



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA HYDRO
2017/18 and 2018/19
GENERAL RATE APPLICATION
PUBLIC HEARING

Before Board Panel:

Robert Gabor	- Board Chairperson
Marilyn Kapitany	- Vice-Chairperson
Larry Ring, QC	- Board Member
Shawn McCutcheon	- Board Member
Sharon McKay	- Board Member
Hugh Grant	- Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
February 14th, 2018
Pages 8320 to 8376

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1 --- Upon commencing at 9:03 a.m.

2

3 THE CHAIRPERSON: Good morning,
4 everyone. We're here for Manitoba Hydro's reply. Ms.
5 Ramage...?

6 MS. PATTI RAMAGE: Actually, Ms.
7 Fernandes is starting off this morning.

8 THE CHAIRPERSON: I was sort of
9 blinded because Ms. Ramage wasn't wearing purple so I
10 -- which is the new colour of the Board. So, Ms.
11 Fernandes...?

12

13 REPLY BY MANITOBA HYDRO:

14 MS ODETTE FERNANDES: Thank you, Mr.
15 Chairman, good morning. Good morning, members of the
16 Panel.

17 This morning we will present Manitoba
18 Hydro's reply to Intervenors' submission heard
19 February 7th and 8th and I can assure you we will be
20 under the allotted time that was provided by this
21 Board.

22 Preparing for our February 5th
23 submission was a real challenge. This was the first
24 time that Manitoba Hydro was required to submit its
25 argument prior to hearing from Intervenors. We

1 attempted as best as possible to anticipate the
2 position and arguments of all eight (8) Intervenors
3 and their eleven (11) witness reports, together with
4 five (5) IEC reports and over forty thousand (40,000)
5 pages of information.

6 We think we caught most of the
7 arguments last week. We know we didn't get them all
8 and, certainly, not all of the nuances. We are,
9 however, mindful of the Panel's direction that the
10 right of reply is limited to addressing new issues
11 raised by interven -- Intervenors and we will limit
12 our reply accordingly.

13 Some Intervenors in this proceeding
14 candidly stated at the outset that they do not
15 necessarily adopt the position of their witnesses.
16 When a Manitoba Hydro witness speaks, they are stating
17 the Corporation's position. Manitoba Hydro
18 unequivocally adopts the evidence of its witnesses
19 made through the course of the hearing. If Manitoba
20 Hydro's February 5th argument did not fully address
21 every aspect of an issue, Manitoba Hydro wishes to
22 make it clear that its witnesses statements and
23 reasoning can and should be relied upon as Manitoba
24 Hydro's position on the issues.

25 I will begin by providing Manitoba

1 Hydro's reply to new matters raised under bill
2 affordability and Ms. Ramage will deal with reply with
3 respect to revenue requirement and capital.

4 Next slide. With respect to the
5 closing submissions of the Manitoba Keewatinowi
6 Okimakanak, on slide 11 of MKO's presentation, they
7 provided a number of options which they argued can be
8 implemented immediately. Two (2) proposals were
9 raised in Mr. Or -- by Mr. Orle in his closing which
10 were not canvassed during the course of the hearing.

11 The first one was a suggest --
12 suggestion that the PUB can set heating bills to
13 reflect the same costs as if the energy source was
14 natural gas for heating.

15 And the second one was Mr. Orle
16 requested a direction as to how to deal with arrears
17 in electrical payments made by First Nations. No
18 evidence or analysis was presented by MKO to determine
19 the feasibility of such proposals during the course of
20 the hearing. No analysis was done in terms of the
21 financial impacts to net income or the revenue
22 requirement as a result of the lost revenues
23 associated with those proposals.

24 In addition, the proposal regarding
25 forgiveness of arrears is beyond the setting of rates

1 jurisdiction of the PUB; as such, Manitoba Hydro
2 submits that these proposals should not be considered
3 by the Board.

4 Next slide. In terms of the closing
5 submission of the Assembly of Manitoba Chiefs, Mr. Luk
6 asserted on his -- in his closing submissions on
7 February 8th that Manitoba Hydro had indicated that
8 some of the homes on reserves are so structurally
9 unsound that they simply can't be retrofitted and that
10 many more useful measures at improving efficiency are
11 simply uneconomical to be installed.

12 He then went on to indicate that 77
13 percent of homes on reserves haven't been eligible for
14 Manitoba Hydro's current insulation programs. And as
15 good as the programs are, the problem is bigger than
16 what the programs can handle. It appears that in the
17 calculation of the 77 percent, there were some
18 incorrect assumptions that if homes were not upgraded
19 then these homes were not eligible.

20 In this regard, I would remind the PUB
21 of the testimony of Ms. Galbraith that a large number
22 of homes not included in the estimated market were
23 excluded because they were found to have adequate
24 insulation or were newer homes less than twenty-five
25 (25) years old, and those homes were built with

1 sufficient levels of insulation. So any suggestion to
2 link the structural and soundness of the homes to
3 being eligible for upgrades is simply incorrect.

4 In terms of First Nation programming,
5 Dr. Grant at transcript page 8159 asked AMC whether
6 First Nations were actively involved in the design of
7 Indigenous Power Smart Program. The response was that
8 they were not aware of any part of the evidence that
9 suggests Indigenous participation in the design.

10 In this regard, I would simply like to
11 refer the Panel to Manitoba Hydro's response to
12 MKO/MH, first round, number 7, and that response
13 advises that leading up to the launch of the
14 Indigenous Power Smart Direct Install Initiative,
15 Manitoba Hydro's Indigenous energy advisor sought
16 input from First Nations communities. As well, in
17 terms of the heat recovery ventilation video
18 explaining how to operate and maintain a heat recovery
19 ventilation system and the brochure distributed to
20 communities included with direct install kits, input
21 was also provided by Band housing managers of those
22 communities.

23 There was a suggestion that there was a
24 classification problem with respect to general service
25 on reserve customers. And Mr. Luk asked that Manitoba

1 Hydro report back on why those numbers are the way
2 they are, and whether these customers have been
3 appropriately classified.

4 Manitoba Hydro provided its evidence on
5 the classification of general service on reserve
6 customers at transcript pages 2674 to 2684. I would
7 encourage the PUB to review the transcript as it deals
8 with Mr. Luk's concerns with respect to the
9 classification of general service on-reserve
10 customers, and provides an explanation of how and why
11 accounts are classified as general service.

12 In its closing submission, AMC also
13 offered a modified Chernick model for proposed
14 discounts to be applied to on-reserve customers. The
15 first time this model -- this modified model was
16 presented was during AMC's closing submissions. Mr.
17 Luk advised that the model was based on Mr. Chernick's
18 response to an undertaking requesting calculations of
19 electric space heat -- heating usage on reserve. That
20 response was filed with the PUB and parties to this
21 proceeding on February 2nd. following the concluding -
22 - conclusion of all evidence in this proceeding.

23 Mr. Chernick himself indicated in his
24 response that the numbers provided were estimates and
25 as such, there was no opportunity to test or analyze

1 either Mr. Chernick's estimated numbers or AMC's
2 proposal during the course of the hearing.

3 AMC also provided for the first time in
4 its submission its view of how one could create a
5 customer class that deals with the geographical rates
6 prohibition of creating a specific First Nation on-
7 reserve rate.

8 AMC advanced a proposal that in
9 addition to geography took into consideration
10 characteristics such as poor housing, lack of access
11 to natural gas and high poverty on First Nation
12 reserves. Manitoba Hydro acknowledges these
13 conditions exist on First Nation reserves. There are,
14 however, other customers who do not live on reserves
15 who face similar issues of poor housing, high poverty
16 and lack of access to natural gas. As a result, the
17 only true distinguishing feature in AMC's proposal is
18 location or geography; thus, this propose -- this
19 proposal falls squarely within the statutory
20 prohibition that customers should not be classified
21 solely on the region of the province in which they are
22 located.

23 AMC also suggested that the PUB should
24 let Manitoba Hydro know that it won't be willing to
25 consider Hydro's next rate application unles -- unless

1 it comes with a ready-to-implement bill affordability
2 program that has been designed with participation from
3 stakeholders. The PUB must consider each application
4 on its own merits and must take into consideration the
5 circumstances at the time an application is filed.

6 The PUB cannot fetter its discretion to review
7 Manitoba Hydro's rate application in the manner
8 suggested by the Assembly of Manitoba Chiefs.

9 Next slide. And finally, with respect
10 to Consumers Coalition and Green Action Centre, I'll
11 firstly deal with Consumers Coalition. In their final
12 submission, the Consumers Coalition submitted that the
13 PUB should consider the Human Rights Code and asked
14 the PUB to take into account international legal
15 instruments that provide for economic rights when this
16 Board exercises its discretion to grant just and
17 reasonable rates.

18 Neither of these references were
19 provided in the Coalition's summary of legal issues as
20 required by the PUB. Manitoba Hydro submits that the
21 Coalition has failed to articulate the influence that
22 the Human Rights Code should have on the PUB's
23 decision-making process and there has been no
24 allegation of discriminatory action on the part of
25 Manitoba Hydro or in terms of the legislative scheme

1 in place.

2 As such, Manitoba Hydro submits that
3 the Human Rights Code is not properly a consideration
4 in these proceedings, and is not relevant to the
5 setting of rates.

6 With regard to taking into account
7 international legal instruments, Sullivan and Driedger
8 on the construction of statutes makes it clear that
9 recourse may be had to international law to resolve an
10 ambiguity in legislation or to provide legal context.
11 However, international norms cannot be given effect
12 over a clear statutory direction contained within
13 domestic law. There is no ambiguity in terms of the
14 PUB's legislation.

15 The PU -- the PUB's mandate is clearly
16 set forth in Sections 25(1) and (2) of the Crown
17 Corporations Governance and Accountability Act, which
18 is to set rates for the service that is being provided
19 to customers. Rates for service is defined as the
20 price payable for power, which is found in Section 39
21 of the Hydro Act.

22 It is noteworthy that none of the
23 Intervenors in any of their legal arguments, whether
24 advocating for a bill affordability program or arguing
25 the application of other legislation referred to that

1 clear direction that the legislature set forth in
2 these statutes. Those sections of the governing
3 statutes cannot be ignored or disregarded in an
4 attempt to apply other statutes, legal instruments or
5 principles to broaden the scope of the PUB's review.

6 In addition, while Manitoba Hydro
7 provided its legal argument with respect to why it
8 believes this Board does not have the jurisdiction to
9 implement an affordability rate, Mr. Gange asserted in
10 his closing submission that as a fundamental part of
11 the regulatory process the decisions that have been
12 made by a previous Board remains the policy until such
13 time as somebody challenges them.

14 And while I have a great deal of
15 respect for Mr. Gange, this is simply incorrect. The
16 current Panel is not bound by decisions made by
17 previous panels. There are a number of examples where
18 panels have reviewed and revised decisions without any
19 challenges being made.

20 In addition, the PUB is authorized
21 pursuant to Section 58.4 of the Public Utilities Board
22 Act two of its own motion state a case in writing for
23 the opinion of the Court of Appeal upon any question
24 of law or jurisdiction; that section does not require
25 a party to challenge.

1 Manitoba Hydro's position, as
2 submitted, is that Manitoba Hydro does not have the
3 tools or exp -- expertise to implement and manage an
4 income-based affordability rate and that the PUB does
5 not have the jurisdiction to order such a program.
6 This is a matter that Manitoba Hydro believes could be
7 one (1) of those issues that would be appropriate to
8 go to -- to go to the Court of Appeal by way of stated
9 case.

10 And with that, I will ask Ms. Ramage to
11 deal with reply in terms of revenue requirement.

12 MS. PATTI RAMAGE: Thank you. The
13 Coalition introduced a 2.95 percent rate
14 recommendation to the PUB and Manitoba Hydro in their
15 closing submission. Nowhere in evidence prior to
16 closing submissions, did Coalition raise any
17 discussion or analysis of a 2.95 percent rate plan,
18 nor did they request a scenario be produced by
19 Manitoba Hydro. Neither Manitoba Hydro nor the PUB
20 have had any opportunity to test or examine a 2.95
21 percent plan.

22 Based on evidence that is on the
23 record, you can be assured that the results will be
24 dismal. You will recall that Manitoba Hydro 16 Update
25 with Interim with twenty (20) year debt and 3.95

1 percent increases scenario produces approximately 500
2 million in cumulative earnings from 2018 to 2022,
3 followed by a six (6) year stretch of losses totaling
4 over \$900 million.

5 While we have no scenarios or runs to
6 rely on, common sense tells us a 2.95 percent plan
7 will be significantly worse. Preliminary estimates
8 suggests losses in the range of \$1.7 billion at the
9 end of the ten (10) year period, and that is under
10 average water flows.

11 The Coalition calculated that in
12 2023/2024 their 2.95 percent rate plan reduces
13 retained earnings by roughly \$430 million. If
14 Manitoba Hydro forecast assumptions hold true, the
15 3.95 percent rate plan produced a -- produces a \$222
16 million net loss in that timeframe.

17 There are no runs to tell us the impact
18 of the 2.95 percent plan, but we know it will be
19 greater than the \$222 million loss produced by the
20 3.95 percent plan, and not by a small margin.

21 Coalition has said, quote,

22 "The focus in establishing rates for
23 2017/'18 and 2018/'19 should be the
24 short-term outlook through to 2324."

25 However, the approach described by the

1 Coalition does not in any way address how 2.95 percent
2 meets the needs for the test year 2018/2019.

3 Coalition's recommended 2.95 percent rate generates
4 approximately \$46 million in additional revenue for
5 2018/'19; less than one-third of the \$155 million
6 Bipole III revenue requirement shortfall.

7 Moreover, Coalition does not consider
8 any impacts to Manitoba Hydro's cash flow deficiency
9 for normal operations, that meaning, not including
10 major capital projects.

11 Under the 3.95 percent plan projected
12 cashflows are already deficient by more than \$400
13 million in 2018/'19 growing to more than 1 billion by
14 2027. Reducing Manitoba Hydro's rate request by a
15 further 1 percent would only exacerbate the cash flow
16 deficiency.

17 The 2.95 percent plan also does nothing
18 to abet the 14 percent increase in net debt which will
19 be borne by the 7 percent smaller load as compared to
20 NFAT, notably, and contrary to MIPUG's assertions as
21 demonstrated in Coalition/Manitoba Hydro, first round
22 22, that diminished load is projected to occur whether
23 we are in the low rate trajectory plans, or whether
24 we're dealing with a 7.9 percent rate trajectory plan.

25 Coalitions' 2.95 percent relies on

1 cutting DSM and business operations capital
2 expenditures. Relying on the reduction of DSM
3 planning in the face of transitioning to efficiency
4 Manitoba and stronger legislated targets is foolhardy.
5 The Coa -- Coalition's own witness METSCO did not
6 identify nor make a single recommendation for even one
7 (1) business operations capital program or project
8 warranting reduction, deferral or any other form of
9 modification.

10 In Coalition's own closing comments at
11 slide 120, they questioned Manitoba Hydro's ability to
12 maintain service quality based on the elimination of
13 twelve hundred (1200) positions, some of which work on
14 capital projects. Yet Coalition expresses no similar
15 qualms in recommending \$100 million -- 100 million
16 annual reductions to capital spending. Coalition has
17 absolutely no evidentiary basis to support an
18 expectation of reduced DSM or base capital spending.

19 Now, Manitoba Hydro's comments are
20 based on its initial reaction to what can best be
21 described as a back-of-an-envelope rate proposal. You
22 have no analysis before you regarding how this
23 untested plan impacts the Corporation's financial
24 metrics. It's safe to say the debt-to-equity target
25 discussed in the hearing under a 3.95 percent plan

1 will not be met. Our prediction made during February
2 5th's oral submission that Intervenors will
3 continually come back to this Board with a new twenty
4 (20) year plan is proving accurate sooner than anyone
5 imagined.

6 This process began in May of last year.
7 There have been two (2) rounds of Information Requests
8 where this scenario could have been introduced.
9 Surely, one (1) of Coalition's witnesses could've
10 presented this scenario in evidence and allowed it to
11 be tested through IRs of that evidence.

12 Manitoba Hydro's panel sat for a total
13 of sixteen (16) days. It was not put to them. Nor
14 was it raised by any of the Coalition's witnesses in
15 their oral evidence; that we are hearing of it for the
16 first time, in final argument, frankly disrespects
17 this process.

18 The introduction of 2.95 percent at
19 this stage is nothing more than an attempt to move the
20 goal post, so to speak, and haggle the rate increase
21 down. There is no evidentiary basis to move for this
22 number. It's not been tested. No witness addressed
23 it, and it can't be taken seriously.

24 If there are messages to be sent, the
25 PUB ought to make it clear it will not consider inter

1 -- information introduced in this manner, and
2 expressly declined to consider this proposal.

3 And before leaving this topic, I would
4 like to address Coalition's statement to use that 2.95
5 percent to send a message to Manitoba Hydro. Sending
6 a message through lower rate increases doesn't punish
7 Manitoba Hydro. It only punishes ratepayers of the
8 future. It's simply deferring cost to the future.

9 Mr. Hacault, for the first time in
10 final argument, suggested that the annual amounts
11 MIPUG calculated to be required on the account of
12 Bipole III coming into service could be spread over
13 two (2) years; that's at transcript page 8255.

14 This is based on the rationale that
15 Bipole III comes into service over a two (2) year
16 period and implies the full cost of the Bipole III are
17 not reflected in rev -- revenue requirement until
18 2020/2021. This is not correct.

19 Bipole III is scheduled to go fully
20 into service in August of 2018. All of it. It's not
21 like a generating station where each unit goes into
22 service separately over two (2) years or more, as a
23 result the full twelve (12) months of operating and
24 carrying costs of Bipole III are reflected in the
25 revenue requirements of 2019/2020. It will not be

1 done over two (2) years such the revenue requirement
2 can be divided in half as suggested by MIPUG. Their
3 \$80 million calculation at transcript page 8256 is
4 wrong. Dividing it in half and suggesting the impact
5 is \$40 million is even more wrong.

6 You will recall that Manitoba Hydro
7 took issue with Bi -- MIPUG using \$40 million as the
8 total cost of Riel station, as opposed to the \$20
9 million in Riel cost established in the evidence.
10 Manitoba Hydro heard for the first time in MIPUG's
11 oral argument that the additional \$20 million, in
12 fact, relates to Bipole III capital tax.

13 If we could go to slide 8. Manitoba
14 Hydro has the same issue with MIPUG's treatment of
15 capital tax as it does with the treatment of the \$71
16 million Bipole III amortization amount. The \$20
17 million in capital tax has been collected from
18 ratepayers in \$177 million representing the annual
19 Bipole III revenue requirement in current; that's near
20 the bottom of the page next to the 11 point 12 (sic)
21 percent.

22 Both Manitoba Hydro -- and Manitoba
23 Hydro deduct that \$177 million from the Bipole impact
24 amount; that's not an issue. But the difference is,
25 MIPUG has already deducted the \$20 million on account

1 of capital tax up in its calculation of the rate
2 impact and you see that \$40 million is deducted four
3 (4) lines up. You can -- you cannot deduct it twice;
4 that is double counting.

5 Rather than using the Bipole III
6 deferral account to abate growth of Bipole III debt,
7 MIPUG is treating it as a notional savings account
8 that they're going to draw down on on the next five
9 (5) years. This treatment provides MIPUG with a
10 vacation from expenses such as capital tax for five
11 (5) years. The treatment is not consistent with the
12 intent of the Bipole III deferral account as set out
13 in Order 43 of '13, which stated, quote:

14 "The Board will establish a deferral
15 account to assist in funding Bipole
16 III in-service costs."

17 Next slide 9. Mr. Hacault posed the
18 question at transcript page 8291:

19 "And when we look at major capital
20 projects, my question is: Well, did
21 the legislation say anything about
22 how you deal with recovering the
23 cost? Is there something that talks
24 about amortization?"

25 Mr. Hacault then took you to Section

1 47(1) of the Manitoba Hydro Act, which deals with the
2 establishment of reserves and, in particular, the
3 authorization to establish reserves for the
4 amortization of the cost to the Corporation of the
5 property and works of the Corporation.

6 He points out that Section 40(1)(a)
7 uses terms such as "amortization" and "useful life"
8 and argues this means the legislation directs the
9 asset be amortized over its useful life. He went on
10 to argue that Section 40(2)(e) mandates that Manitoba
11 Hydro can only include in reserves amounts for new
12 construction where an Order in Council directs it to
13 do so.

14 Mr. Hacault's interpretation is
15 incorrect. The legislation says exactly the opposite
16 of what he claims. These sections date back to the
17 original 1960 Manitoba Hydro Act and a carryover -- or
18 a carryover from Manitoba Hydro Act's predecessor
19 legislation. It is of note that these prov --
20 provisions were enacted while Dr. Bonbright was alive
21 and were still fresh when his text was published.

22 These provisions are not, however,
23 consistent with the regulatory principles Intervenors
24 choose to highlight from Bonbright. Look carefully at
25 Section 40(1). It tells Manitoba Hydro to establish

1 reserves for the purpose of amortizing the cost of
2 property and works of the Corporation over their
3 useful life. It doesn't simply say "amortize the cost
4 of property and works over their useful life," it says
5 "establish reserves to do so." If you're depreciating
6 an asset over its useful life and collecting from
7 customers the depreciated amount in each year, why
8 would you require a reserve to do so? The answer is
9 because the legislation contemplates that the amount
10 collected in each year from ratepayers may be
11 insufficient and that you require reserves to make up
12 the difference.

13 Next slide. Mr. Hacault's
14 interpretation of Section 40(2)(3) is equally
15 misguided. This section deals with the use of
16 reserves. It doesn't set the rules for establishing
17 reserves, as argued by Mr. Hacault. It is plain as
18 can be, the reserves created pursuant to Section (1)
19 may be used or employed by the Board.

20 And what can they -- they used -- be
21 used for, well, if we look down to subsection (3):

22 "Subject to approval of the
23 Lieutenant Governor in Council, they
24 can be used towards the construction
25 of new works."

1 The Act clearly contemplates the
2 "establishment of reserves to pay for new works." It
3 doesn't matter what Dr. Bonbright said back in 1966 or
4 in 1988. This is what the legislature of this
5 province authorized Manitoba Hydro to do.

6 Now, I'm not suggesting Bonbright has
7 no value. When applied appropriately, it's principles
8 are reasonable, but they are not the law in Manitoba,
9 nor do they necessarily apply in a cost of service
10 environment where there is no shareholder to
11 contribute equity.

12 The law in Manitoba is that Manitoba
13 Hydro's owner, the province of Manitoba, is not to use
14 its funds for the purpose of Mani -- for the purposes
15 of Manitoba Hydro; that's Section 43 of the Manitoba
16 Hydro Act.

17 The law in Manitoba is that the price
18 payable for power shall be such as to return to the
19 Corporation the full cost of supplying power; that
20 Section 39(1). And the law in Manitoba is that
21 Manitoba Hydro shall establish reserves, which
22 reserves may be used towards the cost of construction
23 of new works.

24 Now, we recognize Section 40 is
25 antiquated. It was written by our grandparents'

1 generation, and arguably contemplates maintaining cash
2 reserves to pay for new works. Obviously, the rate
3 increase sought today is not aimed at building
4 reserves so we can pay cash for the projects; that
5 time has long since passed.

6 And we're not suggesting a literal
7 reading of Section 40 is dictating Manitoba Hydro's
8 financial management. The Act needs updating in that
9 regard. Currently, there exist numerous Orders in
10 Council authorizing Manitoba Hydro's borrowings as
11 part of the comprehensive controls in place pursuant
12 to the Financial Administration Act; that is what
13 guides Manitoba Hydro's finances.

14 But what we do wish to make clear, is
15 Section 40 establishes that the legislature of this
16 province contemplated the depreciation may not be
17 sufficient to fund new works and authorizes inclusion
18 in rates an amount for that purpose.

19 The framers of the Manitoba Hydro Act
20 clearly recognize that in a cost of service
21 environment you need to provide for a contribution to
22 reserves for the purpose of new works. Regulatory
23 principles do not trump legislation.

24 Now, a number of Intervenors relied on
25 the 2005 decision of the Manitoba Court of Appeal

1 regarding the need to balance the fiscal health of the
2 Utility with interests of ratepayers and concluded
3 that Manitoba Hydro had failed to meet this onus.

4 Manitoba Hydro submits that these
5 Intervenors have not understood the Court of Appeal's
6 decision correctly. Mr. Peters, Mr. Williams, as he
7 was then known, and I were all counsel on that case.
8 Mr. Hacault was not yet on the scene. The Consumers
9 Association of Canada and MIPUG were seeking leave to
10 appeal a decision of the PUB, which awarded rate
11 increases in excess of the mathematical output of the
12 IFF, and which were not based on the strict output of
13 the cost of service study.

14 They were asking the court to tell the
15 PUB that it was required to use certain tools and
16 apply the results, even though, in the then panel's
17 judgment the Corporation required additional reserves
18 in light of the then recent drought and the risk it
19 faced going forward.

20 The court rejected the Intervenors
21 proposition and accepted the position of Manitoba
22 Hydro that the PUB is not bound by specific rules or
23 tests. It is in that context that the court stated:

24 "The Board's role is to balance the
25 fiscal health of the Utility with

1 the interests of ratepayers."

2 The court was dealing with and
3 identified the role of the PUB, not the role of
4 Manitoba Hydro. The PUB's role requires that when an
5 application comes before it, the process that follows
6 allows it to balance the fiscal health of the Utility
7 with the interests of ratepayers.

8 Legislation, past practice and
9 direction from the PUB determine Manitoba Hydro's
10 minimum filing requirements. Manitoba Hydro has never
11 filed economic impacts -- impact studies in support of
12 a rate request and did not do so when it submitted its
13 application in May of this year.

14 Upon receipt of an application, the PUB
15 sets both the process and the scope in the hearing.
16 In this case, in addition to the various finance
17 related documents it typically considers consistent
18 with Section 225(4) of the Crown Corporations
19 Governance and Accountability Act, the PUB, as it is
20 entitled to do, elected to define a focused
21 examination of macroeconomic impacts as falling within
22 the scope of this hearing. That decision Order 70 of
23 '17 was issued on June 30th of 2017.

24 The PUB also afforded Intervenors two
25 (2) rounds of IRs, the ability to present witnesses,

1 an opportunity to test evidence, and to submit
2 argument. The PUB also retained independent expert
3 consultants on certain matters. That is the balancing
4 of ratepayers' interests that the court speaks of.

5 The decision to include economic
6 impacts within the scope of the hearing was made
7 roughly two (2) months after Manitoba Hydro filed its
8 GRA, and after the Corporation had responded to two
9 (2) sets of minimum filing requirements, as directed
10 by the PUB. Of course Manitoba Hydro considered
11 retaining an expert to provide evidence, but given the
12 PUB retained in a -- a truly independent expert, Dr.
13 Yatchew, we elected not to do so.

14 Mr. Monnin stated in his closing
15 submission with respect to the evidence of
16 macroeconomic witnesses that:

17 "All of these witnesses, in one (1)
18 way, or one (1) shape or form, have
19 suggested that there will be a
20 significant economic -- there will
21 be significant economic impacts from
22 the rate increases."

23 Dr. Yatchew's conclusion pou -- found
24 at page 52 of his report was that:

25 "The projected rate increases are

1 likely to have a modest net effect
2 on aggregate Manitoba output in the
3 long run, though there could very
4 well be job losses and reduced
5 output in the short run."

6 A modest net effect does not equate
7 with a significant economic impact.

8 Next slide. MIPUG suggested that the
9 Board could draw an adverse interest for Manitoba
10 Hydro's perceived failure to call witnesses to speak
11 to the credit reports introduced in this proceeding.
12 As noted in Sopinka's Law of Evidence in Canada, in
13 civil cases, an adverse inference may be drawn where a
14 party fails to call a witness who would have knowledge
15 of the facts and would be assumed to be willing to
16 assist that party.

17 The power to draw this adverse interest
18 is discretionary. Prior to exercising his or her
19 discretion, a judge should consider whether the
20 witness has material evidence on the matter at issue,
21 whether the party has given a satisfactory explanation
22 for failing to call the witness, and whether the
23 witness was equally available to all parties or within
24 the exclusive jurisdiction -- exclusive control of one
25 (1) party.

1 Manitoba Hydro elected not to call any
2 witness representing a credit-rating agency because,
3 in our respectful submission, the veracity and
4 appropriateness of the methodology and conclusion of
5 the rate -- credit-rating agencies were outside the
6 scope of this hearing. For our purposes, these are
7 facts to be taken as a given.

8 Manitoba Hydro's decision not to call a
9 representative of a credit-rating agency is consistent
10 with past practice in General -- in General Rate
11 Applications before the PUB and in similar proceedings
12 across Canada. Further, it should be noted that
13 employees of credit-rating agencies were equally
14 available to all Intervenors. It was open to any of
15 the Intervenors to call -- to call the credit-rating
16 agencies as witnesses. Perhaps we could invite the
17 Board to draw an adverse interest from MIPUG's failure
18 to call these witnesses. They certainly relied on the
19 reports as they related to other utilities.

20 The reality is, the reports speak for
21 themselves. They're tantamount to business records in
22 this respect. There is no need to call the maker of
23 the report and no need for the Board to draw any
24 inference, either positive or negative, about the
25 parties choosing not to call these people to speak to

1 their reports. Remember also that producing these
2 reports was a requirement established by the PUB as
3 part of the minimum filing requirements. The PUB
4 itself indicated an intention to rely on these reports
5 without subpoenaing the -- the -- their makers, just
6 as they had in the past.

7 The Coalition's comments with respect
8 to bringing a representative of the Province, as was
9 done in a recent Manitoba Public Insurance GRA, and
10 that was transcript page 7,932 those comments fail to
11 acknowledge that it was the PUB who sponsored that
12 witness. We heard nothing but accolades for the work
13 of Ms. Stephen during this process, so I'm not sure
14 why we would need to call that witness, but if anyone
15 felt it was required, it was open for them to request
16 the PUB require this -- require this person's
17 attendance, as was done in -- with MPI.

18 Mr. Hacault also suggested there should
19 be some adverse interest for Manitoba Hydro's decision
20 not to call expert witnesses to refute Mr. Osler and
21 Mr. Forrest, and that's transcript page 8249, or to
22 engage someone such as Mr. Colaiacovo, who, in Mr.
23 Hacault's words, "deals with these markets all the
24 time."

25 Given the suggestion that these

1 witnesses are independent and here simply to assist
2 the Board, not to advocate a position prompted by
3 those who retained them, MIPUG's suggestion would
4 appear somewhat perverse. Nevertheless, we'll address
5 it.

6 The best -- the reality is that the
7 best qualified experts that this panel heard from
8 during this process are employed by Manitoba Hydro.
9 They live in this Province and work in this industry
10 each and every day. There has been attacks by the
11 Coalition and MIPUG during final arguments on Mr.
12 Shepherd, who has a long history in working with
13 utilities, including Crown-owned utilities, and
14 particular, Mr. McCallum, suggesting he doesn't have
15 experience in the utility business. Perhaps this is
16 an attempt to steer you away from the fact he has
17 extensive experience working in -- not observing, but
18 working in -- the finance and capital markets, a key
19 focus of this proceeding.

20 Singling out Mr. Shepherd and Mr.
21 McCallum ignores the fact that Manitoba Hydro comes to
22 this process as a team. With the greatest of respect
23 to my bosses, Mr. Shepherd and Mr. McCallum could not
24 and do not represent -- could not present Manitoba
25 Hydro's case on their own. Their work is dependent on

1 the good work of the dozen or so experienced Manitoba
2 Hydro personnel that appeared before you. Behind
3 those dozen witnesses is a back row full of
4 experienced Manitoba Hydro personnel, and back at the
5 office, many, many more. It's a large -- an
6 independent -- interdependent team with years of
7 experience that appears before you.

8 None of the Intervenor witnesses,
9 including Mr. Colaiacovo, have direct experience in
10 financial planning and capital structure
11 considerations working for a large, complex business
12 either as a director or senior executive. Their
13 knowledge of the inner workings of Manitoba Hydro is
14 limited to brief exposure through regulatory hearings.

15 Yet these Intervenors would have you
16 believe that they are in a better position to make
17 informed judgments regarding Manitoba Hydro's
18 financial stability and the appropriateness of its
19 borrowing than the wisdom of the Manitoba business
20 people who form Manitoba Hydro's Board of Directors.
21 These are experienced and knowledgeable Manitobans who
22 have taken a long, hard look at the situation and
23 identified a serious concern. These people have no
24 personal incentive to influence the outcome of your
25 decision.

1 It would be irresponsible to suggest
2 that Manitoba Hydro must spend tax -- ratepayers'
3 money to bring experts merely for the sake of having
4 another voice in the hearing that has already had the
5 benefit of Manitoba Hydro staff's own expertise, the
6 expert reports relied upon by the Utility in making
7 its rate application -- here I'm referring to KPMG and
8 BCG -- and where we've had the benefit of independent
9 expert consultants retained by the PUB. This is
10 particularly so if that evidence is simply to buttress
11 the evidence Manitoba Hydro is already capably able to
12 provide, or to avoid some misplaced adverse influence
13 concept from civil -- civil litigation in the
14 regulatory process.

15 Slide 15. The Coalition recommended at
16 transcript page 7,992 that the PUB find that there is
17 a demonstrable failure to undertake post-NFAT
18 integrated resource planning, stemming in part from
19 the uncertainty related to Efficiency Manitoba. The
20 Coalition further asked the PUB to underline in its
21 decision, and to Efficiency Manitoba through its
22 decision, the importance to invest more in
23 accessibility related to DSM, and to establish a
24 working group on integrated resource planning,
25 including stakeholders, Efficiency Manitoba and

1 Manitoba Hydro.

2 The Efficiency Manitoba Act was just
3 proclaimed a month ago. Efficiency Manitoba is not up
4 and running. When it is, Section 10 of its constating
5 legislation requires it submit its efficiency plans to
6 the PUB. Tt is inappropriate to use a Manitoba Hydro
7 General Rate Application to drive the course of
8 Efficiency Manitoba ahead of or outside of its own
9 regulatory framework.

10 When addressing the issue of demand-
11 side management in Efficiency Manitoba, Mr. Hacault
12 suggested at transcript page 8276 that the intent of
13 the legislation was never to impo -- was never to
14 impose increased costs on Manitobans, but rather was
15 to ensure that Manitobans would have the lowest cost
16 possible -- cost possible in their bills. Manitoba
17 Hydro submits that the Efficiency Manitoba Act has no
18 direction in terms of ensuring the lowest possible
19 cost to consumers and their bills.

20 Section 4 of the Efficiency Manitoba
21 Act includes a mandate to mitigate the impact of rate
22 increases. However, that mandate includes a number of
23 other considerations. The only piece of legislation
24 which dealt with ensuring the lowest possible cost to
25 consumers and their bills was the Affordable Utility

1 Rate Accountability Act. That Act was repealed in
2 2017.

3 Moving on to capital rel -- related
4 reply, I would first like to address the question of
5 whether further oversight of capital is necessary, as
6 suggested by some Intervenors. The PUB has already
7 been provided with detailed quarterly reports on
8 Manitoba Hydro's major projects. More focused reports
9 could be provided. If the existing ones are too
10 lengthy, or are otherwise not directed to the main
11 areas of concern of the PUB, we can address that. We
12 note the members of the PUB also attended Keeyask for
13 a site tour and an update, and a second such tour
14 could be arranged once further significant milestones
15 have been achieved.

16 In addition to the PUB, there are many
17 external parties with eyes on these projects. Section
18 16(1)(i.2) of the Manitoba Hydro Act requires Manitoba
19 Hydro to obtain approval from the Lieutenant Governor
20 in Council prior to developing new power generating --
21 generation stations. The Environment Act requires
22 approval and licensing prior to the commencement of
23 major projects, and depending on Ministerial
24 direction, may require a Clean Environment Commission
25 hearing.

1 Manitoba Hydro's projects are all
2 subject to provincial licenses and permits which are
3 monitored by several departments within the government
4 of Manitoba. In some instances, there is also federal
5 oversight, such as with MMTP. The final decision to
6 proceed with major capital projects properly rests
7 with the Manitoba Hydro Electric Board and the
8 Provincial government, given the impact of these
9 decisions on the Manitoba economy, Provincial energy
10 policy, and considering that the debt that is used to
11 fund these significant capital projects is guaranteed
12 by the Province of Manitoba.

13 It's noteworthy that the Keeyask
14 project is owned by a partnership, including four (4)
15 First Nations, all of whom are regulatory -- are
16 regularly monitoring, questioning, and watching. On
17 that project, there are also several external experts
18 involved in the construction and review. In addition
19 to contractors, for example, Hatch is involved in the
20 engineering work, KPMG is directly involved in the
21 recovery plan, Revay is involved in the management of
22 potential claims, and there is currently a cold eyes
23 review being done by former employees of PKI.

24 Internally, there is close scrutiny by
25 Manitoba Hydro's new Board of Directors and its major

1 project executive committee. Additional oversight is
2 not required, particularly when you consider the cost
3 of such review, and more importantly, the time and
4 effort required by those individuals who should
5 instead be focused on the building of the projects.

6 Additional oversight was suggested to
7 the PUB's own IEC, Dan Campbell of KCB. He was asked
8 by Mr. Hacault at transcript page 7270 about having
9 annual reviews done. Mr. Campbell did not agree.
10 First, he indicated that there were key points in the
11 construction schedule that would be timely in terms of
12 check-in by those directly involved in the
13 construction, but that certainly wasn't annually.

14 He didn't have an opinion on the PUB's
15 involvement in that or anyone else, such as
16 Intervenors. More importantly, when cross-examined on
17 this point, and this starts at transcript page 7379,
18 he was asked if those regular check-ins should include
19 an annual hearing. His answer, and I quote: "I
20 believe the proper response would be, God, no."

21 The next issue I'll deal with in inter
22 -- arising from Intervenor arguments is: Is another
23 BCG report on Keeyask required or -- and/or
24 appropriate prior to this year's construction season,
25 as suggested by GSS/GSM/KAP? The Keeyask project was

1 reviewed during prior PUB hearings, and the PUB itself
2 concluded there were good reasons to proceed with the
3 project, including the socioeconomic and environmental
4 benefits of the project, and the important commercial
5 relations that Manitoba Hydro had established with its
6 four (4) First Nation partners.

7 Keeyask underwent an invi -- a
8 vigorous environmental review at the hearings -- at
9 the -- at hearings before the Clean Environment
10 Commission, and the Commission recommended the project
11 to the Province of Manitoba. The Province then issued
12 a license.

13 In 2015, Manitoba Hydro hired a new
14 president. And as you've heard, he reviewed the
15 project, attended the site, sought advice, concluded
16 that the project must proceed. Manitoba Hydro's Board
17 at the time concurred. The Boston Consulting Group
18 completed a report after several months of work, and
19 also concluded the project should proceed. Manitoba
20 Hydro's new Board of Directors concurred, and it has
21 proceeded.

22 To tempt -- to now attempt to scramble
23 and have a new report prepared by BCG at a cost of
24 several more millions of dollars, and to have it peer
25 reviewed and tested by Intervenors, and all of this

1 before the summer, is impractical and unnecessary.
2 This Board will have hardly had time to deliberate and
3 provide its Order by then, and to what end? The panel
4 just reviewed the project in great detail. More
5 importantly, an additional review will mean the staff
6 who will -- who remained behind after our VDP program
7 will be tied up once again with that review rather
8 than focusing on the task at hand, which is completing
9 Keeyask on time and on budget.

10 I'd like -- next like to deal briefly
11 with Intervenor submissions regarding the synchronous
12 condensers. It has been suggested that Manitoba
13 Hydro's decision to budget for and tender the Bipole
14 III HVDC converter station projects with possible new
15 VSC technology was an example of underestimating based
16 on a high risk rejection of a long-standing
17 technology, LCC. This is simply not the case.

18 VSC technology had been implemented and
19 was coming into operation on HVDC projects around the
20 world. However, ultimately, the three (3) HVDC
21 vendors elected to bid the older LCC technology, as
22 they felt they could more competitively --
23 competitively price it. As such, synchronous --
24 synchronous condensers were -- were then required at a
25 higher cost.

1 However, there were also other market
2 factors that affected the budget, such as cost -- the
3 cost increase in HVDC projects due to an increase in
4 global demand for these projects. It should be noted
5 that investing in new technology can actually result
6 in savings, as is seen in the next example, and other
7 important advances. It's rather disappointing that
8 Intervenors would frown upon such advances when they
9 are continually challenging the Corporation to become
10 leading-edge and best in the country.

11 Next, I'm going to deal with the Gillam
12 Redevelopment Extension Program. This program was
13 used by Intervenors to attempt to demonstrate that
14 Manitoba Hydro's forecasting of sustaining capital
15 cannot be relied upon and was an overestimate. Again,
16 this is not the case. To the contrary, the evidence
17 produced about this program is demonstrative of
18 Manitoba Hydro's continual efforts to review, revamp,
19 and update its forecast when opportunities for savings
20 present themselves.

21 In this case, as outlined by Mr.
22 Midford, because Manitoba Hydro has a large presence
23 in the Gillam area, there is a substantial number of
24 residential dwellings owned and maintained by it. The
25 program was initially put in place in ant --

1 anticipation of further expansion requirements to meet
2 the additional infrastructure needs. However, the
3 expansion not -- the expansion did not materialize for
4 three (3) reasons.

5 First, Manitoba Hydro invested in new
6 technology that no longer required 24/7 staffing of
7 its facilities and resulted in a substantial savings.

8 Second, Manitoba Hydro's recent
9 staffing reduction decreased the need for new
10 residential dwellings and associated infrastructure.

11 And third, the cancellation of Conawapa
12 impacted the staffing projections. Manitoba Hydro
13 should not be criticized for making efforts to revamp
14 and revisit these projects.

15 Now, I can't leave the topic of the
16 Gillam Redevelopment Project without addressing Mr.
17 Hacault's comments. He appeared proud of the
18 characterization of himself as a dog with a bone about
19 Gillam. That's at transcript page 8272. He was very
20 concerned about why the forecast for costs in Gillam
21 had decreased by \$100 million. This was a focus of
22 some effort in cross-examination on behalf of MIPUG.

23 We contrast this with his position on
24 maximum long-term -- term debt at transcript page
25 8,262. Even though it is now \$2 billion more than

1 anticipated at NFAT, Mr. Hacault says, Yeah, it's a
2 bit higher, but with lower interest rates, I would
3 suggest it's not a huge issue.

4 Really? As demonstrated in Manitoba
5 Hydro's Exhibit 93 at page 14, the net debt is
6 actually forecast to increase to 3.5 billion, not 2.5
7 billion, as Mr. Hacault calculated. Three point five
8 billion dollars (\$3.5 billion) results in an annual
9 increase in interest expense of roughly \$175 million.
10 How can that not be a huge issue?

11 Last topic. You heard much about the
12 need for more benchmarking in the final arguments of
13 the Coalition and GSS/GSM/KAP. The Coalition says
14 there should be a major effort put towards
15 benchmarking. Mr. Monnin went as far as to draft a
16 fill-in-the-blanks contract for benchmarking services,
17 and put it on the record in an effort to demonstrate
18 how simple this would be to accomplish.

19 Mr. Shepherd described the challenges
20 and limitations of benchmarking on day 2 of the
21 hearing. He said:

22 "When you do these benchmarking
23 studies, you do them to determine
24 how you look compared to other
25 people in the industry. Obviously,

1 you prefer to have better
2 operational benchmarks than -- than
3 worse, but you also, I think -- I
4 would caution that you have to
5 perhaps understand that there are
6 differences, and you have to go
7 behind the benchmarks to understand
8 what the real opportunities are."

9 That's at transcript page 504.

10 Although the Board may feel tempted or even pressured
11 by Intervenors to direct Manitoba Hydro into the abyss
12 of independently creating and performing its own
13 series of Utility benchmarking studies, or, as
14 cynically suggested by Mr. Monnin, for the PUB to take
15 the wheel of the ship and perform the benchmarking
16 work, using this -- using that standard form contract
17 he provided as an example, Manitoba Hydro strongly
18 urge -- urges the PUB to resist any such temptation.

19 Board Member Grant reminded us during
20 this proceeding of the pitfalls of indiscriminately
21 applying benchmarking tools when he was speaking with
22 London Economics. And here, he said, at page 6,799:

23 "I'm going to preface this comment
24 by saying, I think a total factor
25 productivity study for Hydro

1 installation would be a disaster and
2 completely misleading."

3 No one in this proceeding has explained
4 what they hoped to achieve by undertaking costly
5 benchmarking studies. The evidence is clear from all
6 parties that any given utility is unquestionably
7 different. Each have their own collection of complex
8 and challenging circumstances.

9 This means to the extent that relevant
10 operational benchmarking may exist or is capable of
11 being created, it is of very little value to the
12 actual operational decisions that must be made by the
13 management of a utility or to the actual rate-setting
14 process within a cost of service model regulation.

15 Manitoba Hydro submits there is simply
16 no need, and very little value to be added in
17 performing additional benchmarking studies. There
18 would, however, be a significant cost of doing so.
19 Mr. Monnin produced a short, one (1) page contract.
20 The challenge of benchmarking does not lay in
21 retaining someone to do the work. The immediate
22 challenge is getting comparable results, but as Mr.
23 Shepherd pointed out, the real challenge is getting
24 behind benchmarks and identifying what the real
25 opportunities are. Mr. Monnin's contract doesn't give

1 us any of that, nor are the costly benchmarking
2 studies -- nor are costly benchmarking studies the
3 most efficient means of gaining those types of
4 insights.

5 The most efficient means of identifying
6 those type of opportunities is through industry
7 contacts through education. A benchmarking study has
8 no chance of success without its maker gaining an
9 understanding of the detailed operations of the
10 Utility, and working with the Utility to identify
11 metrics that are relevant to the Utility's operations.

12 Mr. Monnin's contract fails to
13 acknowledge the upfront effort required, nor the type
14 of metrics that would be useful. Mr. Monnin indicates
15 it's not that complicated, but look at the cross-
16 examination of London Economics and the holes it
17 revealed in their work. What did the cost of an --
18 what did the -- what did that cost for an
19 uncomplicated and not very useful study?

20 One (1) point I do agree with Mr.
21 Monnin -- Monnin on is that his contract is not
22 complex. It's also equivalent to a blank check to the
23 lucky consultant who signs it. His contract indicates
24 that Manitoba Hydro is to be benchmarked against other
25 vertically-integrated utilities. How about

1 vertically-integrated utilities with their generation
2 source a thousand kilometres away from its only major
3 centre, with a duty to serve all areas in a very large
4 and sparsely populated service territory, in
5 an extremely cold climate, with assets built primarily
6 post-World War II, and who also operate a gas utility?
7 Where is the comparable for that?

8 The fact is, there's a great deal of
9 work to be done implementing a benchmarking exercise,
10 and it can't be accomplished by an external party
11 alone. This means Manitoba Hydro's efforts would be
12 diverted towards trying to design new benchmarking
13 studies, again, for very limited value, instead of
14 working towards the implementation of the many
15 improvement initiatives that are currently in
16 progress.

17 And finally, with respect to the
18 benchmarking of -- of O&A expenses, we'd point out
19 that Manitoba Hydro has just had nine hundred (900)
20 people leave the organization. In some cases,
21 departments have been combined or eliminated. The
22 result of the benchmarking study undertaken while
23 working through such a upheaval are unlikely to be
24 reliable.

25 By Manitoba Hydro's count, Intervenors

1 have recommended the Board issue roughly forty-five
2 (45) new directives on top of its rate recommend --
3 their rate recommendations. If adopted, the
4 recommended directives represent a tremendous amount
5 of work, not just for Manitoba Hydro, but for the PUB.
6 Each of the recommendations has a cost, both in terms
7 of money and time. Neither Manitoba Hydro's nor the
8 PUB's res -- resources are unlimited. Priorities need
9 to be set.

10 One (1) thing that has been made clear
11 by our new senior management is that barring appeals,
12 directives will be complied with. There can be no
13 dispute that the objective of implementing a directive
14 is to provide value to the regulatory process. We
15 need, however, to be able to react and adjust if it
16 can be demonstrated that a directive's objectives, its
17 value, or its cost, is not what anyone had in mind
18 when it was issued. We would like to see a process
19 where we worked with the Board to achieve those
20 objectives.

21 Manitoba Hydro would thus like to
22 include a recommendation that the Board contemplate
23 follow-up or feedback mechanisms when issue -- when it
24 issues directives so that the work can proceed in a
25 meaningful way and provide the value all parties

1 desire.

2 And that concludes Manitoba Hydro's
3 reply submission. On behalf of Manitoba Hydro, I'd
4 like to thank you for listening. It's been a long
5 haul, and we know it's not over for the panel, but we
6 hope you're able -- able to at least enjoy the break
7 from listening and get to talk amongst yourselves.
8 And subject any questions, that concludes our remarks.

9 THE CHAIRPERSON: Thank you, Ms.
10 Ramage. I'll ask the panel if they have any
11 questions. No? Thank you.

12 Just one (1) point. I'm just wondering
13 if you want to have this marked as an exhibit.

14 MS. PATTI RAMAGE: And we just
15 realized we didn't hand it out around the room --

16 THE CHAIRPERSON: No, no, that's fine
17 -- that's fine --

18 MS. PATTI RAMAGE: -- so yes, that
19 would be --

20 THE CHAIRPERSON: -- we can make
21 copies later, but I think --

22 MS. PATTI RAMAGE: Yes, we should, and
23 maybe --

24 THE CHAIRPERSON: -- to complete the
25 record --

1 MS. PATTI RAMAGE: -- perhaps Mr.
2 Simonsen could advise us.

3 MR. KURT SIMONSEN: 142.

4

5 --- EXHIBIT NO. MH-142: Manitoba Hydro's Reply.

6

7 THE CHAIRPERSON: Thank you. Thank
8 you for the reply.

9

10 CLOSING COMMENTS BY THE CHAIRPERSON:

11 THE CHAIRPERSON: I'd just like to
12 make some closing comments before we conclude the
13 hearing.

14 The conclusion of Manitoba Hydro's oral
15 reply argument brings to a close the evidentiary
16 hearing of Manitoba Hydro's General Rate Application.
17 The oral evidentiary hearing commenced on December
18 4th, 2017. Since that time, and in addition to the
19 written evidence filed both before and during the oral
20 hearing, the Board has heard from five (5) Manitoba
21 Hydro witness panels, a number of Intervenor expert
22 witnesses, an Intervenor ratepayer panel, independent
23 expert consultant witnesses, as well as public
24 presenters.

25 This has been a lengthy and complex

1 hearing that has required a great deal of commitment
2 and time from all involved. I would like to take this
3 opportunity on behalf of the Board panel to thank all
4 parties and witnesses for their efforts in assisting
5 the Board. I would also like to thank all counsel for
6 their professional and cooperative approach in
7 ensuring the hearing move forward in as smooth a
8 manner as possible.

9 The Board also appreciates the
10 engagement in the process by members of the public,
11 whether through oral and written public presentations
12 to the Board, viewing the livestream, attending at the
13 hearing, and comments provided on the Board's website.
14 Later this spring, the Board will review the results
15 of these efforts and see if there are ways to further
16 enhance public consultation and public participation
17 within the limits of our resources.

18 On behalf of the hearing panel, I would
19 also like to thank the Board staff who assisted in the
20 running of this hearing. Thank you to associate
21 secretary Kurt Simonsen, secretary Darren Christle,
22 and assistant associate secretary Rachel McMillin; to
23 our judicial hearing officers, Kristen Schubert and
24 Diana Villegas; to our executive coordinator Angela
25 Wilde and our administrative assistant, Marjorie

1 Ostrander, who ensure that the Board's logistical
2 needs for the hearing are met, and importantly, that
3 we are fed and watered.

4 We have a small office of eight (8)
5 people, and the hearing panel has benefitted greatly
6 from the hard work of our dedicated Board staff. In
7 addition to that staff, I would specifically like to
8 thank Ricardo Rattan, who's sitting in the back row,
9 at this hearing, who is an IT specialist for the
10 government of Manitoba, who was responsible for
11 maintaining our hearing room technology.

12 I'd like to further thank our hearing
13 advisors for their countless hours in assisting the
14 hearing panel. Thank you to our accounting advisors
15 Roger Cathcart and Curtis Batten of Cathcart Advisors;
16 to our engineering advisors Brady Ryall and David
17 Bonin of Ryall Engineering; and our legal advisors Bob
18 Peters and Dayna Steinfeld of Fillmore Riley.

19 I would also like to personally thank
20 my colleagues on the hearing panel for their service
21 and dedication over the course of the many months and
22 many meetings during this General Rate Application. I
23 would particularly recognize the disruption caused to
24 the normal family and work lives of Board Member
25 McKay, who lives in Thompson, and Board Member

1 McCutcheon, who lives in Carman. The work of the
2 panel will con -- continue immediately after this
3 hearing as we embark on deliberations of the evidence
4 and issues in this General Rate Application.

5 Finally, I note that the Board is
6 committed to a continuous improvement process, to
7 introduce changes that enhance participation and
8 transparency, and promoting a more efficient and
9 effective hearing process. The Board review of our
10 hearing process was announced in December 2016, and
11 began with meetings with the utilities and Intervenors
12 in early 2017. We decided to suspend the process once
13 we knew that Manitoba Hydro was filing its General
14 Rate Application, and only resume it after completion
15 of the Manitoba Public Insurance General Rate
16 Application in October of 2017, and this General Rate
17 Application of Manitoba Hydro.

18 In the next few months, the Board will
19 announce the composition of a new Board committee that
20 will oversee the resumption of the hearing -- of the
21 hearing review process, the cut-off date for written -
22 - written comments, as well as the schedule for future
23 consultation. The Board welcomes written comments and
24 feedback from all parties in this current hearing
25 process, criticisms as well as constructive

1 suggestions of a general or specific nature.

2 Arising from this hearing, we would ask
3 that all parties review and provide written comments
4 on any matters related to process steps in this
5 general rate application, including minimum filing
6 requirements, and the content of the application, the
7 scoping of issues and developments of the --
8 development of the issues list, the treatment of
9 information considered confidential, technical
10 conferences or workshops, Information Requests,
11 prefiled evidence of Intervenor experts and
12 independent expert consultants, and ways to enhance
13 publication -- public consultation in the oral hearing
14 itself. You may wish to collect your thoughts and
15 provide your comments now while your ideas are fresh.
16 Your comments will be provided to the new Board
17 committee as soon as it is established.

18 On that note, this concludes the oral
19 evidentiary hearing of Manitoba Hydro's General Rate
20 Application. The Board's written decision will be
21 distributed after it is completed. We stand
22 adjourned. Thank you, all. Thank you.

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24 --- Upon adjourning at 10:07 a.m.

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4 Certified Correct,

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9 Cheryl Lavigne, Ms.

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