



PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 22<sup>nd</sup> floor 360 Portage Ave

Telephone / N° de téléphone : (204) 360-3633 • Fax / N° de télécopieur : (204) 360-6147 • ofernandes@hydro.mb.ca

November 29, 2016

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

Dear Mr. Christle:

**RE: Manitoba Hydro - General Rate Application**

On April 28, 2016, the Public Utilities Board of Manitoba ("PUB") issued Order 59/16 with respect to Manitoba Hydro's Application for Interim Electricity Rates Effective April 1, 2016. In this Order, the PUB directed that Manitoba Hydro file a comprehensive electric rate application by December 1, 2016 for rates to be effective August 1, 2017.

In May 2016, the Government of Manitoba requested that the Manitoba Hydro Electric Board ("MHEB") conduct a review of the BiPole III Reliability Project. Although the review began with a primary focus on Bipole III, the scope was expanded to include the Keeyask Generating Station, Manitoba Hydro's capital program and ultimately, the overall financial situation and operation of Manitoba Hydro.

On September 21, 2016, the MHEB released the results of its review which determined that Manitoba Hydro must move forward with completion of both the Bipole III Reliability Project and Keeyask Generating Station project. Manitoba Hydro is therefore moving forward and is committed to the completion of these projects with minimal delay and the least possible incremental cost.

The corporation is currently in the process of developing its financial forecast that addresses the risks facing the utility, and considers the conclusions included in the MHEB review. As such, Manitoba Hydro will not be in a position to file its rate application by December 1, 2016. Manitoba Hydro will advise the PUB early in 2017 as to the status of the development of its next rate application.

Should you have any questions with respect to this submission, please do not hesitate to contact the writer at 204-360-3633 or Greg Barnlund at 204-360-5243.

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:

A blue ink signature of Odette Fernandes, written in a cursive style.

**ODETTE FERNANDES**  
Barrister & Solicitor

March 17, 2017

BY EMAIL

Mr. Greg Barnlund  
Manager, Rates & Regulatory Affairs  
Manitoba Hydro  
360 Portage Avenue  
Winnipeg, MB R3C 2P4

Dear Mr. Barnlund:

**Re: Manitoba Hydro's Intentions in Respect of 2017 Rate Application(s)**

---

In Public Utilities Board ("Board") Order 59/16 the Board directed Manitoba Hydro to file a General Rate Application by no later than December 1, 2016 to allow for possible adjustment of consumer rates on August 1, 2017.

In that same Order, the Board indicated that if Manitoba Hydro was seeking revised consumer rates effective April 1, 2017, then its General Rate Application was to be filed no later than September 1, 2016.

Manitoba Hydro advised the Board by way of the attached letter dated November 29, 2016 that the Utility was not in a position to file its rate application by December 1, 2016 because it was developing financial forecasts that addressed the risks and considered the conclusions in the review commissioned by the Manitoba Hydro Electric Board. Manitoba Hydro indicated it would advise the Board in early 2017 as to the status of the development of its next rate application.

The Board requests Manitoba Hydro provides notice as to its intentions with respect to filing a General Rate Application with the Board in 2017. This notice will be beneficial for planning purposes and will allow for efficiencies in the Application process. Specifically, Manitoba Hydro is requested to:

1. Provide the expected date of the filing of Manitoba Hydro's next General Rate Application;
2. Set out Manitoba Hydro's key issues and material changes from its last General Rate Application;

3. Confirm that Manitoba Hydro's next rate application will include updated and revised information in response to all the Minimum Filing Requirements that were issued in respect of Manitoba Hydro's 2015/16 & 2016/17 General Rate Application and Manitoba Hydro's Supplemental Filing for Interim Electric Rates effective April 1, 2016;
4. State whether Manitoba Hydro has initial preferences or recommendations as to process and procedural matters including whether it would be expedient and efficient to consider:
  - additional MFRs from Parties so as to minimize Information Requests;
  - workshop(s) in advance of the filing of the next rate application to identify and explain Manitoba Hydro's key issues;
  - technical conferences at which Manitoba Hydro would explain technical issues to the Parties in lieu of Information Requests;
  - Information Request processes;
  - whether non-key issues can be addressed with written evidence and written submissions only; and
  - any other process and procedural suggestions to be considered at a Pre-Hearing Conference with all parties invited.

The Board requests Manitoba Hydro's response to the matters raised in this letter by **March 27, 2017**. Manitoba Hydro's response should also be copied to the same Parties who are copied on this letter. Thank you for your expected compliance.

Yours truly,

*"Original Signed By:"*

Darren Christle, MPA, B.A., CCLP, P.Log., MCIT  
Secretary/Executive Director

cc. All Intervenors of Past Record  
Bob Peters, Board Counsel  
Patti Ramage, Manitoba Hydro  
Odette Fernandes, Manitoba Hydro  
Shannon Gregorashuk, Manitoba Hydro



PO Box 815 • Winnipeg, Manitoba Canada • R3C 2P4  
Street Location for DELIVERY: 12<sup>nd</sup> floor 360 Portage Ave

Telephone / N<sup>o</sup> de téléphone: (204) 360-5243 • Fax / N<sup>o</sup> de télécopieur: (204) 360-6125 • gbarnlund@hydro.mb.ca

---

March 24, 2017

Darren Christle  
Secretary and Executive Director  
Public Utilities Board of Manitoba  
400 – 330 Portage Avenue  
Winnipeg, Manitoba R3C 0C4

Dear Mr. Christle:

**RE: MANITOBA HYDRO INTENTIONS IN RESPECT OF 2017 RATE APPLICATION(S)**

Manitoba Hydro is in receipt of the letter of the Public Utilities Board (“PUB”) dated March 17, 2017 requesting information as to Manitoba Hydro’s intentions with respect to filing a General Rate Application (“GRA”) in 2017.

Manitoba Hydro anticipates filing its next GRA with the PUB in late April or early May. The Application materials are planned to include updated responses and information to most of the PUB’s Minimum Filing Requirements (“MFR”) issued with respect to the 2015/16 and 2016/17 GRA and Manitoba Hydro’s Supplemental Filing for Interim Electric Rates effective April 1, 2016. In its filing, Manitoba Hydro will identify any MFRs where it is unable to provide a response, such as those where the information is unavailable or where the MFR dealt with matters specific to a previous application only.

The significant new matters or material changes since Manitoba Hydro’s last General Rate Application include the following:

- Appointment of a new Manitoba Hydro-Electric Board and its subsequent review of the Corporation’s operations, capital programs and finances.
- Increase in the control budget for the Keeyask Generating Station and delay in first unit in-service date;
- Increase in the control budget for the Bipole III Reliability Project;
- Deterioration in the forecast of domestic load growth;
- Reduced outlook for escalation in the pricing of extra-provincial sales, and;
- Substantial headcount and operating cost reduction underway at the Corporation.

As such, Manitoba Hydro anticipates the major topics and issues to be deliberated in the next GRA to include:

- Confirmation of 2016/17 interim rates approved in Order 59/16;
- Proposed rate increases for the 2017/18 and 2018/19 fiscal years;
- Integrated Financial Forecast and related assumptions (interest rates, export prices, operating costs, load forecast and capital renewal needs);
- Current and prospective financial position for the Corporation and risks associated therewith;
- Capitalization and financial vulnerability of the Corporation and the plan to address;
- Cost of Service Study (PCOSS18) and proposed rate increases;

- Previous PUB Directives regarding asset condition assessments and the bill affordability collaborative process; and
- The treatment of the Corporation's expenditures for the Conawapa Generating Station project.

In order to establish a workable scope for the hearing process, Manitoba Hydro does not intend to significantly address issues which have been extensively canvassed in past hearings or issues which are not directly pertinent to the current application (i.e. the appropriateness of using an Average Service Life or Equal Life Group depreciation methodology, and the status of the new entity responsible for Demand Side Management). Manitoba Hydro proposes that the review of these (and similar) issues in this GRA will be limited to the assumptions contained in the financial forecasts. Further, rate design matters such as inverted rates or time-of-use rates will not be proposed as part of this GRA.

The PUB has also requested Manitoba Hydro provide its initial preferences or recommendations as to process and procedural matters, and included a list of potential considerations which may result in a more expedient and efficient process. Manitoba Hydro is appreciative of the PUB's initiative and welcomes the opportunity to provide the following views and recommendations with respect to the process:

**1. Scope should be defined as early as practical and strictly adhered to by all parties during the regulatory process.**

Manitoba Hydro is strongly of the view that the effectiveness of a regulatory process is of paramount importance and that the establishment of an appropriate scope of issues to be addressed is critical to conducting an effective process. It is important that all parties invest sufficient time and effort in the beginning stages of the process to enable the PUB to determine the right process steps and scope in order to achieve the best possible outcomes for the ratepayers. It is imperative that interveners take appropriate steps to examine Manitoba Hydro's filing as soon as it is publicly available, and be fully prepared to address the issues to be considered in and out of scope at the Pre-Hearing Conference to follow. Manitoba Hydro is of the view that the PUB's Procedural Order should delineate and prioritize those matters that will be reviewed during the GRA, and correspondingly identify those matters that will be deferred for future consideration or that are not significant to the PUB's review. Subsequent PUB determinations with respect to participant budgets, MFRs or Information Request (IR) processes could then be made with the benefit of a clear understanding of the scope of the hearing.

**2. Minimum Filing Requirements and Information Requests should be limited to those that are significant and relevant, and that can be provided with reasonable effort.**

Manitoba Hydro is supportive of all efforts undertaken by the PUB to ensure that the volume of information requested is appropriate in recognition of the significant internal cost to responding to information requests and that more information does not, in and of itself, guarantee a better regulatory outcome. Furthermore, Manitoba Hydro is not convinced that more MFRs serve to reduce the overall number of information requests that are asked.

Should parties be given the opportunity to ask MFRs of Manitoba Hydro, it is expected that the parties consider the MFRs already posed by the PUB in order to reduce the potential for duplication, address subject matter that is relevant and significant to the issues to be decided on by the PUB, and can be provided within reasonable effort and time by the applicant.

Manitoba Hydro acknowledges that all parties require the ability to clarify and understand Manitoba Hydro's application and positions on issues by way of IRs; however, in the proceedings between 2008 and 2012, Manitoba Hydro has received on average approximately 2,000 IRs in each proceeding. MFRs from Interveners should be considered only if they serve to reduce, and not increase, the number of IRs asked and/or eliminate the need for a second round of IRs.

In the past, the PUB has required Interveners to coordinate efforts to minimize duplication and costs that are ultimately passed on to ratepayers. Manitoba Hydro believes that further improvements could be made by establishing a limit (by Intervener) on the number of IRs that may be asked of the applicant to give participant clear direction to focus their intervention. Manitoba Hydro also supports a staged approach where the PUB provides its IRs first, followed by interveners in an order specified by the PUB, which would allow parties to avoid duplication of efforts. If the PUB determines that a second round of IRs is required, these should be limited to clarification of responses provided to first round IRs.

**3. An Application Overview Workshop has value, provided that all Interveners actively participate in the process.**

An Application Overview Workshop, held after the filing of the Application materials and prior to the Pre-Hearing Conference, may be useful in assisting all parties to better prepare for the discussion of scope at the Pre-Hearing Conference. Manitoba Hydro also strongly supports the development of an issues list which would be of assistance to the PUB Panel in determining the final scope of the hearing process. An independent party, such as the PUB staff or advisors (and not the Applicant) should be responsible for developing and maintaining the issues list.

**4. Technical Conferences may be useful in conjunction with written information requests as a way of focusing the oral hearing to the high level policy issues.**

Manitoba Hydro observed through the recent COSS Review that technical conferences may not be a practical substitute for IRs, but may be highly useful when used in conjunction with a prior round of information requests. Manitoba Hydro believes that addressing detailed technical topics through a transcribed technical conference in advance of the oral hearing process may result in a more focused hearing and a more fulsome examination of the policy considerations that are germane to the decisions to be made by the PUB.

**5. Reviewing non-key issues through a written process may allow for the oral hearing to focus on significant policy issues relevant to the PUB's review.**

Manitoba Hydro is supportive of a process which focuses the oral hearing on significant policy issues. Evidence or submissions not directly related to the significant policy issues being dealt with at the oral hearing could be addressed with written submissions provided that a clear delineation is provided by the PUB regarding those issues that are to be addressed through the written process and technical conferences, and those that will be the subject of the oral hearing.

**6. Intervener funding and participation in the regulatory process should consider the scope established by the PUB and the value that all ratepayers receive from their contribution to the process.**

Manitoba Hydro proposes that the PUB establish an overall funding limit for interventions on a top-down basis and allocate those funds amongst intervener participants based on the approved scope of intervention for each participant. Moreover, where a new party is approved to intervene, the scope of intervention and associated costs of existing Interveners with similar interests and/or representing the same class should be reduced accordingly. Recognizing that the cost of intervention is ultimately borne by all ratepayers, Manitoba Hydro is of the view that interveners should be required to justify their proposed intervention and that intervener funding should not be provided to parties that largely represent their own commercial interests. Moreover, Manitoba Hydro is also of the view that the shorter timeframes associated with a GRA (compared to the NFAT, for example) should not require interim funding be provided.

Manitoba Hydro looks forward to continuing to work in a cooperative manner with all parties in the upcoming GRA process. Should you have any questions with respect to the forgoing, please contact Greg Barnlund at 204-360-5243 or Shannon Gregorashuk at 204-360-4270.

Yours truly,

**MANITOBA HYDRO, RATES & REGULATORY AFFAIRS**

Per:



**GREG BARNLUND**

Division Manager

cc : Patti Ramage, Manitoba Hydro  
Odette Fernandes, Manitoba Hydro  
Shannon Gregorashuk, Manitoba Hydro  
Bob Peters, Board Counsel  
All Interveners of Past Record