba Hydro and Centra (2005 to 2017). Ms. Derksen's CV can be found at **Attachment E** of the CAC Manitoba intervention application.

CAC Manitoba is also planning to retain an **expert focusing on asset management** policy and asset management plans, as well as capital expenditures. CAC hopes to be in a position to advise the PUB on the retention of the asset management expert at the pre-hearing conference or shortly thereafter.

In order to ensure that there is no undue duplication of effort of its experts in this proceeding, CAC Manitoba has prepared a more detailed list of issues for each of the three experts (including both areas of primary and secondary focus), which is provided in **Attachment C** of the CAC Manitoba intervenor application.

1.10 CAC Manitoba's Intended Other Evidence

Do you intend to provide evidence from witnesses other than experts and/or consultants? If yes, please provide details (name, experience, evidence to be provided on issues in scope, contact information, and a brief explanation of experience relevant to evidence to be provided).

Do you intend to seek approval for any other form of participation or provision of evidence, including for which you intend to seek an award of costs? If yes, please provide details and an explanation of the relation to the issues in scope of this proceeding.

At this time, CAC Manitoba has not had an opportunity to consider if it will provide evidence other than experts and consultants or other form of provision of evidence for which it will seek an award of costs.

If this situation changes as the understanding of the application and the regulatory process progresses, CAC Manitoba will advise the PUB at the earliest opportunity.

Centra Gas 2024/25 General Rate Application

CAC's Preliminary Issues

Attachment B

Issues where CAC will Test Centra's Evidence & is Likely to File Intervenor Evidence:

- Interim Rate Increase November 1, 2024 (Tab 1)
- Reasons for Proposed General Revenue Increase (Tab 3)
- Changes in Finances & Financial Assumptions since Order 152/19 (Tab 3)
- Financial Forecast - Key Assumptions, Financial Metrics & Sensitivity Analysis (Tab 4)
- Financial Forecast - Long-Term Rate Path Scenarios (Tab 4)
- Finance Expense & Debt Management Strategy (Tab 4)
- Integrated Cost Allocation Methodology Review (Order 6/24)
- Operating & Administrative Expenses (Tab 6)
- Asset Management Policy & Strategic Asset Management Plan (Tab 7)
- Natural Gas Capital Expenditure Plan & Capital Plant Additions 2017-2025 (Tab 8)
- Cost of Service Study Methodology Implementation Review (Order 6/24)
- Results of 2024/25 Cost of Service Study & Minimum Investment Study (Tab 10)
- Rate Design, Zone of Reasonableness & Rate Structure (Tab 10)
- Proposed Rates & Customer Bill Impacts (Tab 10)

Issues where CAC will Test Centra's Evidence & May File Intervenor Evidence:

- Strategy, Operations & Risks (Tab 2)
- Amortization Expense & Regulatory Deferral Accounts (Tab 4)
- Gas Supply Arrangements & Gas Costs (Tab 9)

Issues where CAC will Test Centra's Evidence:

- Miscellaneous Revenue Requirement Line Items (Tab 3)
- Depreciation Expense/Rates & Depreciation Study (Tab 4)
- Natural Gas Volume Forecast Scenario (Tab 5)
- Demand Side Management Forecast (Tab 7)
- Rate Base & Rate of Return (Tab 8)
- Response to PUB Directives & Confirmation of Interim Orders (Tab 11)
- Terms & Conditions of Service (Tab 10)

Centra Gas 2024/25 General Rate Application

CAC's Preliminary Scope of Experts

Attachment C (Likely Areas of Intervenor Evidence in Bold)

Mr. Rainkie's Focus will include the following issues on behalf of CAC:

- **Interim Rate Increase November 1, 2024 (Tab 1)**
- Strategy, Operations & Risks (Tab 2)
- **Changes in Finances & Financial Assumptions since Order 152/19 (Tab 3)**
- **Reasons for Proposed General Revenue Increase (Tab 3)**
- Miscellaneous Revenue Requirement Line Items (Tab 3)
- **Financial Forecast - Key Assumptions, Financial Metrics & Sensitivity Analysis (Tab 4)**
- **Financial Forecast - Long-Term Rate Path Scenarios (Tab 4)**
- **Finance Expense & Debt Management Strategy (Tab 4)**
- Amortization Expense & Regulatory Deferral Accounts (Tab 4)
- Depreciation Expense/Rates & Depreciation Study (Tab 4)
- **Operating & Administrative Expenses (Tab 6)**
- Rate Base & Rate of Return (Tab 8)

Ms. Derksen's Focus will include the following issues on behalf of CAC:

- Natural Gas Volume Forecast Scenario (Tab 5)
- **Integrated Cost Allocation Methodology Review (Order 6/24)**
- **Cost of Service Study Methodology Implementation Review (Order 6/24)**
- **Results of 2024/25 Cost of Service Study & Minimum Investment Study (Tab 10)**
- **Rate Design, Zone of Reasonableness & Rate Structure (Tab 10)**
- **Proposed Rates & Customer Bill Impacts (Tab 10)**
- Demand Side Management Forecast (Tab 7)
- Gas Supply Arrangements & Gas Costs (Tab 9)
- Terms & Conditions of Service (Tab 10)
- Response to PUB Directives & Confirmation of Interim Orders (Tab 11)

Asset Management Expert's Focus will include the following issues on behalf of CAC:

- **Asset Management Policy & Strategic Asset Management Plan (Tab 7)**
- **Natural Gas Capital Expenditure Plan & Capital Plant Additions 2017-2025 (Tab 8)**

Darren Rainkie, CPA, CA, CBV

Principal – Darren Rainkie Consulting

Phone: 204.782.5877 or Email: darrenrainkie@gmail.com

HANDS ON & MULTI-FACETED EXPERTISE

IMPROVED REGULATORY & BUSINESS OUTCOMES FOR CLIENTS

QUALIFICATIONS & EXPERTISE

- Executive Utility Leadership
- Regulatory Policy & Strategy
- Revenue Requirement Specialist
- Regulation Process Management
- Financial Management
- Adept Expert Witness

CAREER HIGHLIGHTS

- Deep and multi-faceted expertise in all aspects of rate-regulation (1990-Present)
- Extensive experience testifying as a policy & subject matter expert at regulatory proceedings (2000-Present)
- Executive experience (Acting CEO, CFO, Controller & Treasurer) at Manitoba Hydro & Centra Gas (2006-2017)
- Senior level expertise in a broad range of financial management disciplines (2000-2017)

PROFESSIONAL EXPERIENCE

- Independent Consultant 2017-Present
- Manitoba Hydro 1999-2017
- Centra Gas 1994-1999
- Price Waterhouse 1988-1994

EDUCATION

- Chartered Business Valuator 1993
- Chartered Professional Accountant (Chartered Accountant) 1991
- B. Com. (Hons. – With Distinction), University of Manitoba 1988

PROFILE

Darren leverages his 34 years of **hands on experience** and **multi-faceted expertise** in rate-regulation, utility & financial management to **improve regulatory & business outcomes for clients** that participate in and are impacted by rate-regulation - including applicants, intervenors, utility customers, regulatory tribunals & government agencies. He specializes in providing rate-regulation and financial advisory services, with an emphasis on regulatory policy & strategy and revenue requirement & fiscal matters.

The **client benefits** from **Darren's advisory services** are summarized as follows:

Access to a Comprehensive Suite of High-Quality Regulatory Services – Darren's deep specialization in rate-regulation and multi-faceted regulatory expertise enables him to provide high-quality advice to clients on regulatory policy, strategy, issues and process – that is customized/adapted to the relevant sector, ownership structure, rate-setting framework, subject matter and type of regulatory proceeding.

Effective Diagnosis of Issues & Sound, Practical Advice – Decades of hands on and executive level public utility experience - gives Darren the ability to effectively identify critical issues, evaluate alternative options & risks and develop pragmatic solutions for clients that are aligned with longer-term vision and strategic direction and balance utility and customer interests.

Integrated, Broad-Based & Credible Recommendations – Darren's financial management expertise results in recommendations to clients that evaluate the broader financial implications & integrates these implications into the ratemaking framework – with the inherent credibility associated with first-hand & senior level experience applying this financial expertise in a complex regulated enterprise.

Sustainable Solutions & Greater Potential of Stakeholder Acceptance – Clients benefit from Darren's leadership experience, collaborative approach and ability to effectively engage with stakeholders – which leads to more sustainable solutions, greater potential of stakeholder acceptance, as well as opportunities to facilitate client knowledge transfer and learning.

Building Consensus & Commitment to Implement Recommendations – Darren's uses his excellent communication & influencing skills, along with his extensive experience providing testimony at regulatory proceedings – to assist clients in obtaining a shared understanding of issues & options with internal and external stakeholders and building consensus for and commitment to implementing recommendations.

OVERVIEW OF PUBLIC UTILITY REGULATORY EXPERIENCE

Deep Specialization in Rate Regulation & Multi-faceted Regulatory Expertise

- A deep specialization in rate-regulation encompassing the majority of a professional career spanning over 30 years, including employment with/advising **multiple parties** to the regulatory process: providing advisory services to provincial regulators, executive oversight and management of rate applications and regulatory filings of applicant utilities and providing independent expert advice to intervenors and applicants.
- Multi-faceted regulatory expertise including **multiple sectors** (electricity, natural gas, mandatory auto insurance, water & waste, energy efficiency, district energy, propane, group 2 pipeline), a number of **jurisdictions** (British Columbia, Alberta, North West Territories, Manitoba, New Brunswick, Nova Scotia), various **ownership structures** (crown-owned, investor-owned and municipally-owned utilities) and a number of **rate-setting/legislative frameworks** (rate base/rate of return, modified cost of service, historic & future test years, multi-year rate applications).
- Extensive experience in a broad range of **regulatory proceedings** (general rate applications, revenue requirement applications, major capital project and certificate of public convenience and necessity reviews, integrated resource plan reviews, energy transition/decarbonization and demand-side management reviews, rate setting framework/multi-year rate plan reviews, thermal energy system regulatory framework reviews, cost of service methodology reviews, leading budgeting practices for regulated entities, back-up/top-up service pricing & terms, commodity cost prudence reviews/pass throughs, investment policy reviews, franchise expansion & feasibility test reviews, natural gas broker service improvements, debt & equity issues, accounting policy selection, depreciation rates, intercompany cost allocations & affiliate transactions, pipeline safety, integrity & construction methods, customer disconnections, automated meter reading and natural gas cooperative acquisitions) and expertise in all aspects of **rate-regulation subject matter** (regulatory policy, revenue requirements, cost of capital/capital structure, cost allocation and rate design).
- Experience with different types of **regulatory processes** (oral hearing, paper hearing, ex-parte, complaint based and alternative dispute resolution) and through all **regulatory cycle components** (strategy development & case planning, application & evidence preparation/evaluation, stakeholder engagement, witness training & preparation, discovery & hearing process management, presentation of expert testimony, cross examination & argument strategy/content, regulatory decision drafting, compliance filing preparation/evaluation, regulatory process improvement recommendations).

Hands On & Executive Level Public Utility Experience

- Hands on **public utility experience** through **23 years of employment** with a privately-owned natural gas utility and one of Canada's largest publicly owned, vertically integrated electric and natural gas utilities.
- Over 11 years of **executive leadership experience** actively collaborating in the management of the corporation, developing corporate & business unit strategic plans, developing risk management plans and successfully managing multiple strategic initiatives simultaneously.
- A **comprehensive understanding** of the **business, operations** and **risks** related to **regulated public utilities**, how decisions are made in this environment - as well as the strategic challenges facing regulated entities.
- A proven track record of developing **innovative financial** and **regulatory strategies** that are aligned with the overall vision and strategic direction of the organization - to ensure the on-going financial sustainability of the utility and respond to future business requirements.

Broad Range of First-Hand Financial Management Expertise – Applied to a Complex Regulated Enterprise

- Over 17 years of senior level and first-hand expertise in a **broad range of financial management disciplines** including: setting financial targets/key performance indicators, long-term financial forecasting, operating cost budgeting, capital cost budgeting, treasury & debt management, corporate risk management, accounting policy selection, financial & management reporting and internal cost allocation between lines of business.
- A **comprehensive understanding of utility financial models** and the elements that impact the model and financial performance, including key inputs, underlying processes, best practices, expected outcomes, options and key performance indicators. Demonstrated experience in applying this diverse financial management expertise and integrating them into the ratemaking framework of a complex regulated enterprise.
- Initiated, championed and actively participated in a number of transformational initiatives to ensure the ongoing financial sustainability of Manitoba Hydro during a period of extensive major capital investment, including: a comprehensive **review of corporate financial targets**, a complex **scenario analysis** to review the adequacy of financial reserves/forecast long-term rate impacts, a **multi-year budgeting strategy** designed to achieve operating cost savings; a **corporate asset management framework** to improve the prioritization of sustaining capital expenditures, an **alternate debt management strategy** to retire debt and improve the financial outlook and a top-down strategy driven approach and **transformation of rate applications** to balance financial integrity with interests of ratepayers.
- Demonstrated ability to **effectively identify issues impacting the long-term financial outlook of regulated enterprises**, evaluate historic and expected performance against key performance indicators, develop options & identify levers that can be used to positively impact rates to customers and make credible recommendations to intervenors, applicants and regulatory tribunals.

Collaborative Approach & Stakeholder Engagement Experience

- A principled and **collaborative leader** with extensive experience leading, developing, mentoring, collaborating and providing direction to a diverse team of senior professionals as well as cross-disciplinary project teams.
- **Worked collaboratively with internal officials** – such as subject matter experts, senior management, executive team, board committees and board of directors to achieve the **strategic, operational and financial goals**.
- Managed the interactions with and **build strong relationships with external stakeholders**, including provincial government officials, indigenous business partners, external auditors, investment banking institutions and credit rating agencies. As a result of the direct involvement with external stakeholders, have experience explaining the perspectives and issues of these stakeholders to regulatory stakeholders as an executive policy witness.
- Demonstrated capability to **engage with and build strong relationships with regulatory stakeholders**, including regulatory tribunal staff & advisors, consumer group/intervenor representatives & experts and applicant officials. Provided oversight and actively participated in a number of **regulatory stakeholder engagement sessions** with the objectives of fostering positive relationships, building shared understanding of participants and reducing the number of issues to be reviewed/contested during regulatory proceedings.

Adept Witness & Excellent Communication and Influencing Skills

- As a utility executive, oversaw and participated in the development and delivery of **numerous persuasive presentations and recommendations** to obtain direction/approvals from the executive committee, audit committee, board of directors and regulatory tribunals - with respect to financial targets, long-term financial forecasts, proposed rate increases, operating and capital expenditure plans, financing and risk management plans, depreciation study changes, accounting policy selection/IFRS implementation and financial reporting. As an advisor to a regulatory tribunal, intervenors and applicants, have delivered numerous briefings to the client on the significant issues arising in regulatory applications.
- An excellent **reputation** for the **ability to draft well constructed documents and reports**, and to organize complex business & regulatory concepts into compelling evidence, using clear and understandable language. The range of experience includes five years drafting regulatory decisions for a regulatory tribunal, 23 years drafting regulatory applications/reports for applicants and four years developing independent reports for intervenors and applicants.
- Over 20 years of **experience testifying** as a **subject matter witness, executive policy witness and independent expert** at regulatory proceedings. Areas of testimony include: policy & strategy (electric & natural gas general rate applications, major capital projects review, cost of gas prudence review, cost of service methodology review), financial targets, long-term financial forecasts, operating & capital cost forecasts, debt management strategies, depreciation studies, adoption of IFRS accounting policies for rate setting purposes, financial results, general revenue requirement components, rate base, return on equity, capital structure, financial feasibility tests, as well as regulatory approvals and procedural matters.

PROFESSIONAL EXPERIENCE

PRINCIPAL, DARREN RAINKIE CONSULTING

2017 – Present

- Provide **rate-regulation advisory services** in the subject matter areas of policy, strategy, revenue requirements, cost of capital/capital structure, cost allocation, rate design, major capital project reviews, planning and management of regulatory applications and associated hearing processes, stakeholder engagement and witness testimony in regulatory proceedings.
- Provide **financial advisory services** in the subject matter areas of financial targets, long-term forecasting, operating & capital cost budgeting, debt management, risk management, intercompany cost allocation, financial reporting and business valuation.
- Provided independent expert evidence and testimony on regulatory policy and revenue requirement matters including risk assessment, financial targets, operating expenses, sustaining capital expenditures, debt management strategies and regulatory deferral accounts on behalf of the **Consumers Coalition** in the **Manitoba Hydro 2023/25 & 2024/25 General Rate Application** proceeding before the **Manitoba Public Utilities Board**, as well as the associated **Review & Vary Application** related to depreciation matters.
- Provided independent advice to the **Consumers Association of Canada (Manitoba)** on case strategy and leading budgeting practices for regulated enterprises in connection with the **Manitoba Public Insurance 2025 General Rate Application** before the **Manitoba Public Utilities Board**.
- Provided independent advice to the **Consumers Association of Canada (Manitoba)** on case strategy in connection with the **Manitoba Public Insurance 2024 General Rate Application** before the **Manitoba Public Utilities Board**.

- Provided independent expert evidence on residential and streetlighting distribution investment policies related to four **Alberta distribution utilities (ATCO, ENMAX, EPCOR and Fortis)** on behalf of **BILD Alberta** in the **2024 Maximum Investment Levels Phase 2** proceeding before the **Alberta Utilities Commission**.
- Provided regulatory consulting services to the **BCOAPO ET AL** Intervenor Group (British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Tenants Resource & Advisory Centre and Together Against Poverty Society) in connection with numerous applications before the **British Columbia Utilities Commission**, including:
 - **FortisBC Energy Inc. (gas):**
 - Pattullo Gas Replacement Project Certificate of Public Convenience & Necessity (CPCN);
 - Biomethane Energy Recovery Charge Rate Methodology & Comprehensive Review of a Revised Renewable Gas Program;
 - Tilbury Liquefied Natural Gas Storage Expansion Project CPCN;
 - Okanagan Capacity Upgrade Project CPCN;
 - 2022 Long-Term Gas Resource Plan (integrated resource plan);
 - 2023 Demand-Side Management Expenditures Plan;
 - Interior Transmission System Transmission Integrity Management Capabilities Project CPCN;
 - 2024 to 2027 Demand-Side Management Expenditures Plan;
 - 2024 Annual Review of Delivery Rates;
 - 2023 Cost of Service Allocation & Revenue Rebalancing;
 - 2025 to 2027 Rate Setting Framework Application; and
 - Okanagan Capacity Mitigation Project CPCN.
 - **Pacific Northern Gas Ltd.:**
 - Salvus to Galloway Gas Line Upgrade Project CPCN;
 - West Division 2022 Revenue Requirements Application;
 - North-East Division 2022 Revenue Requirements Application;
 - PNG 2023 to 2024 Energy Conservation & Innovation Portfolio Funding Application;
 - West Division 2023 & 2024 Revenue Requirements Application;
 - North-East Division 2023 & 2024 Revenue Requirements Application; and
 - 2024 Consolidated Resource Plan (integrated resource plan).
 - **Creative Energy Vancouver Platforms Inc.:**
 - 2021 Long-Term Resource Plan;
 - 2021 Revenue Requirements Application for the Core Steam System;
 - 2021 Application for Heating Rates for the Thermal Energy System & Cooling Rates for the District Cooling System;
 - Core Steam System Decarbonization Project CPCN;
 - Beatty-Expo Plants Redevelopment Project Final Design;
 - 2023 Revenue Requirements Application for the Core Steam System; and
 - 2024 Revenue Requirements Application for the Core Steam System.
 - **Corix Multiutility Services Inc.:**
 - Burnaby Mountain District Energy Utility 2020 to 2023 Revenue Requirements Application; and
 - Burnaby Mountain District Energy Utility 2024 to 2025 Revenue Requirements Application.
 - **FortisBC Inc. (electric).:**
 - 2023 to 2027 Demand-Side Management Expenditures Plan; and
 - 2025 to 2027 Rate Setting Framework Application.
 - **Nelson Hydro** - 2023 Revenue Requirements Application.

- **BC Hydro** - Enterprise Resource Planning Projects (S/4HANA & Stations SAP projects).
- **Insurance Corporation of British Columbia:**
 - 2021 Policy Year (2021/22 & 2022/23) Revenue Requirements Application;
 - 2023 Policy Year (2023/24 & 2024/25) Revenue Requirements Application; and
 - 2024 Financial Allocation Methodology Application.
- **British Columbia Utilities Commission:**
 - Inquiry into the Acquisition of Renewable Natural Gas by Public Utilities in British Columbia - Phase 2;
 - Inquiry into the Regulation of Hydrogen Energy Services; and
 - Review of Thermal Energy Systems Regulatory Framework Guidelines Phase 2
- Provided regulatory consulting services on regulatory policy and revenue requirement matters to the **Consumers Coalition** (Consumers Association of Canada (Manitoba), Aboriginal Council of Winnipeg and Harvest Manitoba) in connection with the **Manitoba Hydro 2021/22 Interim Rate Application** and associated **Review & Vary Application** before the **Manitoba Public Utilities Board**.
- Provided regulatory consulting services to the **Consumers Coalition** and **Consumers Association of Canada (Manitoba)** in connection with the **Manitoba Hydro/Centra Gas Manitoba Inc. Combined Hearing Application** - before the **Manitoba Public Utilities Board**.
- Provided regulatory consulting services on regulatory policy and revenue requirement matters to the **Consumers Coalition** in connection with its **Application for an Order Requiring a Manitoba Hydro Status Update Hearing**, before the **Manitoba Public Utilities Board**.
- Provided independent expert evidence and advice on policy evaluation and practice research matters on behalf of the **Consumers Association of Canada (Manitoba)** in the **Centra Gas Manitoba Inc. Natural Gas Cost of Service Review** proceeding before the **Manitoba Public Utilities Board**.
- Provided independent expert evidence and advice on policy evaluation, customer research and stakeholder engagement matters on behalf of the **Consumers Association of Canada (Manitoba)** in the **Centra Gas Manitoba Inc. Rate Re-bundling** proceeding before the **Manitoba Public Utilities Board**.
- Conducted yearly reviews of the potential for cross-subsidy between distribution of gas and sale of gas at **Liberty Utilities (Gas New Brunswick) LP** during 2021, 2022 and 2023 for the **New Brunswick Energy & Utilities Board**.
- Provided independent expert evidence and testimony to the **Nova Scotia Utility and Review Board** regarding **Nova Scotia Power Inc.'s 2021 Back-Up/Top-Up Amendment Application** with respect to pricing and terms and conditions of service of municipal electric utilities.
- Provided advisory services to **Efficiency Manitoba** in connection with its **2020-2023 Efficiency Plan** filing to the **Manitoba Public Utilities Board**, including regulatory on-boarding, filing review process design and strategic filing preparation advice.
- Provided independent expert evidence and testimony on regulatory policy, financial reserve targets and revenue requirement matters on behalf of the **Consumers Association of Canada (Manitoba)** in the **Centra Gas Manitoba Inc. 2019/20 General Rate Application** proceeding before the **Manitoba Public Utilities Board**.
- Provided independent expert evidence and testimony on regulatory policy, financial reserve targets and revenue requirement matters on behalf of the **Consumers Coalition** in the **Manitoba Hydro 2019/20 Rate Application** proceeding before the **Manitoba Public Utilities Board**.
- Conducted an independent review of the **2019/20 Chestermere Utilities Inc. rate proposal** (water, sanitary & storm services) and associated financial implications for the **City of Chestermere** (acting as the regulator).

- Provided independent advice to the **Consumers Association of Canada (Manitoba)** on case strategy and the capital management plan in connection with the **Manitoba Public Insurance 2020 General Rate Application** before the **Manitoba Public Utilities Board**.
- Conducted a review and made recommendations on the implementation of a revised **internal cost allocation methodology** (allocation of corporate and shared service costs) for **Corix Infrastructure Inc.** (a leading provider of energy, water & wastewater utilities for small to medium-sized communities across North America).
- Provided independent advice to an Industrial Intervenor on the Advanced Metering Infrastructure (AMI) project in connection with **New Brunswick Power Corporation 2018/19 General Rate Application** before the **New Brunswick Energy & Utilities Board**.
- Provided independent advice to legal counsel for an intervenor with respect to case strategy, evidence evaluation and revenue requirement matters in connection with the **Northwest Territories Power Corporation 2016-2019 General Rate Application** before the **Northwest Territories Public Utilities Board**.
- Provided strategic advice on financial reporting matters to the **Manitoba Department of Health** as part of the Health Sector **Financial Budgeting & Reporting Improvement Project**.

MANITOBA HYDRO & CENTRA GAS

1999 – 2017

Acting President and Chief Executive Officer

September to December 2015

- Responsible for the **overall executive leadership** of one of the largest integrated electric and natural gas utilities in Canada with over \$20 billion in assets, \$2.3 billion in revenues, 568,000 electricity and 277,000 natural gas customers and over 6,000 employees.
- **Key leadership accountabilities** included strategy and business plan implementation, executive support to the Manitoba Hydro-Electric Board (MHEB), organizational and people leadership, financial, operational and performance leadership and public relations and stakeholder relationship management.
- Maintaining progress on **delivery of key strategic objectives, execution on major capital projects** and effective transition to the newly appointed CEO while simultaneously managing several complex finance & regulatory projects in the on-going role as CFO.

Vice-President, Finance & Regulatory Affairs and Chief Financial Officer

2013 – 2017

- Responsible for the **executive leadership** of the **Finance & Regulatory Affairs business unit** (Controller, Treasury, Rates & Regulatory Affairs, Financial Planning and Corporate Risk Management) and **Manitoba Hydro International** (professional consulting and project management services to energy sectors world-wide).
- Member of the **Executive Committee** that actively collaborated in the **management of the corporation** and the formation, revision and achievement of the **corporate strategic plan** and establishment of **business unit goals & strategies** that align with the strategic objectives of Manitoba Hydro. Led, developed and mentored a diverse team of senior professionals as well as cross-disciplinary project teams.
- Initiated target setting process and collaborated with the executive team to develop a **multi-year budgeting strategy** to substantially reduce the growth in operating expenditures. Championed the establishment of an overall **corporate asset management framework** and further development of systems to improve the planning and prioritization of sustaining capital expenditures in the generation, transmission, distribution and corporate functions.

- Guided the development of **corporate financial targets** and the **long-term financial forecast** as well as corporate operating, capital and financing plans that are consistent with the overall objectives of the Corporation and obtained endorsement from the Audit Committee and MHEB. Initiated and provided executive oversight to a **comprehensive review of corporate financial targets** to determine if they continued to be appropriate during a period of extensive capital investment of over \$17 billion. Provided policy guidance to support the development of increasingly sophisticated **financial models to provide scenario analysis** (over 15,000 financial projections) on key financial variables (water flows, export prices, interest rates and capital costs) to evaluate the adequacy of financial targets and financial reserves and forecast the long-term rate impacts of major capital projects.
- Provided executive oversight to the development and execution of **financing strategies** and plans to obtain long-term debt financing in the order of \$1.5 billion to \$2 billion annually and to effectively manage the corporation's liquidity, foreign exchange and interest rate risks. Provided policy guidance to treasury staff to develop a more cost-effective approach to **manage significant risk exposure from US currency fluctuations** on export revenues and to develop an **alternate debt management strategy** to retire debt and improve the financial outlook.
- Directed the **financial and management reporting** and **corporate risk management functions** and provided regular reports on the financial results and risks of the corporation to Executive Committee, Audit Committee and MHEB. Executive accountable to oversee the **transition** from Canadian Generally Accepted Accounting Principles (CGAAP) to **International Financial Reporting Standards (IFRS)** for financial reporting purposes and the strategy to use IFRS for rate-setting purposes.
- Chair of the **Corporate Risk Management** and **Rates Review committees**. Member of the Export Power and Gas Supply **Risk Management committees** and the **Corporate Asset Management Executive Council**. Member and **Treasurer of the Wuskwatim and Keeyask Limited Partnership Boards** working closely with Indigenous partners.
- **Chief regulatory officer** and provided executive direction with respect to regulatory affairs before the Manitoba Public Utilities Board (MPUB) (Manitoba Hydro & Centra Gas) and National Energy Board (Minell Pipelines). Represented the corporation as **executive policy witness** and chief regulatory strategist for several significant electric and gas regulatory proceedings before the MPUB, as follows:
 - The **2016 Electric Cost of Service Methodology Review** before the MPUB to review the methodology underpinning the allocation of a \$2 billion revenue requirement and \$20 billion rate base among 568,000 customers.
 - The **2015 Electric General Rate Application** before the MPUB which included final approval of interim rates for 2014/15 and rates for 2015/16 as well as the establishment of a process to review interim rates for 2016/17. Applied a top-down strategy driven approach and drove the transformation of rate applications to increase revenues, ensure the on-going financial sustainability of the corporation, maintain reliable service and stable rates - while balancing the interest of ratepayers with the financial integrity of the corporation.
 - The **2015 Cost of Gas Application** before the MPUB and directed the development of the regulatory strategy and principles associated with the prudence review and recovery of additional gas costs of \$46 million incurred during the record cold winter weather of 2013/14.
 - The finance witness panel at the **2014 MPUB review of the Need For and Alternatives To (NFAT)** Manitoba Hydro's proposed Major Generation and Transmission capital projects involving a planned investment of over \$17 billion. The finance panel witness responsibilities included the potential impact on customers rates, financial outlook and financial risk associated with the planned investments.
 - The **2013 Centra Gas General Rate Application** before the MPUB to set gas costs and non-gas revenue requirement for 2013/14.

Corporate Controller, Controller Division

2008 - 2013

- Directed the **preparation** of the **electric and gas revenue requirement filings** and represented the corporation as a **senior subject matter witness** at several MPUB **electric rate hearings** between 2008 and 2013 (2008/09, 2009/10, 2010/11 & 2011/12, 2012/13 & 2013/14 GRA's) providing witness testimony on financial results, long-term financial forecast, operating & capital cost forecasts, other revenue requirement components as well as implementation of depreciation studies and IFRS accounting policies for rate-setting purposes.
- Oversaw the development of the **long-term financial forecast** and the **coordination of the consolidated operating cost and capital expenditure forecasts** and presentation to the Audit Committee and MHEB.
- Led the **financial and management reporting functions** of the corporation and managed interaction with the provincial Comptroller's Division and external auditors. Guided the **provision of financial services** to the **business unit** management teams.

Corporate Treasurer, Treasury Division

2006 - 2008

- Led the development of **debt management and financing strategies** to obtain corporate financing requirements and effectively manage the corporation's liquidity, foreign exchange and interest rate risks. Provided testimony as a **senior subject matter expert** at the 2007/08 & 2008/09 Centra GRA on rate base, return on equity, working capital allowance, finance expense and debt management.
- Managed interaction with **credit rating agencies**, the provincial Treasury Division and investment banking institutions.
- Guided **cash management**, cash forecasting and **credit risk management** functions and the administration of banking arrangements.

Manager, Regulatory Services Department

1999 - 2006

- Responsible for **regulatory planning** and administration and providing **recommendations** to **senior management** on regulatory **strategy, issues** and **procedural matters**. Acted as a liaison with MPUB staff and advisors.
- **Managed** the preparation of **numerous regulatory applications, filings and reports** to the **MPUB**, the post-application/pre-hearing processes, the public hearing process and the interpretation and compliance with MPUB decisions from 1999 to 2006 (types of regulatory proceedings/matters include: general rate applications, commodity cost prudence reviews/pass throughs, franchise expansions & feasibility tests, natural gas broker service improvements & stakeholder engagement process, pipeline safety, integrity & construction methods, customer disconnections, acquisition of a natural gas cooperative).
- Represented the corporation as a **subject matter witness** at several MPUB **natural gas rate hearings** between 2000 and 2006 (2000 Interlake expansion, 2003/04 GRA, 2004/05 Cost of Gas, 2005/06 & 2006/07 GRA, 2007/08 & 2008/09 GRA), providing witness testimony on revenue requirements, rate base, cost of capital/return on equity, capital structure, lead-lag study, financial feasibility tests and regulatory approvals and procedural matters.
- Oversaw the development of the **Quarterly Primary Gas application** and associated processes in 2000 to adjust the cost of gas from western Canada on each gas quarter using an efficient and streamlined regulatory approval process.

CENTRA GAS MANITOBA INC.

1994 - 1999

Senior Coordinator, Regulatory Services Department

1997 - 1999

- Responsible for the **coordination** and **preparation** of **regulatory applications, filings** and **reports** to the MPUB (types of regulatory proceedings/issues include: 1998 general rate application, commodity cost prudence reviews/pass throughs, franchise expansion & feasibility test reviews, debt & equity issues, accounting policy selection, depreciation rates, intercompany cost allocations & affiliate transactions).
- Provided **direction** to **regulatory staff** and **internal clients** with respect to regulatory process and procedural matters, the preparation of responses to MPUB decisions, directives and requests and participated in the **preparation of evidence** and **witnesses** for public hearings.

Senior Financial Analyst, Financial & Accounting Services Department

1994 - 1997

- Acted as internal expert and **provided support** to **company witnesses** at MPUB public hearings with respect to business case and feasibility assessments as well as financing, capital structure and cost of capital/rate of return and feasibility test matters (1995 & 1997 GRA's). Developed the Centra **return on equity formula** proposal for the 1995 GRA.
- Provided advice and assisted in the **preparation of business cases** with internal management and project teams to support business expansion and growth opportunities, capital expenditures and operating decisions. Coordinated all aspects of **financial analysis** and **feasibility assessments** including the development of financial models, investment evaluation criteria and the presentation of results to internal management.

PRICE WATERHOUSE, CHARTERED ACCOUNTANTS (Winnipeg Office)

1988 - 1994

Assistant Manager, Financial Advisory Group

1990 – 1994

- Acted as **accounting & finance advisor to the MPUB** between 1990 and 1994 on several Centra Gas regulatory applications (including 1990 GRA, 1991 GRA, 1992 GRA & 1993 GRA), a 1994 Manitoba Hydro GRA and a Stittco Utilities Manitoba (propane) 1991 GRA. Drafted numerous regulatory decisions for the MPUB during that timeframe. Provided advice on all aspects of revenue requirements including operating costs, depreciation, finance expense, income & other taxes, rate base, working capital, capital structure and cost of capital/return on equity.
- Provided extensive **consulting advice to the MPUB** and drafted regulatory decisions on **capital structure** and **cost of capital/return on equity** matters including the last comprehensive decision on the allowed capital structure and return on equity for Centra Gas in 1994.
- Prepared **business valuations**, conducted business reviews for acquisition and divestiture purposes and prepared **quantifications of losses** or **damages** for use in litigation proceedings.

Audit Senior, Audit & Business Advisory Group

1988 - 1990

- Provided **audit** and **business advisory services** to clients in several industries, including real estate, investment dealing and agriculture, as well as public sector clients.

Kelly Derksen, BSc., CPA, CMA

Principal – Kelly Derksen Consulting

Phone: 204.782.4204 or Email: kderksenconsulting@gmail.com

HANDS-ON AND MULTI-FACETED EXPERTISE

IMPROVING REGULATORY & BUSINESS OUTCOMES FOR CLIENTS

QUALIFICATIONS & EXPERTISE

- Ratemaking Expert
- Regulation Strategy & Execution
- Regulation Process Management
- Quality & Process Improvement
- Experienced & Respected Witness
- Leadership Excellence

CAREER HIGHLIGHTS

- 30 years of Rates & Regulation experience in the Utility Industry
- A recognized authority in Utility Cost of Service and Rate Design
- Experienced, credible, respected witness – testifying in numerous public hearings
- Developed, led, and assisted in dozens of regulatory proceedings
- Committed to mentoring and sharing knowledge through collaborative style and regular course instruction with the CGA

PROFESSIONAL EXPERIENCE

- Independent Consultant 2018-Present
- Manitoba Hydro/Centra Gas 1999-2017
- Centra Gas 1994-1999

EDUCATION

- Chartered Professional Accountant (CMA), 2004
- BSc., (Chemistry & Mathematics) University of Manitoba, 1995

PROFILE

Kelly leverages her 25-years of **hands-on experience** and **multi-faceted expertise** in energy regulation and ratemaking for clients that participate in and are impacted by rate-regulation – including applicants, intervenors, utility customers, regulatory & government agencies. She specializes in regulation and ratemaking, with an emphasis on cost of service, and rate design. **Clients benefit from improved regulatory & business outcomes** through the following:

Providing Clients with Ratemaking Solutions Based on Traditional and Contemporary Best Practice that are Theoretically Sound, Practical, Sustainable and Clear – Kelly developed her ratemaking expertise through decades of employment with one of Canada’s largest publicly owned, vertically integrated electric and natural gas utilities as well as providing independent advice to other applicants, intervenors, and regulatory tribunals. Kelly has led, developed and executed many cost-of-service and rate design studies and methodological reviews. This includes the development of extensive evidence and providing principled persuasive testimony. Along with practical experience, and continuous monitoring of the evolving utility industry, she also has deep understanding of the academic-based writings including Bonbright and Kahn, as well as the more practical detailed ratemaking manuals such as NARUC. With a deep passion and understanding of ratemaking obtained through significant hands-on utility experience uniquely enables Kelly to deliver client solutions that are workable, understandable, and that are also academically sound.

Providing Clients with Effective Regulation Strategy Advice & Workable Process Management Solutions – Leveraging from 30 years of hands-on experience-backed judgement and insight, Kelly provides strategic and tactical advice and solutions to complex regulation challenges. Kelly has successfully developed and led many interim, ex-parte, written, traditional, and unconventional regulatory processes. With the many challenges and nuances associated with achieving success in the regulatory arena, Kelly is a champion of evaluating lessons learned to achieve future success. Clients benefit from access to decades of hands-on regulatory experience to advance their goals more efficiently and effectively.

Providing Clients with Practical and Sustainable Solutions- Kelly’s collaborative style as well as her strength in the translation of complex ratemaking subject matters into workable solutions that are practical with a greater potential of stakeholder acceptance.

OVERVIEW OF RATEMAKING & REGULATORY EXPERIENCE

Over three decades of hands-on experience in developing practical solutions to complex problems that comport with best practice categorized broadly as:

1. Regulation Strategy and Process Management;
2. Ratemaking; and
3. Leadership and Communication.

Regulation Strategy and Process Management

- Provided strategic and tactical advice and solutions to Executive Management for over 15 years on ratemaking and regulatory policy consistent with the strategic goals of the organization and within the context of the governing legislation and regulatory framework.
- Led, developed, and assisted in dozens of rate cases (and other regulatory processes) interfacing with external agencies and the many internal disciplines necessary to support the process. Provided advice and reports to Executive Management regarding appropriate regulatory strategies and developed a common theme and orderly plan with careful execution to achieve strategic, financial and operational deliverables.
- Provided advice to Executive Management regarding the interpretation of regulator decisions and compliance.
- Successfully led numerous traditional, unconventional, interim and ex-parte regulatory processes. This included numerous stakeholder engagement sessions, demonstrating commitment to seeking solutions to best balance multiple conflicting interests, building trust and strengthening relationships.
- With the many challenges and nuances associated with achieving success in the regulatory arena, a champion of evaluating lessons learned for the achievement of successful future outcomes; including key stakeholders in this evaluation is critical to building solid relationships, and to move forward goals more efficiently and effectively.

Ratemaking

- A deep understanding of utility ratemaking including extensive hands-on experience having developed, led, and executed dozens of studies and several cost of service and rate design methodological reviews, through continuous monitoring of the evolving utility industry, a solid understanding of the economics behind investment decisions, the physical workings of the system, a strong understanding of the legislative framework and regulatory construct by which a utility operates, and the academic-based writings of Bonbright and Kahn as well as more practical detailed ratemaking guidance provided by NARUC.
- An experienced and respected witness having represented the Corporation as a subject matter witness before the MPUB for over two decades. Provided testimony on revenue requirements, rate base, cost of service, rate design, treatment of deferral and variance accounts, expansion financial feasibility tests, terms and conditions of service, regulatory approvals and procedural matters.
- Driving force and key witness behind the 2016 electric Cost of Service Methodology Review before the MPUB to review the methodology underpinning the allocation of a \$2 billion revenue requirement, \$500 million of export revenue, and a \$20 billion rate base among over 570,000 customers.
- Developed the 2016 electric Cost of Service Methodology Review case strategy and evidence, hundreds of information requests, led several stakeholder engagement sessions, evaluated Intervenor Expert positions, rebuttal evidence, testimony, and final arguments available on the MPUB's website: www.pubmanitoba.ca.
- Developed evidence to support several key issues such as: an overall methodology that reasonably balanced the corporation's financial goals and the public interest given significant external energy market changes subsequent to 2008 (advent of shale gas, plunge in electric and natural gas prices) coupled with significant investment in new hydraulic

infrastructure/aging infrastructure; a cohesive overall methodology associated with a largely interconnected hydro-electric utility; the influence of economics (marginal cost to service) on embedded cost to serve; and the interrelation between revenue requirement, cost of service, and rate design and potential unintended consequences (impacts to low income customers or protecting the utility's ability to collect its approved revenue requirement).

- Recognized publicly for capabilities having developed an expert level knowledge of electric cost of service over a short timeframe to support a complex regulator review and delivering testimony.
- Led and developed numerous cost allocation and rate design models to analyze the impacts and sensitivities of scenarios.
- Conducted training on rates, cost analysis, methodology, economic feasibility (service extension), revenue requirement.
- Led and prepared the development of lead-lag studies, rate base, revenue requirements on many occasions between 1998 and 2008 for Manitoba's natural gas utility.

Leadership and Communication

- Extensively interacted with a variety of styles and experience levels having led large multi-disciplinary teams with dozens of professionals and routinely presenting to Executive Management, Board of Directors, Retail Customers, Stakeholders and the Regulator.
- Successfully advanced many regulatory applications and related hearing processes, at times concurrently, accomplished through building cross-departmental co-operation, periodically with disparate in-house teams, with a genuine interpersonal style that engenders trust and commitment. For example, over a 12-month period beginning in the fall of 2006, led and developed 4 major applications including a Cost of Gas Application, a 4-Party Trench Application; a General Rate Application; and a generic competition-related application.
- Managed and mentored a team of professional accountants. By creating a collaborative atmosphere, and encouraging measured autonomy proudly developed a well-respected flexible team with strong expertise.
- Developed productive relationships with regulator staff and advisors, key stakeholders and interest groups.
- Routinely presents at regulatory workshops and industry conferences, to strengthen skills and importantly to share knowledge and experience with others.
- Strength in translating complex ratemaking subject matter, into practical, clear solutions based on traditional and contemporary best practice and the related strategy and evidence development of a regulatory case.

PROFESSIONAL EXPERIENCE

Independent Consultant in Public Utility Regulation	2018 - Present
Manitoba Hydro - Manager, Cost of Service & Rates	2009 - 2017
Manitoba Hydro - Manager, Gas Rates & Regulatory Affairs	2006 - 2009
Manitoba Hydro - Senior Analyst, Gas Rates	2002 - 2006
Manitoba Hydro - Analyst, Gas Rates	1999 - 2002
Centra Gas – Revenue Requirement Analyst, Regulatory Affairs	1998 - 1999
Centra Gas - Coordinator, Regulatory Affairs	1995 - 1998

RELEVANT PROJECT EXPERIENCE:

- Provided independent expert evidence and testimony on cost allocation and rate design and terms and conditions of service matters which include: rate policy, range of reasonableness, Bonbright and attributes of sound ratemaking and weighting appropriateness; the treatment of significant extra-provincial revenues; the addition of multi-billion dollar generation/transmission assets, marginal cost of service; impacts by class flowing from reduced government water

rental fees and provincial debt guarantee fees, and the impact of sustaining capital expenditures, as well as load forecasting and customer survey matters on behalf of the **Consumers Coalition** in the **Manitoba Hydro 2023/24 & 2024/25 General Rate Application** proceeding before the **Manitoba Public Utilities Board**.

- Conducted several reviews on the potential for cross-subsidy between the distribution and sale of natural gas at **Liberty Utilities (Gas New Brunswick) LP** for the **New Brunswick Energy & Utilities Board** for 2021, 2022 & 2023.
- Provided independent expert evidence on residential and streetlighting distribution investment policies related to four **Alberta distribution utilities (ATCO, ENMAX, EPCOR and Fortis)** on behalf of **BILD Alberta** in the **2024 Maximum Investment Levels Phase 2** proceeding before the **Alberta Utilities Commission**.
- Provide regulatory consulting services to the **British Columbia Old Age Pensioners' Organization et al** Intervenor Group in connection with numerous natural gas, thermal utility, and electric applications before the **British Columbia Utilities Commission** including:
 - **FortisBC Energy Inc. (gas):**
 - Pattullo Gas Replacement Project Certificate of Public Convenience & Necessity (CPCN);
 - Biomethane Energy Recovery Charge Rate Methodology & Comprehensive Review of a Revised Renewable Gas Program;
 - Tilbury Liquefied Natural Gas Storage Expansion Project CPCN;
 - Okanagan Capacity Upgrade Project CPCN;
 - 2022 Long-Term Gas Resource Plan (integrated resource plan);
 - 2023 Demand-Side Management Expenditures Plan;
 - Interior Transmission System Transmission Integrity Management Capabilities Project CPCN;
 - 2024 to 2027 Demand-Side Management Expenditures Plan;
 - 2024 Annual Review of Delivery Rates;
 - 2023 Cost of Service Allocation & Revenue Rebalancing;
 - 2025 to 2027 Rate Setting Framework Application; and
 - Okanagan Capacity Mitigation Project CPCN (2024).
 - **Pacific Northern Gas Ltd.:**
 - Salvus to Galloway Gas Line Upgrade Project CPCN;
 - West Division 2022 Revenue Requirements Application;
 - North-East Division 2022 Revenue Requirements Application;
 - PNG 2023 to 2024 Energy Conservation & Innovation Portfolio Funding Application;
 - West Division 2023 & 2024 Revenue Requirements Application;
 - North-East Division 2023 & 2024 Revenue Requirements Application; and
 - 2024 Consolidated Resource Plan (integrated resource plan).
 - **Creative Energy Vancouver Platforms Inc.:**
 - 2021 Long-Term Resource Plan;
 - 2021 Revenue Requirements Application for the Core Steam System;
 - 2021 Application for Heating Rates for the Thermal Energy System & Cooling Rates for the District Cooling System;
 - Core Steam System Decarbonization Project CPCN;
 - Beatty-Expo Plants Redevelopment Project Final Design;
 - 2023 Revenue Requirements Application for the Core Steam System; and
 - 2024 Revenue Requirements Application for the Core Steam System.
 - **Corix Multiutility Services Inc.:**
 - Burnaby Mountain District Energy Utility 2020 to 2023 Revenue Requirements Application; and
 - Burnaby Mountain District Energy Utility 2024 to 2025 Revenue Requirements Application.

- **FortisBC Inc. (electric):**
 - 2023 to 2027 Demand-Side Management Expenditures Plan; and
 - 2025 to 2027 Rate Setting Framework Application.
- **Nelson Hydro** - 2023 Revenue Requirements Application.
- **BC Hydro** - Enterprise Resource Planning Projects (S/4HANA & Stations SAP projects).
- **Insurance Corporation of British Columbia:**
 - 2021 Policy Year (2021/22 & 2022/23) Revenue Requirements Application;
 - 2023 Policy Year (2023/24 & 2024/25) Revenue Requirements Application; and
 - 2024 Financial Allocation Methodology Review.
- **British Columbia Utilities Commission:**
 - Inquiry into the Acquisition of Renewable Natural Gas by Public Utilities in British Columbia - Phase 2;
 - Inquiry into the Regulation of Hydrogen Energy Services; and
 - Review of Thermal Energy Systems Regulatory Framework Guidelines Phase 2
- Provided regulatory consulting services on rate and cost allocation matters to the **Consumers Coalition** (Consumers Association of Canada (Manitoba), Aboriginal Council of Winnipeg and Harvest Manitoba) in connection with the **Manitoba Hydro 2021/22 Interim Rate Application** and associated **Review & Vary Application** before the **Manitoba Public Utilities Board**.
- Provided regulatory consulting services to the **Consumers Coalition** and **Consumers Association of Canada (Manitoba)** in connection with the **Manitoba Hydro/Centra Gas Manitoba Inc. Combined Hearing Application** - before the **Manitoba Public Utilities Board**.
- Provided independent expert evidence and advice on natural gas rate policy and cost allocation matters on behalf of the **Consumers Association of Canada (Manitoba)** in the **Centra Gas Manitoba Inc. Natural Gas Cost of Service Review** proceeding before the **Manitoba Public Utilities Board**.
- Provided independent expert advice on ratemaking policy, rate design, ancillary cost allocation matters as well as matters of natural gas competition on behalf of the **Consumers Association of Canada (Manitoba)** in connection with the **2021 Centra Gas Rate Re-Bundling Application** before the **Manitoba Public Utilities Board**.
- Conducted a review of the potential for cross-subsidy between distribution of gas and sale of gas at **Liberty Utilities (Gas New Brunswick) LP** during 2021 for the **New Brunswick Energy & Utilities Board**.
- Provided independent expert rate advice and evidence regarding marginal and load retention rates to the **Nova Scotia Utility and Review Board** regarding **Nova Scotia Power's** 2020, 2021, 2022, and 2023 Annually Adjusted Rate Applications.
- Provided independent expert evidence and testimony to the **Nova Scotia Utility and Review Board** regarding **Nova Scotia Power's 2021 Back-Up/Top-Up Rates** related to the cost to serve and pricing of intermittently served municipally owned wind generation.
- Provided advisory services to **Efficiency Manitoba** in connection with its **2020-2023 Efficiency Plan** filing to the Manitoba Public Utilities Board (MPUB), including regulatory on-boarding, regulatory filing review process design and strategic filing preparation advice.
- Independent expert witness on ratemaking policy, internal and external cost allocation, rate design, and terms and conditions of service matters before the MPUB on behalf of the **Consumers Association of Canada (Manitoba)** in the **Centra Gas 2019/20 General Rate Application** proceeding before the **Manitoba Public Utilities Board**.
- Independent expert witness on ratemaking policy, cost of service, rate design and regulatory compliance matters before MPUB on behalf of the **Consumers Coalition** in the **Manitoba Hydro 2019/20 Rate Application** proceeding.

- Conducted a review and made recommendations on the implementation of a revised **internal cost allocation methodology** related to the inter-affiliate, multi-jurisdictional allocation of corporate and shared service costs for the **Corix Group of Companies**, a leading provider of energy, water & wastewater utilities for small to medium-sized communities across North America.
- Promoted through progressively senior analytical and managerial positions in the general area of **utility ratemaking and regulation** at the **privately-owned Centra Gas**, and then **Manitoba Hydro**, a combined publicly owned vertically integrated hydro-electric utility and disaggregated natural gas utility. A selection of relevant project experience includes:
 - Reviewed zone of reasonableness policy and developed the related strategy and evidence;
 - Addressed the treatment of International Financial Reporting Standards (IFRS) within cost of service;
 - Treatment of large hydraulic generation cost measurement within embedded cost to serve;
 - Treatment of significant export revenue priced at the margin (at times 40% or more of total revenue requirement) within embedded cost to serve (effectively a matter of public policy);
 - Treatment of demand side management cost within cost to serve;
 - Economic development rates/energy intensive rates/low income rates;
 - Uneconomic bi-pass (distributed solar PV); economic bi-pass;
 - Costing assumptions in feasibility tests to address divergence between embedded and marginal cost to service and related service extension policy (including to support business expansion and growth opportunities);
 - Allocation treatment of revenues and costs (and related rate base) associated with unique partnerships with First Nations developed to support new, multi-billion-dollar hydraulic generation;
 - Wheeling tariffs—provided the underlying cost analysis and regulatory advice;
 - Treatment and determination of variance accounts (cost trackers);
 - Led Revenue Decoupling evidence and testimony during the 2007-08 Centra GRA;
 - Evaluated the appropriateness and level of Month Basic Charges, developed evidence and led testimony;
 - Evaluated the appropriateness and level of Demand Charges, developed evidence and led testimony;
 - Fixed rate alternatives (within and outside of regulated utility);
 - Successfully developed a solution for and executed the disposal of \$100 million in gas costs (nearly 40% of total asset investment) accumulated during the natural gas market conditions in early 2001, and the accumulation of \$46 million in gas costs during the 2013/2014 record cold winter;
 - Rate unbundling to support service unbundling flowing from natural gas market restructuring to facilitate competition;
 - Analysis and research assessing a competition-related role of the utility in the provision of gas supply application;
 - Successfully developed a treatment for costs incurred to facilitate competition; and
 - Developed codes of conduct between regulated and unregulated utility affiliates.