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March 9, 2015

By email

The Public Utilities Board of Manitoba  
Attention: Mr. Darren Christle  
400 – 330 Portage Avenue  
Winnipeg, MB R3C 0C4

Dear Mr. Christle:

**Re: Manitoba Hydro 2014/15 and 2015/16 GRA**

Attached please find the information requests in which the Coalition seeks a Board Order confirming that Manitoba Hydro should provide the information requested. The Coalition notes that it has had a number of exchanges of correspondence with Manitoba Hydro since February 26, 2015.

The Coalition understands that Manitoba Hydro has withdrawn some objections.<sup>1</sup> In addition, the Coalition is withdrawing certain portions of its information requests based upon its view that it can more effectively address the information requested in cross examination or during the Cost of Service Proceeding.<sup>2</sup>

The Coalition notes that many of the remaining information requests relate to three issues:

- i. Is IFF11-2 a better basis for analyzing forecast variance or is 1FF12?
- ii. What is the proper approach to sharing electronic data?
- iii. What is the appropriate treatment of information requests related to the confirmation of diesel rates?

The Coalition is satisfied that there has been an exchange of views on these issues and that Board adjudication is required.

Yours truly,

**BYRON WILLIAMS  
DIRECTOR**

BW/sk

c.c. CAC (Manitoba)/ Winnipeg Harvest (the Coalition)  
Manitoba Hydro, Ms. Odette Fernandes and Mr. Brent Czarnecki  
Fillmore Riley, Mr. Robert Peters, Board Counsel  
Other interested parties

<sup>1</sup> For example, information requests related to Coalition/Hydro 1-4 and 1-66. In addition, Hydro withdrew its objection to Coalition 19 d) which was actually aimed at Coalition 19 b).  
<sup>2</sup> The Coalition withdraws the following questions, Coalition/Hydro 1- 16 c) 1-16 d), 1-103 e) 1-104 c) 1-104 d), 1-104 e), 1-107 b), 1-107 d), 1-107 e), 1-107 f), 1-108 b), 1-108 d), 1-108 e), 1-108 f), 1-111 a), 1-111 b), 1-111 c), 1-111 d).

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

It is noted that the Application in the last GRA was filed based on IFF11-2 and that IFF12 was subsequently filed during the proceeding.

**QUESTION:**

Please confirm that the revenue and expense categories used in Tab 3 and the associated IFF are the same as those used in Tab 5 (page 3). If not, please explain any differences and provide a reconciliation for each of the years 2014/15 – 2016/17.

**RATIONALE FOR QUESTION:**

To compare MH11-2, which was the basis for the initial 2012/13 & 2013/14 GRA and for the information request responses subsequently filed during the proceeding, with the actual results for those years. The question goes to the credibility of the rate increase.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

### **COALITION RESPONSE**

The Coalition is puzzled why Hydro would object to this information request. Hydro has misread the question.

The objection is not responsive to the question which simply seeks confirmation that the revenue and expense categories used in Tab 3 and the associated IFF are the same as those used in Tab 5 (page 3) and if not, for a reconciliation of the figures.

The Coalition is simply trying to ensure that the categories found in Tab 3 of the Hydro application are comparable to those found in Tab 5.

Hydro's proposed alternative is directed at an entirely different issue and is not responsive.

We would ask that Hydro be directed to answer the question as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

It is noted that the Application in the last GRA was filed based on IFF11-2 and that IFF12 was subsequently filed during the proceeding.

**QUESTION:**

For each of the years 2012/13 and 2013/14 please provide a schedule that contrasts the individual Operating Statement values as forecast in MH11-2 with the actual values and provide explanations for any material variances. For reference purposes please also include in the schedule the actual values for 2011/12.

**RATIONALE FOR QUESTION:**

To compare MH11-2, which was the basis for the initial 2012/13 & 2013/14 GRA and for the information request responses subsequently filed during the proceeding, with the actual results for those years. The question goes to the credibility of the rate increase.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

### **COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting purposes in that unlike IFF12

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

As a result, I believe that IFF11-2 - is an important base to use when looking at changes (i.e. Not only was it the foundation for the previous application and the basis for the IRs and parties' evidence but it shows materially different results for the current test period

Our client would ask that Hydro be directed to undertake the comparison based upon the extensively tested IFF (11-2).

<b>Section:</b>	Tab 3 Tab 5 2012/13 & 2013/14 GRA, Appendix 4.2	<b>Page No.:</b>	5 3  31 & 33
<b>Topic:</b>	Integrated Financial Forecast and Economic Outlook		
<b>Subtopic:</b>	Electric Operations Forecast (MH14)		
<b>Issue:</b>	Comparison with Previous Forecasts		

**PREAMBLE TO IR (IF ANY):**

It is noted that the Application in the last GRA was filed based on IFF11-2 and that IFF12 was subsequently filed during the proceeding.

**QUESTION:**

For each of the years 2012/13 and 2013/14 please provide a schedule that compares the individual Balance Sheet values as forecast in MH11-2 with the actual values and provide explanations for any material variances. For reference purposes, please also include the actual values for 2011/12.

**RATIONALE FOR QUESTION:**

To compare MH11-2, which was the basis for the initial 2012/13 & 2013/14 GRA and for the information request responses subsequently filed during the proceeding, with the actual results for those years. The question goes to the credibility of the rate increase.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting purposes in that unlike IFF12

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

It is noted that the Application in the last GRA was filed based on IFF11-2 and that IFF12 was subsequently filed during the proceeding.

**QUESTION:**

Please provide a schedule similar to Figure 3.2 but which contrasts MH11-2 with MH14 for: i) each of the years 2014/15-2016/17 and ii) the period 2014/15-2023/24.

**RATIONALE FOR QUESTION:**

Understand what has changed from MH11-2, which was the basis for the initial 2012/13 & 2013/14 GRA and the basis for the information request responses subsequently filed during the proceeding, and from MH12, which was filed during the last GRA, as compared to the current MH14 forecast. The issue goes to credibility of Hydro's current forecasts which is central to rate setting.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

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There can be no doubt that IFF11-2 is the superior forecast for rate setting purposes in that unlike IFF12

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In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

It is noted that the Application in the last GRA was filed based on IFF11-2 and that IFF12 was subsequently filed during the proceeding.

**QUESTION:**

Please provide a commentary similar to that in PUB/MH I-22 (from the last GRA) that explains, by revenue and expense category, the variances between the two financial projections (i.e. MH11-2 and MH14) for i) each of the years 2014/15 to 2016/17 and ii) the period 2014/15 to 2023/24.

**RATIONALE FOR QUESTION:**

Understand what has changed from MH11-2, which was the basis for the initial 2012/13 & 2013/14 GRA and the basis for the information request responses subsequently filed during the proceeding, and from MH12, which was filed during the last GRA, as compared to the current MH14 forecast. The issue goes to credibility of Hydro's current forecasts which is central to rate setting.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro

will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

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- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting purposes in that unlike IFF12

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

<b>Section:</b>	Tab 3: Figure 3.2 Tab 5, Figure 5.1.0	<b>Page No.:</b>	5 3
<b>Topic:</b>	Integrated Financial Forecast and Economic Outlook		
<b>Subtopic:</b>	Electric Operations Forecast		
<b>Issue:</b>	Comparison with Previous Forecasts		

**PREAMBLE TO IR (IF ANY):**

It is noted that the Application in the last GRA was filed based on IFF11-2 and that IFF12 was subsequently filed during the proceeding.

**QUESTION:**

It is noted that DSM affects both revenues and expenses over these periods. What is the overall impact of the increased DSM spending and associated energy/capacity savings in MH14 on net income for the periods 2015-2017 and 2015-2024 when MH14 is compared to MH11-2, after taking into account all of these impacts?

**RATIONALE FOR QUESTION:**

Understand what has changed from MH11-2, which was the basis for the initial 2012/13 & 2013/14 GRA and the basis for the information request responses subsequently filed during the proceeding, and from MH12, which was filed during the last GRA, as compared to the current MH14 forecast. The issue goes to credibility of Hydro's current forecasts which is central to rate setting.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting purposes in that unlike IFF12

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

<b>Section:</b>
<b>Topic:</b>
<b>Subtopic:</b>
<b>Issue:</b>

**PREAMBLE TO IR (IF ANY):**

The Application makes reference (page 6) to a change in the classification of the Great Northern Transmission Line (GNTL) costs.

**QUESTION:**

Please provide a schedule that sets out, for each IFF (from IFF11-2 through to IFF14) that included costs for the GNTL, the annual costs from the initial year of first inclusion through to 2023/24 and how they were classified.

**RATIONALE FOR QUESTION:**

Manitoba Hydro has changed the classification of GNTL costs. The request seeks to clarify the appropriateness of incorporating certain costs into rates. The information request seeks different information than posed in PUB/MH 1-21.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

## **COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting purposes in that unlike IFF12

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a set of schedules that set out the values for MH's consolidated financial targets as forecast in IFF11-2 and IFF12 for 2012/13 and 2013/14. In the same schedule please provide the actual values for the two years.

**RATIONALE FOR QUESTION:**

Compare actual financial target results with forecasts from the previous GRA. Credibility of forecasting is central to rate setting.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2 and IFF 12. IFF11-2 is clearly the superior IFF for analytic purposes.

IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting purposes in that unlike IFF12

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please also provide a set of schedules that set out the values for MH-electric's financial targets as forecast in IFF11-2 and IFF12 for 2012/13 and 2013/14. In the same schedule please provide the actual values for the two years.

**RATIONALE FOR QUESTION:**

Compare actual financial target results with forecasts from the previous GRA. Credibility of forecasting is central to rate setting.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2 and IFF 12. IFF11-2 is clearly the superior IFF for analytic purposes.

IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting purposes in that unlike IFF12

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please update the materials in Appendix 11.14 to include the years back to 2011/12 and the results from IFF11-2 and IFF12. Please report actual values w[h]ere appropriate

**RATIONALE FOR QUESTION:**

Assist in understanding the factors affecting the change in the outlook for Manitoba Hydro's financial targets which goes to credibility of forecasts. Questions are distinct from those posed in PUB/Hydro 1-17.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

## COALITION RESPONSE

The Coalition question proposed the response be based on IFF11-2 and IFF 12. Hydro agrees to provide an answer based on IFF 12 but excludes the more valuable IFF.

IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting purposes in that unlike IFF12

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

<b>Section:</b>	Tab 3	<b>Page No.:</b>	13 - 15
<b>Topic:</b>	Integrated Financial Forecast and Economic Outlook		
<b>Subtopic:</b>	Electric Operations Forecast		
<b>Issue:</b>	Financial Targets		

**PREAMBLE TO IR (IF ANY):****QUESTION:**

Please provide a schedule that for the same period as requested in part (a) sets out the debt levels (as defined for purposes of the debt/equity ratio calculation) for each year based on IFF11-2, IFF12, IFF13 and IFF14.

**RATIONALE FOR QUESTION:**

Assist in understanding the factors affecting the change in the outlook for Manitoba Hydro's financial targets which goes to credibility of forecasts. Questions are distinct from those posed in PUB/Hydro 1-17.

**RESPONSE:**

Please see the following table.

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

<b>Section:</b>	Tab 3	<b>Page No.:</b>	13 - 15
<b>Topic:</b>	Integrated Financial Forecast and Economic Outlook		
<b>Subtopic:</b>	Electric Operations Forecast		
<b>Issue:</b>	Financial Targets		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a schedule that for the same period as requested in part (a) sets out the sum of Net Fixed Assets In-Service plus Assets Under Construction for each year based on IFF11-2, IFF12, IFF13 and IFF14.

**RATIONALE FOR QUESTION:**

Assist in understanding the factors affecting the change in the outlook for Manitoba Hydro's financial targets which goes to credibility of forecasts. Questions are distinct from those posed in PUB/Hydro 1-17.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2, IFF 12 and IFF13.

The Coalition question proposed the response be based on IFF11-2, IFF 12 and IFF 13. Hydro agrees to provide an answer based on IFF 12 but excludes the more valuable IFF11-2 as well as IFF 13.

While Hydro actually compares its analysis to IFF13 in its application (Tab 3, page 5), the Coalition is prepared to withdraw its request for IFF13 on the grounds that the IFF has not been tested in past proceedings.

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that a comparison to IFF11-2 be provided. The request for IFF13 is withdrawn.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

With respect to page 14, lines 12-16, since the calculation of the interest coverage ratio includes interest capitalized in both the numerator and the denominator and does not take into account cash flow from depreciation, please explain how a value of less than 1.0 indicates the utility would: i) experience elevated operational liquidity risk and ii) potential difficulty generating sufficient revenues and cash from operations to pay interest obligations.

**RATIONALE FOR QUESTION:**

Assist in understanding the factors affecting the change in the outlook for Manitoba Hydro's financial targets which goes to credibility of forecasts. Questions are distinct from those posed in PUB/Hydro 1-17.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition understands that Hydro has withdrawn its objection to this information request because its original objection to 19 d) was meant for 19 b). The Coalition understands that MH will answer 19 d) but will object to 19 b).

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

With respect to page 14, line 21, please provide a schedule that sets out the capital cost of Bipole III as used in IFF11-2, IFF12, IFF13 and IFF14 and explain any material variances.

**RATIONALE FOR QUESTION:**

Assist in understanding the factors affecting the change in the outlook for Manitoba Hydro's financial targets which goes to credibility of forecasts. Questions are distinct from those posed in PUB/Hydro 1-17.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2, IFF 12, IFF 13 and IFF 14. Hydro agrees to provide an answer based on IFF 12 but excludes the more valuable IFF11-2 as well as IFF 13.

While Hydro actually compares its analysis to IFF13 in its application (Tab 3, page 5), the Coalition is prepared to withdraw its request for IFF13 on the grounds that the IFF has not been tested in past proceedings.

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that a comparison to IFF11-2 be provided. The request for IFF13 is withdrawn.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

With respect to page 14, line 21, please provide a schedule that sets out the capital cost of Keyask as used in IFF11-2, IFF12, IFF13 and IFF14 and explain any material variances

**RATIONALE FOR QUESTION:**

Assist in understanding the factors affecting the change in the outlook for Manitoba Hydro's financial targets which goes to credibility of forecasts. Questions are distinct from those posed in PUB/Hydro 1-17.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2, IFF 12, IFF 13 and IFF 14. Hydro agrees to provide an answer based on IFF 12 but excludes the more valuable IFF11-2 as well as IFF 13.

While Hydro actually compares its analysis to IFF13 in its application (Tab 3, page 5), the Coalition is prepared to withdraw its request for IFF13 on the grounds that the IFF has not been tested in past proceedings.

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that a comparison to IFF11-2 be provided. The request for IFF13 is withdrawn.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

With reference to page 14 (lines 21-22), please provide a schedule that sets out the annual spending for the years 2011/12 through 2031/32 for i) DSM and ii) the renewal and replacement of aging infrastructure as forecast in IFF11-2, IFF12, IFF13 and IFF14. Where appropriate please include the actual spending values in the schedule.

**RATIONALE FOR QUESTION:**

Assist in understanding the factors affecting the change in the outlook for Manitoba Hydro's financial targets which goes to credibility of forecasts. Questions are distinct from those posed in PUB/Hydro 1-17.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2, IFF 12, IFF 13 and IFF 14. Hydro agrees to provide an answer based on IFF 12 but excludes the more valuable IFF11-2 as well as IFF 13.

While Hydro actually compares its analysis to IFF13 in its application (Tab 3, page 5), the Coalition is prepared to withdraw its request for IFF13 on the grounds that the IFF has not been tested in past proceedings.

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that a comparison to IFF11-2 be provided. The request for IFF13 is withdrawn.

<b>Section:</b>	Tab 3: Appendix 3.3	<b>Page No.:</b>	4-5
<b>Topic:</b>	Integrated Financial Forecast and Economic Outlook		
<b>Subtopic:</b>	Demand Side Management		
<b>Issue:</b>	Actual and Forecasted DSM Savings and Costs		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a schedule that shows the actual/forecast annual spending on DSM for the period 2012/13 to 2033/34 based on each of IFF11-2, IFF12, IFF13 and IFF14.

**RATIONALE FOR QUESTION:**

Understand how the forecast DSM savings and spending have changed from previous IFFs and actual results to-date. This goes to reliability of past forecasts and the reasonableness of the current plan.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR is outside the scope of this proceeding based on the PUB's direction in Order 18/15. In its Order, the PUB considered the specific details of Manitoba Hydro's DSM plans to have been extensively reviewed in the prior GRA as well as in the NFAT review and specifically rejected the proposed evidence of Mr. Chernick on DSM targets and specific measures to achieve the targets. Further, and consistent with the above-noted finding, the PUB stated that it intended to focus its review "...on the reasonableness of and justification for, Manitoba Hydro's projected DSM expenditures during the test years." This IR requests information regarding targets and measures, as well as information outside the test years and from multiple IFFs, that are beyond the scope identified by the PUB with respect to DSM matters.

As per the PUB's direction in Order 18/15, in responding to this IR Manitoba Hydro will provide information on projected DSM expenditures that is available for the test years.

**COALITION RESPONSE:**

The purpose of this question (23) is see how much expenditures have increased in IFF14 relative to the past (in general) and by how much the forecast savings have increased. The reasonableness of the higher spend can only be gauged against what it delivers in terms of higher results.

MH is proposing a significant increase in DSM spending relative to previous financial projections and the previous GRA. This will have a direct impact on the revenue requirement in both the test years and beyond.

As noted by MH the scope of the current hearing is to focus - *“...on the reasonableness of and justification for, Manitoba Hydro’s projected DSM expenditures during the test years.”*

However, it is impractical to address the reasonableness and justification for the projected DSM expenditures without also looking at and understanding (at least at an aggregate level) the increase in energy savings that is accompanying this increase in spending.

COALITION/MH I-23 is seeking to do just that by comparing the planned expenditures and savings (in aggregate) as projected for the current GRA with those projected in previous IFFs and the last GRA.

The years beyond the test years are relevant as MH’s rationale for its proposed 3.95% rate increases over the test years is based, in large part, on the projected financial outlook for the Corporation beyond 2016/17.

It should be noted that, consistent with the PUB’s view that the specific details of MH’s DSM plans were extensively reviewed previously, this question does not deal with program specifics or the metrics of specific programs. Rather it focuses on aggregate spending, aggregate achievements and aggregate program metrics.

The Coalition would ask that the question be answered as posed.

In the event the Panel determines that it wishes to only provide a comparator with one prior test year, the Coaliton would recommend that the panel consider IFF11-2 or 12.

While the Coalition has expressed a strong preference for IFF11-2 in many prior information requests, there was not evidence filed related to DSM or an extensive testing of DSM expenditures in IFF11-2 or 12. There is less likely to be a distinction between the two IFFs on this specific issue.



<b>Section:</b>	Tab 3: Appendix 3.3
<b>Topic:</b>	Integrated Financial Forecast and Economic Outlook
<b>Subtopic:</b>	Demand Side Management
<b>Issue:</b>	Actual and Forecasted DSM Savings and Costs

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a schedule that sets out the annual actual/forecast amortization of DSM costs included in the revenue requirement for the period 2012/13 to 2033/34 based on each of IFF11-2, IFF12, IFF13 and IFF14.

**RATIONALE FOR QUESTION:**

Understand how the forecast DSM savings and spending have changed from previous IFFs and actual results to-date. This goes to reliability of past forecasts and the reasonableness of the current plan.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR is outside the scope of this proceeding based on the PUB's direction in Order 18/15. In its Order, the PUB considered the specific details of Manitoba Hydro's DSM plans to have been extensively reviewed in the prior GRA as well as in the NFAT review and specifically rejected the proposed evidence of Mr. Chernick on DSM targets and specific measures to achieve the targets. Further, and consistent with the above-noted finding, the PUB stated that it intended to focus its review "...on the reasonableness of and justification for, Manitoba Hydro's projected DSM expenditures during the test years." This IR requests information regarding targets and measures, as well as information outside the test years and from multiple IFFs, that are beyond the scope identified by the PUB with respect to DSM matters.

As per the PUB's direction in Order 18/15, in responding to this IR Manitoba Hydro will provide information on projected DSM expenditures that is available for the test years.

Moreover, this IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to

provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

### **COALITION RESPONSE:**

The purpose of this question (23) is see how much expenditures have increased in IFF14 relative to the past (in general) and by how much the forecast savings have increased. The reasonableness of the higher spend can only be gauged against what it delivers in terms of higher results.

MH is proposing a significant increase in DSM spending relative to previous financial projections and the previous GRA. This will have a direct impact on the revenue requirement in both the test years and beyond.

As noted by MH the scope of the current hearing is to focus - *"...on the reasonableness of and justification for, Manitoba Hydro's projected DSM expenditures during the test years."*

However, it is impractical to address the reasonableness and justification for the projected DSM expenditures without also looking at and understanding (at least at an aggregate level) the increase in energy savings that is accompanying this increase in spending.

COALITION/MH I-23 is seeking to do just that by comparing the planned expenditures and savings (in aggregate) as projected for the current GRA with those projected in previous IFFs and the last GRA.

The years beyond the test years are relevant as MH's rationale for its proposed 3.95% rate increases over the test years is based, in large part, on the projected financial outlook for the Corporation beyond 2016/17.

The Coalition would ask that the question be answered as posed.

In the event the Panel determines that it wishes to only provide a comparator with one prior test year, the Coaliton would recommend that the panel consider IFF11-2 or 12.

While the Coalition has expressed a strong preference for IFF11-2 in many prior information requests, there was not evidence filed related to DSM or an extensive testing of DSM expenditures in IFF11-2 or 12. There is less likely to be a distinction between the two IFFs on this specific issue.



**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a schedule that sets on the forecast cumulative energy savings from DSM programs associated with each of the four Integrated Financial Forecasts for each of the years 2012/13 through 2033/34 (excluding the impacts of program spending prior to 2012/13).

**RATIONALE FOR QUESTION:**

Understand how the forecast DSM savings and spending have changed from previous IFFs and actual results to-date. This goes to reliability of past forecasts and the reasonableness of the current plan.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR is outside the scope of this proceeding based on the PUB's direction in Order 18/15. In its Order, the PUB considered the specific details of Manitoba Hydro's DSM plans to have been extensively reviewed in the prior GRA as well as in the NFAT review and specifically rejected the proposed evidence of Mr. Chernick on DSM targets and specific measures to achieve the targets. Further, and consistent with the above-noted finding, the PUB stated that it intended to focus its review "...on the reasonableness of and justification for, Manitoba Hydro's projected DSM expenditures during the test years." This IR requests information regarding targets and measures, as well as information outside the test years and from multiple IFFs, that are beyond the scope identified by the PUB with respect to DSM matters.

As per the PUB's direction in Order 18/15, in responding to this IR Manitoba Hydro will provide information on projected DSM expenditures that is available for the test years.

**COALITION RESPONSE:**

The purpose of this question (23) is see how much expenditures have increased in IFF14 relative to the past (in general) and by how much the forecast savings have increased. The reasonableness of the higher spend can only be gauged against what it delivers in terms of higher results.

MH is proposing a significant increase in DSM spending relative to previous financial projections and the previous GRA. This will have a direct impact on the revenue requirement in both the test years and beyond.

As noted by MH the scope of the current hearing is to focus - *“...on the reasonableness of and justification for, Manitoba Hydro’s projected DSM expenditures during the test years.”*

However, it is impractical to address the reasonableness and justification for the projected DSM expenditures without also looking at and understanding (at least at an aggregate level) the increase in energy savings that is accompanying this increase in spending.

COALITION/MH I-23 is seeking to do just that by comparing the planned expenditures and savings (in aggregate) as projected for the current GRA with those projected in previous IFFs and the last GRA.

The years beyond the test years are relevant as MH’s rationale for its proposed 3.95% rate increases over the test years is based, in large part, on the projected financial outlook for the Corporation beyond 2016/17.

The Coalition would ask that the question be answered as posed.

In the event the Panel determines that it wishes to only provide a comparator with one prior test year, the Coaliton would recommend that the panel consider IFF11-2 or 12.

While the Coalition has expressed a strong preference for IFF11-2 in many prior information requests, there was not evidence filed related to DSM or an extensive testing of DSM expenditures in IFF11-2 or 12. There is less likely to be a distinction between the two IFFs on this specific issue.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide schedules in a similar format to Appendix 11.19 (pages 3-4) based on IFF10, IFF11-2 and IFF12 for the period through to 2032/33 (or as available in each IFF).

**RATIONALE FOR QUESTION:**

The information is required to understand changes as between the extra-provincial revenue forecasts filed in previous PUB proceedings and the actual results/current extra-provincial revenue forecasts in the current Application. It goes to the reliability of export revenue forecasting which is material to rate setting. PUB/MH 1-14, 1-15 pose different questions.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

Using multiple years of export price forecasts

These questions are critical to testing Hydro's credibility in this important element of rates.

In this information request in particular, it is important to trace the accuracy of Hydro's forecasting methodology over a number of years. Hydro's forecasts with regard to export revenues have been notoriously challenged.

The information sought can provide insight into:

- a) overall credibility of forecasts of export prices;
- b) changes in forecasting methodology year over year which might affect credibility.

IFF 11-2 versus IFF 12

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;

- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please comment on the actual level of export prices (i.e. average revenue/kWh) for 2011/12, 2012/13 and 2013/14 relative to those forecast in IFF10, IFF11-2, IFF12 and IFF13, providing reasons for any material variances.

**RATIONALE FOR QUESTION:**

The information is required to understand changes as between the extra-provincial revenue forecasts filed in previous PUB proceedings and the actual results/current extra-provincial revenue forecasts in the current Application. It goes to the reliability of export revenue forecasting which is material to rate setting. PUB/MH 1-14, 1-15 pose different questions.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

## **COALITION RESPONSE**

### Using multiple years of export price forecasts

These questions are critical to testing Hydro's credibility in this important element of rates.

In this information request in particular, it is important to trace the accuracy of Hydro's forecasting methodology over a number of years. Hydro's forecasts with regard to export revenues have been notoriously challenged.

The information sought can provide insight into:

- a) overall credibility of forecasts of export prices;
- b) changes in forecasting methodology year over year which might affect credibility.

### IFF 11-2 versus IFF 12

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a schedule that explains the variance between the annual export revenue values shown in IFF10 and those in IFF14 broken down as between volume, price (US\$), exchange rate and other differences for the years 2014/15 and beyond. Please explain any material variances.

**RATIONALE FOR QUESTION:**

The information is required to understand changes as between the extra-provincial revenue forecasts filed in previous PUB proceedings and the actual results/current extra-provincial revenue forecasts in the current Application. It goes to the reliability of export revenue forecasting which is material to rate setting. PUB/MH 1-14, 1-15 pose different questions.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

This question is critical to testing Hydro's credibility in this important element of rates.

In this information request in particular, we seek to specifically test the reliability of Hydro's export revenues over time. Much of the rationale for Hydro's rate increase is driven by forecasts relating to years beyond the test years.

It is important to trace the accuracy of Hydro's export related forecasting methodology over a longer period of time. Hydro's forecasts with regard to export revenues have been notoriously challenged.

The information sought can provide insight into overall credibility of longer term export revenue forecasts.

We ask that the information sought be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a schedule that explains the variance between the annual export revenue values shown in IFF11-2 and those in IFF14 broken down as between volume, price (US\$), exchange rate and other differences for the years 2014/15 and beyond. Please explain any material variances.

**RATIONALE FOR QUESTION:**

The information is required to understand changes as between the extra-provincial revenue forecasts filed in previous PUB proceedings and the actual results/current extra-provincial revenue forecasts in the current Application. It goes to the reliability of export revenue forecasting which is material to rate setting. PUB/MH 1-14, 1-15 pose different questions.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

Examining export price forecasts

These Question 24 series is critical to testing Hydro's credibility in this important element of rates.

In this information request in particular, it is important to trace the accuracy of Hydro's forecasting methodology over a number of years. Hydro's forecasts with regard to export revenues have been notoriously challenged.

The information sought can provide insight into:

- a) overall credibility of forecasts of export prices;
- b) changes in forecasting methodology year over year which might affect credibility.

IFF 11-2 versus IFF 12

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;

- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a schedule that starting in 2011/12 sets out the Depreciation and Amortization expense for IFF11-2 and IFF14 through to 2031/32. For each IFF, please use actuals where appropriate.

**RATIONALE FOR QUESTION:**

High level information is required in order to understand change in actual/forecast depreciation and amortization expense from that filed in the 2012/13 & 2013/14 GRA. More detailed requests are deferred to MIPUG and to PUB/MH 1-38 to 1-46.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

## COALITION RESPONSE

### IFF 11-2 versus IFF 12

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

The Coalition would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

For each year, please breakdown the variance between two IFFs into that caused by: i) the difference in assets in service (including regulated assets), ii) the change in depreciation rates as recommended by the recent depreciation study, iii) removal of negative salvage and iv) the change in depreciation methodology.

**RATIONALE FOR QUESTION:**

High level information is required in order to understand change in actual/forecast depreciation and amortization expense from that filed in the 2012/13 & 2013/14 GRA. More detailed requests are deferred to MIPUG and to PUB/MH 1-38 to 1-46.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that a comparison to IFF11-2 be provided. The request for IFF13 is withdrawn.

## **COALITION RESPONSE**

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and in cross examination. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to fully explore the basis for the forecast

Based upon Hydro's response, the PUB has two alternatives:

- to rely upon an IFF that was fully tested (11-2);
- to rely upon an IFF that was not fully tested (12).

Given the timing of IFF12, it is more appropriate to use IFF11-2 as the basis for the previous GRA and, subsequently, the basis for comparison with IFF14.

Our client would ask that Hydro be directed to undertake the comparison based upon the extensively tested IFF (11-2).

**Insert additional comments from Bill**

<b>Section:</b>	Tab 3: Appendix 3.3	<b>Page No.:</b>	14-15
<b>Topic:</b>	Integrated Financial Forecast and Economic Outlook		
<b>Subtopic:</b>	Capital Expenditure Forecast		
<b>Issue:</b>	Changes in Capital Expenditure Forecast		

**PREAMBLE TO IR (IF ANY):**

Please read this question in light of PUB/MH 1-25.

**QUESTION:**

Please provide a schedule that compares the total annual electric capital spending in IFF11-2 with that in IFF14 for the years 2011/12 through 2031/32. Please include actuals for 2011/12 – 2013/14 when setting out the values for IFF14.

**RATIONALE FOR QUESTION:**

Information is required in order to understand the change in the capital expenditures forecast from that submitted in the last GRA. It goes to reasonableness of prioritization plans and to prudence of expenditures. The request seeks detail that differs from PUB/MH 1-25.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF111-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that a comparison to IFF11-2 be provided.

## **COALITION RESPONSE**

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and in cross examination. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to fully explore the basis for the forecast

Based upon Hydro's response, the PUB has two alternatives:

- to rely upon an IFF that was fully tested (11-2);
- to rely upon an IFF that was not fully tested (12).

Given the timing of IFF12, it is more appropriate to use IFF11-2 as the basis for the previous GRA and, subsequently, the basis for comparison with IFF14.

Our client would ask that Hydro be directed to undertake the comparison based upon the extensively tested IFF (11-2).

**Insert additional comments from Bill**

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a continuity schedule based on IFF14 (Electric Operations) that for the years 2014/15 through 2033/34 shows for each of Major New G&T, Major Capital and Base Capital:

- i. Total assets in-service (gross), accumulated depreciation, net assets-in-service and construction work-in-progress (CWIP) at the start of the year,
- ii. The capital spending during the year (per CEF14),
- iii. The assets placed in service during the year,
- iv. The assets retired during the year along with associated accumulated depreciation,
- v. Annual depreciation,
- vi. The assets in service (gross), accumulated depreciation, net assets-in-service and CWIP at year end which will also be the values for the start of the next year.  
Note: CWIP at year end should equal CWIP at the start of the year, less assets placed in service, plus capital expenditures for the year.

**RATIONALE FOR QUESTION:**

Information is required in order to better understand the impact of the forecast capital expenditures on Manitoba Hydro's financial outlook. More detailed analysis on depreciation will be left to MIPUG and PUB IRs 1-38 to 1-46.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro understands that the PUB's Rules of Practice and Procedure, and its practice, is to look at the relevance of the information sought, the significance, and the reasonableness of the request when the PUB considers its discretion of permitting IRs.

Manitoba Hydro seeks the PUB's direction with respect to the reasonableness, relevance, significance and value that this IR would provide to the PUB in making its determinations, in light of the total number of IRs and the significant amount of time and effort that Manitoba Hydro would have to spend in responding to this IR.

**COALITION RESPONSE:**

Manitoba Hydro's response is extremely puzzling. It does not amount to an objection simply a refusal. Hydro does not suggest the material sought is irrelevant or immaterial. It simply seeks direction from the PUB.

As MH has noted it is the assets in-service that drive the depreciation and financing costs that appear in the revenue requirement. A schedule which sets out how the capital expenditures in each year translated into in-service assets is relevant as is the requested breakdown which serves to indicate what "types of asset additions" are occurring.

It is difficult to understand why MH would not be able to provide a response as the IR is simply asking for a continuity schedule that sets out for each year the changing amount for assets in service, capital expenditures and construction work in progress using the same spending as MH uses in its own CEF. At an aggregate level, this the basic type of information that goes into the creation of the balance sheet for each year.

We would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a revised version of Figure 4.12 that includes the actual spending by asset type for 2011/12, 2012/13 and 2013/14.

**RATIONALE FOR QUESTION:**

The information requests seeks to better understand those areas where expenditures on Sustaining Capital are increasing. The question is distinct from PUB/MH 1-18, 1-19.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

The information presented in Figure 4.12 was specifically developed for this application to be consistent with Manitoba Hydro's Asset Condition Assessment report. This information is not available in this format for previous years' actual results or previous CEFs.

**COALITION RESPONSE:**

Manitoba Hydro does not deny the information sought is material and relevant. Hydro does not seek to offer an alternative mechanism or format for providing a substantive response consistent with the spirit of the inquiry. Manitoba Hydro is refusing to provide a meaningful response to the substance of a question that is material and relevant.

Total sustaining expenditures are increasing significantly over the test period when compared to either historic spending levels or the projections in past CEFs.

The interrogatory seeks to understand specifically where these increases are occurring and to obtain the information in a form that allows the comparisons between areas of increased spending and MH's Asset Condition Assessment report's findings which are purportedly the basis for the increased spending. T

his is a totally legitimate line of inquiry and, if the information is not available in the form requested, then MH should attempt to suggest other approaches that could address the issue.

The Coalition would ask that Hydro be directed to provide a substantive response aimed at responding to the spirit of a material and relevant inquiry.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

With respect to Figure 4.15, how do Manitoba Hydro's outage rates for hydro-electric generation compare with those for other CEA utilities?

**RATIONALE FOR QUESTION:**

The information request seeks to better understand the historic reliability trends reported. The issues go to the prudence and reasonableness of expenditures.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro does not possess, or is not in a position to disclose specific and confidential information, for individual utilities of the Canadian Electrical Association.

**COALITION RESPONSE:**

Manitoba Hydro does not deny the information is relevant and material. It does not deny that it has access to CEA surveys. The sole issue is whether it can provide a meaningful response without disclosing utility specific information.

The Coalition does not require individual utility information. The Coalition is aware other utilities such as as FortisBC report their performance relative to average (and we believe relative to quartiles/quintiles) from CEA surveys.

Responding to the questions does not require the publication of individual utility data. If Manitoba Hydro has access to the results of CEA surveys regarding the issues raised, information could be provided as to how MH compares with the average observed across

the Canadian utilities and also which quartile/quintile MH's performance falls. This can be done without revealing individual utility data.

We fully expect Hydro has access to CEA surveys.

The information provided offers an important perspective into the "rates for service" of Manitoba Hydro by providing insight into its relative performance compared to other Canadian jurisdictions.

We ask that Hydro be directed to confirm it has access to CEA surveys. Assuming it has access to CEA surveys, we ask that it be directed to provide a response based upon how MH compares with the average observed across the Canadian utilities. We also ask that Hydro be directed to indicate which quartile/quintile its performance falls into.

<b>Section:</b>	Tab 5Appendix 5.1	<b>Page No.:</b>	3104
<b>Topic:</b>	Financial Results & Forecasts		
<b>Subtopic:</b>	Summary of Financial Results and Forecasts		
<b>Issue:</b>	Forecast versus Actual Results		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a schedule that contrasts the actual Statement of Income results for 2012/13 and 2013/14 (per Schedule 5.1.0) with the forecast in MH11-2 from the previous GRA for the same years.

**RATIONALE FOR QUESTION:**

To understand changes that have occurred for 2012/13 and 2013/14 since the last GRA. This goes to the reliability of short and medium term Hydro forecasts which are a central element of rate setting.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that a comparison to IFF11-2 be provided.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and in cross examination. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to fully explore the basis for the forecast

Based upon Hydro's response, the PUB has two alternatives:

- to rely upon an IFF that was fully tested (11-2);
- to rely upon an IFF that was not fully tested (12).

Given the timing of IFF12, it is more appropriate to use IFF11-2 as the basis for the previous GRA and, subsequently, the basis for comparison with IFF14.

Our client would ask that Hydro be directed to undertake the comparison based upon the extensively tested IFF (11-2).

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide a commentary that explains any material variances for each year.

**RATIONALE FOR QUESTION:**

To understand changes that have occurred for 2012/13 and 2013/14 since the last GRA. This goes to the reliability of short and medium term Hydro forecasts which are a central element of rate setting.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

## COALITION RESPONSE

### COALITION RESPONSE:

The Coalition question proposed the response be based on IFF11-2, IFF 12 and IFF13.

The Coalition question proposed the response be based on IFF11-2, IFF 12 and IFF 13. Hydro agrees to provide an answer based on IFF 12 but excludes the more valuable IFF11-2 as well as IFF 13.

While Hydro actually compares its analysis to IFF13 in its application (Tab 3, page 5), the Coalition is prepared to withdraw its request for IFF13 on the grounds that the IFF has not been tested in past proceedings.

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that a comparison to IFF11-2 be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

For each of the Business Unit reported in Schedule 5.5.16, please provide a schedule that sets out the adjustments (e.g., accounting changes, charges to capital, capitalized overhead and charges to Centra) required to arrive at the Unit's contribution to Electric OM&A (excluding accounting changes) per Schedule 5.5.13 for each year shown.

**RATIONALE FOR QUESTION:**

Information request seeks to reconcile the Electric OM&A values reported in the Application.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro understands that the PUB's Rules of Practice and Procedure, and its practice, is to look at the relevance of the information sought, the significance, and the reasonableness of the request when the PUB considers its discretion of permitting IRs. Manitoba Hydro seeks the PUB's direction with respect to the reasonableness, relevance, significance and value that this IR would provide to the PUB in making its determinations, in light of the total number of IRs and the significant amount of time and effort that Manitoba Hydro would have to spend in responding to this IR.

**COALITION RESPONSE:**

MH appears to claim that this IR is out of scope and irrelevant without providing an explanation why. The response is not in keeping with the spirit of the PUB directions regarding the information request process.

The purpose of the IR is to separate out these various factors so that one can see the year over year changes in each Business Unit's contribution to Electric Operations OM&A on a comparable basis (i.e. excluding the impact of accounting changes). It is difficult to see how such a request is not relevant.

The referenced Schedule (Appendix 5.5, Figure 5.5.16) provides year over year information on the total OM&A by Business Unit. As such the totals for each business unit include not only costs that are associated with the Electric Operations but also costs that will be capitalized and costs that are associated with Centra's Operations (as well as possibly MH's other subsidiaries). Any year over year comparison of the Business Unit costs will be confounded by the various accounting changes that are occurring over the years.

MH notes that total Electric Operations OM&A (excluding the impact of accounting changes) is increasing at less than inflation. This information will allow parties and the PUB to if this level of restraint is being exercised across all Business Units.

The Coalition asks that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

With respect to Appendix 7.1, page 5, please provide a schedule that contrasts the Residential customer count forecast as set out in the 2011 Load Forecast with that of the current Load Forecast. In the case of the 2014 Load Forecast please report actual values where available. Please explain the reasons for the variance in: i) the subsequent actual values versus the 2011 forecast and ii) the variance, for 2014/15 forward, between the 2011 and the 2014 forecasts.

**RATIONALE FOR QUESTION:**

To understand the reasons for changes in customer count and energy use as between forecasts and between the historic and forecast periods. Questions are distinct from PUB/MH 1-54 – 1-60.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that a comparison to IFF11-2 be provided.

**COALITION RESPONSE:**

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and in cross examination. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to fully explore the basis for the forecast

Based upon Hydro's response, the PUB has two alternatives:

- to rely upon an IFF that was fully tested (11-2);
- to rely upon an IFF that was not fully tested (12).

Given the timing of IFF12, it is more appropriate to use IFF11-2 as the basis for the previous GRA and, subsequently, the basis for comparison with IFF14.

Our client would ask that Hydro be directed to undertake the comparison based upon the extensively tested IFF (11-2).

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

With respect to Appendix 7.1, page 61, please provide a schedule that for the last ten historic years sets out:

- i. Total Residential Basic use – actual and weather adjusted
- ii. Total Impact of DSM programs
- iii. Total impact of Codes and Standards
- iv. Resulting Residential Basic gross use ((i.e., (i) + (ii) + (iii))

**RATIONALE FOR QUESTION:**

To obtain a better understanding of the Residential load forecast methodology.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro understands that the PUB's Rules of Practice and Procedure, and its practice, is to look at the relevance of the information sought, the significance, and the reasonableness of the request when the PUB considers its discretion of permitting IRs. Manitoba Hydro seeks the PUB's direction with respect to the reasonableness, relevance, significance and value that this IR would provide to the PUB in making its determinations, in light of the total number of IRs and the significant amount of time and effort that Manitoba Hydro would have to spend in responding to this IR.

**COALITION RESPONSE:**

This is a puzzling response.

Rather than offer a specific explanation of why Hydro does not believe the information posed is relevant and material, Hydro offers a generic response that is not in keeping with the PUB intent relating to information requests.

In terms of relevance, the approach to Residential load forecasting has changed from that used in the 2011 and 2012 Load Forecasts filed at the last GRA. These IRs seek to understand the information that went into the development of the average use model used in this new approach and also allow parties to compare the historical data with the components of the Residential forecast which are the subject of COALITION/MH I-62 d) – which MH has not objected to.

It is difficult to see how MH is unable to provide a response to part (a). In Appendix 7.1, page 61, MH explains that it determined forecast overall average use based a regression model that used historic data for  $\{(Total\ Use + DSM\ Programs + C\&S) / customers\}$  as the dependent variable. All the interrogatory is asking for is the historic data for each of the three elements that make of the numerator.

The Coalition asks that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

With respect to Appendix 7.1 – pages 60-61, please provide a schedule that sets out the annual historic ratio of Electric Heat Customer Count to Total Residential Basic Customer Count for the last 20 years and the ratio's projected value for each of the forecast years.

**RATIONALE FOR QUESTION:**

To obtain a better understanding of the Residential load forecast methodology.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro understands that the PUB's Rules of Practice and Procedure, and its practice, is to look at the relevance of the information sought, the significance, and the reasonableness of the request when the PUB considers its discretion of permitting IRs. Manitoba Hydro seeks the PUB's direction with respect to the reasonableness, relevance, significance and value that this IR would provide to the PUB in making its determinations, in light of the total number of IRs and the significant amount of time and effort that Manitoba Hydro would have to spend in responding to this IR.

**COALITION RESPONSE:**

This is a puzzling response.

Rather than offer a specific explanation of why Hydro does not believe the information posed is relevant and material, Hydro offers a generic response that is not in keeping with the PUB intent relating to information requests.

In terms of relevance, the approach to Residential load forecasting has changed from that used in the 2011 and 2012 Load Forecasts filed at the last GRA. These IRs seek to understand the information that went into the development of the average use model used in this new approach and also allow parties to compare the historical data with the components of the Residential forecast which are the subject of COALITION/MH I-62 d) – which MH has not objected to.

It is difficult to see how MH is unable to provide a response to part (b). In Appendix 7.1, page 61, MH explains that it determined forecast overall average use based a regression model that used historic data for  $\{(Total\ Use + DSM\ Programs + C\&S) / customers\}$  as the dependent variable. All the interrogatory is asking for is the historic data for each of the three elements that make of the numerator.

In part (b), the Coalition is simply asking for the historic and forecasts values for the “Ratio” variable that MH uses in the same equation.

We ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

With respect to Appendix 7.1, page 5, please provide a schedule that contrasts the Mass Market customer count forecast as set out in the 2011 Load Forecast with that of the current Load Forecast. In the case of the 2014 Load Forecast please report actual values where available. Please explain the reasons for the variance in: i) the subsequent actual values versus the 2011 forecast and ii) the variance, for 2014/15 forward, between the 2011 and the 2014 forecasts.

**RATIONALE FOR QUESTION:**

To understand the reasons for changes in customer count and energy use as between forecasts and between the historic and forecast periods.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load

Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE:**

The Coalition maintains its request for IFF11-2. IFF11-2 was the basis for the prior Rate Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and the intervenor evidence. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to examine the forecast in information requests and expert evidence.

In terms of the period between 2014/15 and 2016/17, the difference between the two forecasts is material in areas such as:

- export revenues – IFF 11-2. \$1.365 B vs. IFF12 - \$1.13 B (over \$200 M)
- net income - IFF11-2 - \$345 M vs. IFF12 - \$180 M (almost 50% less)

Declining to providing the response to IFF11-2 would materially affect the results of the answer.

There can be no doubt that IFF11-2 is the superior forecast for rate setting analysis in that unlike IFF12:

- it was relied upon to justify an application;
- it was subject to two rounds of information;
- it was directly tested in pre-filed intervenor evidence.

In the event the response is not provided, it will lead to hearing inefficiency in that the Coalition will need to pursue a comparison in cross examination.

The Coalition would ask that a comparison to IFF11-2 be provided.

## COALITION RESPONSE

The Coalition question proposed the response be based on IFF11-2.

IFF11-2 was the basis for the Application as initially filed by Hydro. It was extensively tested in two rounds of IRs and in cross examination. By contrast, IFF 12 was not filed until after the responses to the second round of IRs had been completed by Manitoba Hydro. As a result, there was little to no opportunity to fully explore the basis for the forecast

Based upon Hydro's response, the PUB has two alternatives:

- to rely upon an IFF that was fully tested (11-2);
- to rely upon an IFF that was not fully tested (12).

Given the timing of IFF12, it is more appropriate to use IFF11-2 as the basis for the previous GRA and, subsequently, the basis for comparison with IFF14.

Our client would ask that Hydro be directed to undertake the comparison based upon the extensively tested IFF (11-2).

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

With respect to Appendix 7.1, pages 63-64, please provide a schedule that for the last ten historic years sets out for each of the customer class groupings used by Manitoba Hydro (i.e., Small-ND, Small-D & Medium and Large):

- i. Total Use – actual and weather adjusted
- ii. Total Impact of DSM programs
- iii. Total impact of Codes and Standards
- iv. Resulting Total use ((i.e., (i) + (ii) + (iii))

**RATIONALE FOR QUESTION:**

To obtain a better understanding of the load forecast methodology as used for the General Service – Mass Market Sector.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro understands that the PUB's Rules of Practice and Procedure, and its practice, is to look at the relevance of the information sought, the significance, and the reasonableness of the request when the PUB considers its discretion of permitting IRs. Manitoba Hydro seeks the PUB's direction with respect to the reasonableness, relevance, significance and value that this IR would provide to the PUB in making its determinations, in light of the total number of IRs and the significant amount of time and effort that Manitoba Hydro would have to spend in responding to this IR.

**COALITION RESPONSE:**

Hydro's rationale for refusal in not keeping with the Board's direction to provide specifics.

In terms of relevance, MH is introducing a new approach to forecasting average use for these customer classes as compared to that used in the previous GRA. The IR seeks to understand the information that went into the development of the average use models used in this new approach and also allow parties to compare the historical data with the components of the forecast for each of the Mass Market classes which are the subject of COALITION/MH I-6b b) – which MH has not objected to.

Again, it is difficult to see how MH would be unable to answer the question. In Appendix 7.1 (page 63) MH outlines how a regression model for Average Use for each of the General Service Mass Market classes using historical data that excluded the effects of DSM and Codes & Standards (C&S). The IR simply asks for the historical data for use by class and along with the adjustments made for DSM and C&S.

The Coalition asks that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide the updated marginal costs used to evaluate DSM programs as discussed in Appendix 8.1, page 10. In doing so please provide:

- i. the marginal cost values for generation, transmission and distribution.
- ii. the resulting total marginal cost associated with a transmission-connected customer (as measured at the point of delivery).
- iii. the resulting total marginal cost associated with a distribution-connected customer (as measured as the point of delivery).
- iv. the basis on which the marginal cost are quoted (e.g., in what year's dollars, are the values real or nominal, and over what period where they calculated).

**RATIONALE FOR QUESTION:**

Marginal Costs are used in the evaluation of DSM programs.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR is outside the scope of this proceeding based on the PUB's direction in Order 18/15. In its Order, the PUB considered the specific details of Manitoba Hydro's DSM plans to have been extensively reviewed in the prior GRA as well as in the NFAT review and specifically rejected the proposed evidence of Mr. Chernick on DSM targets and specific measures to achieve the targets. Further, and consistent with the above-noted finding, the PUB stated that it intended to focus its review "...on the reasonableness of and justification for, Manitoba Hydro's projected DSM expenditures during the test years." This IR requests information regarding targets and measures, as well as

information outside the test years and from multiple IFFs, that are beyond the scope identified by the PUB with respect to DSM matters

**COALITION RESPONSE:**

MH is proposing a significant increase in DSM spending relative to previous financial projections and the previous GRA. This will have a direct impact on the revenue requirement in both the test years and beyond.

As noted by MH the scope of the current hearing is to focus - “...on the reasonableness of and justification for, Manitoba Hydro ‘s projected DSM expenditures during the test years.” However, it impractical to address the reasonableness and justification for the projected DSM expenditures without also looking at and understanding (at least at an aggregate level) the increase in energy savings that is accompanying this increase in spending.

COALITION/MHI-67 seeks to understand the marginal costs currently used to evaluate DSM programs. Comparisons with marginal costs used in previous GRAs to support DSM spending will provide another basis for checking the reasonableness of the increased spending proposed for DSM.

It should be noted that, consistent with the PUB’s view that the specific details of MH’s DSM plans were extensively reviewed previously, this question does not deal with program specifics or the metrics of specific programs. Rather it focuses on aggregate spending, aggregate achievements and aggregate program metrics.

The Coalition requests the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Were these same marginal cost values used in the calculation of the Utility Marginal Benefits as described in Appendix 8.2 (Exhibit 4.4.1.3-B)? If not, what values were used for the 2012/13 Power Smart Annual Review and what were they based on?

**RATIONALE FOR QUESTION:**

Marginal Costs are used in the evaluation of DSM programs.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR is outside the scope of this proceeding based on the PUB's direction in Order 18/15. In its Order, the PUB considered the specific details of Manitoba Hydro's DSM plans to have been extensively reviewed in the prior GRA as well as in the NFAT review and specifically rejected the proposed evidence of Mr. Chernick on DSM targets and specific measures to achieve the targets. Further, and consistent with the above-noted finding, the PUB stated that it intended to focus its review "...on the reasonableness of and justification for, Manitoba Hydro's projected DSM expenditures during the test years." This IR requests information regarding targets and measures, as well as information outside the test years and from multiple IFFs, that are beyond the scope identified by the PUB with respect to DSM matters.

**COALITION RESPONSE:**

MH is proposing a significant increase in DSM spending relative to previous financial projections and the previous GRA. This will have a direct impact on the revenue requirement in both the test years and beyond.

As noted by MH the scope of the current hearing is to focus - “...on the reasonableness of and justification for, Manitoba Hydro ‘s projected DSM expenditures during the test years.” However, it is impractical to address the reasonableness and justification for the projected DSM expenditures without also looking at and understanding (at least at an aggregate level) the increase in energy savings that is accompanying this increase in spending.

COALITION/MHI-67 seeks to understand the marginal costs currently used to evaluate DSM programs. Comparisons with marginal costs used in previous GRAs to support DSM spending will provide another basis for checking the reasonableness of the increased spending proposed for DSM.

It should be noted that, consistent with the PUB’s view that the specific details of MH’s DSM plans were extensively reviewed previously, this question does not deal with program specifics or the metrics of specific programs. Rather it focuses on aggregate spending, aggregate achievements and aggregate program metrics.

The Coalition requests the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

The Executive Summary of Appendix 8.1 references an overall electric Power Smart portfolio TRC of 2.2, a RIM of 1.0 and a levelized cost of 1.8 cents per kilowatt hour. Are these values based on the entire 2014 to 2029 period or just 2014-2017?

**RATIONALE FOR QUESTION:**

To clarify the basis for the DSM metrics values quoted.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR is outside the scope of this proceeding based on the PUB's direction in Order 18/15. In its Order, the PUB considered the specific details of Manitoba Hydro's DSM plans to have been extensively reviewed in the prior GRA as well as in the NFAT review and specifically rejected the proposed evidence of Mr. Chernick on DSM targets and specific measures to achieve the targets. Further, and consistent with the above-noted finding, the PUB stated that it intended to focus its review "...on the reasonableness of and justification for, Manitoba Hydro's projected DSM expenditures during the test years." This IR requests information regarding targets and measures, as well as information outside the test years and from multiple IFFs, that are beyond the scope identified by the PUB with respect to DSM matters.

**COALITION RESPONSE:**

The objection of Hydro is a generic one not directed to the specifics of the request.

COALITION/MH I-68 simply seeks to confirm whether the aggregate DSM program metrics quoted in the Application are for the DSM programs to be implemented in the test years or over the longer 15-year horizon covered by Appendix 8.1.

MH is proposing a significant increase in DSM spending relative to previous financial projections and the previous GRA. This will have a direct impact on the revenue requirement in both the test years and beyond.

As noted by MH the scope of the current hearing is to focus - *“...on the reasonableness of and justification for, Manitoba Hydro ‘s projected DSM expenditures during the test years.”* However, it is impractical to address the reasonableness and justification for the projected DSM expenditures without also looking at and understanding (at least at an aggregate level) the increase in energy savings that is accompanying this increase in spending.

It should be noted that, consistent with the PUB’s view that the specific details of MH’s DSM plans were extensively reviewed previously, this question does not deal with program specifics or the metrics of specific programs. Rather it focuses on aggregate spending, aggregate achievements and aggregate program metrics.

The Coalition requests the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

If based on the 2014-2029 period, what are the values for the electric Power Smart programs initiated in the first three years (i.e., 2014/15 to 2016/17)?

**RATIONALE FOR QUESTION:**

To clarify the basis for the DSM metrics values quoted.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR is outside the scope of this proceeding based on the PUB's direction in Order 18/15. In its Order, the PUB considered the specific details of Manitoba Hydro's DSM plans to have been extensively reviewed in the prior GRA as well as in the NFAT review and specifically rejected the proposed evidence of Mr. Chernick on DSM targets and specific measures to achieve the targets. Further, and consistent with the above-noted finding, the PUB stated that it intended to focus its review "...on the reasonableness of and justification for, Manitoba Hydro's projected DSM expenditures during the test years." This IR requests information regarding targets and measures, as well as information outside the test years and from multiple IFFs, that are beyond the scope identified by the PUB with respect to DSM matters.

**COALITION RESPONSE:**

The objection of Hydro is a generic one not directed to the specifics of the request.

COALITION/MH I-68 simply seeks to confirm whether the aggregate DSM program metrics quoted in the Application are for the DSM programs to be implemented in the test years or over the longer 15-year horizon covered by Appendix 8.1. In the event that

Hydro is providing figures for the longer time horizon, question 68 b) seeks to draw Manitoba Hydro's information back to the test year period.

MH is proposing a significant increase in DSM spending relative to previous financial projections and the previous GRA. This will have a direct impact on the revenue requirement in both the test years and beyond.

As noted by MH the scope of the current hearing is to focus - “...on the reasonableness of and justification for, Manitoba Hydro ‘s projected DSM expenditures during the test years.” However, it impractical to address the reasonableness and justification for the projected DSM expenditures without also looking at and understanding (at least at an aggregate level) the increase in energy savings that is accompanying this increase in spending.

It should be noted that, consistent with the PUB’s view that the specific details of MH’s DSM plans were extensively reviewed previously, this question does not deal with program specifics or the metrics of specific programs. Rather it focuses on aggregate spending, aggregate achievements and aggregate program metrics.

The Coalition requests the question be answered as posed.

<b>Section:</b>
<b>Topic:</b>
<b>Subtopic:</b>
<b>Issue:</b>

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Based on the most recent CEA results, how does Manitoba Hydro compare with other Canadian utilities in terms of the CEA Customer Service Index?

**RATIONALE FOR QUESTION:**

The 2011/12 CSP (filed in the last GRA) used the CEA Customer Service Index as a measure of customer value with a target to be the “best in Canada”. However, the current CSP uses a different measure for customer satisfaction.

CSP targets are one measure of prudence of expenditures. The questions posed seek additional detail as compared to analogous ones from GAC and the MMF.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro does not possess, or is not in a position to disclose specific and confidential information, for individual utilities of the Canadian Electrical Association.

**COALITION RESPONSE:**

Manitoba Hydro does not deny the information is relevant and material. It does not deny that it has access to CEA surveys. The sole issue is whether it can provide a meaningful response without disclosing utility specific information. The Coalition does not require individual utility information. The Coalition is aware other utilities such as as FortisBC report their performance relative to average (and we believe relative to quartiles/quintiles) from CEA surveys.

Responding to the questions does not require the publication of individual utility data. If Manitoba Hydro has access to the results of CEA surveys regarding the issues raised, information could be provided as to how MH compares with the average observed across the Canadian utilities and also which quartile/quintile MH’s performance falls into.

This can be done without revealing individual utility data. We fully expect Hydro has access to CEA surveys.

The information provided offers an important perspective into the “rates for service” of Manitoba Hydro by providing insight into its relative performance compared to other Canadian jurisdictions.

We ask that Hydro be directed to confirm it has access to CEA surveys. Assuming it has access to CEA surveys, we ask that it be directed to provide a response based upon how MH compares with the average observed across the Canadian utilities. We also ask that Hydro be directed to indicate which quartile/quintile its performance falls into.

<b>Section:</b>	Appendix 3.1 (from 2012/13 & 2013/14 GRA)	<b>Page No.:</b>	
<b>Topic:</b>	Application Overview		
<b>Subtopic:</b>	Corporate Strategic Plan		
<b>Issue:</b>	CSP Targets		

**PREAMBLE TO IR (IF ANY):**

It is understood that the 2011 CSP was for the 2011/12 period.

**QUESTION:**

Please provide a schedule that set out the various measures and corresponding targets from the 2011 CSP and which also shows the actual results for the year (2011/12).

**RATIONALE FOR QUESTION:**

To assess Manitoba Hydro's performance relative to the targets set out in previous Corporate Strategic Plans. This is one measure of prudence.

**RESPONSE**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

In accordance with section 16(b) of the PUB's Rules of Practice and Procedure, Manitoba Hydro proposes an alternate response, based on available information. Manitoba Hydro will provide a comparison of its current forecasts (namely IFF 14, CEF 14, 2014 Load Forecast, and the November 2013 CSP) against IFF12, CEF12, the 2012 Load Forecast, and the 2012/13 CSP.

**COALITION RESPONSE TO THE HYDRO OBJECTION:**

Hydro has misread the Coalition question.

In this information request, the Coalition is not seeking a comparison between forecasts. The Coalition seeks to determine Hydro's success in meeting the targets set out in the 2011/12 CSP in test year for the 2011/12 year. The measure of forecast versus achievement is a measure of prudence.

The Coalition also notes that CSP measures may vary from year to year so little utility is garnered in a comparison of forecasts from year to year. The proper measure is forecast versus achievement, The proposed response to PUB 1-5 does not assist the Coalition.

Hydro's commentary is not applicable; its compromise is of no utility because it is directed at the wrong issue. Hydro has not suggested the information sought is not material or relevant.

We ask that Hydro directed to answer the question as posed.

<b>Section:</b>	Appendix 3.1 (from 2012/13 & 2013/14 GRA)	<b>Page No.:</b>	
<b>Topic:</b>	Application Overview		
<b>Subtopic:</b>	Corporate Strategic Plan		
<b>Issue:</b>	CSP Targets		

**PREAMBLE TO IR (IF ANY):**

It is understood that the 2011 CSP was for the 2011/12 period.

**QUESTION:**

In the same schedule please provide the actual results for each of the 2011 CSP measures for 2012/13 and 2013/14.

**RATIONALE FOR QUESTION:**

To assess Manitoba Hydro's performance relative to the targets set out in previous Corporate Strategic Plans. This is one measure of prudence.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This IR requests comparisons of MH's current forecast against previous forecasts. Manitoba Hydro's understanding of the intention of PUB/MH 1-5(b) was to provide a comparison against the last forecast that was relied upon by the PUB at the last GRA, that being IFF12. Manitoba Hydro submits that all comparisons of its current forecast should be made against IFF 12/CEF 12/2012 Load Forecast and the 2012/13 Corporate Strategic Plan ("CSP") to ensure consistency throughout the IR responses, and minimize the number of comparisons made to super-ceded forecasts thereby reducing the potential for confusion and reducing the time required to respond to these IRs.

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<b>Section:</b>	Tab 4 Appendix 4.2, Appendix C	<b>Page No.:</b>	p. 89
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Statistical failure models		
<b>Issue:</b>	Review and assess the validity of the statistical failure models		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide all the statistical failure models produced by the third party consultant in electronic format with all formulae intact.

**RATIONALE FOR QUESTION:**

Validate statistical failure models.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

In accordance with past practice, where applicable and readily available, Manitoba Hydro will respond to this IR by providing information in Microsoft Excel or other writable format containing data only.

**COALITION RESPONSE:**

If requested, the Coalition experts would consider undertaking a confidentiality agreement related to this specific information response.

Hydro's response is generic and does not address the specific information requested although we presume this specific refusal is related to a third party. We note that Hydro's objections are inconsistent with its own recent actions in a concurrent proceeding and with well accepted regulatory practice elsewhere.

The objections that certain spreadsheets cannot be produced because of meta-data is simply specious.

Hydro's response threatens to materially impair a critical element of the Coalition analysis and to substantially increase associated costs.

One of the most important parts of the capital expenditure forecast is the forecast model itself and how the company utilizes it to predict capital expenditures in the future. We understand that some of these capex forecast models are large and may require some effort from the company to be provided, but the proposed capex has increased significantly in comparison with prior years. A thorough review of the model that dictates the potential expenditures is necessary.

Hydro's provided access to key models in the LWR proceeding

While Hydro claims its past practice is not to provide this type of detail, it is noteworthy that in the current Lake Winnipeg Regulation proceeding, Manitoba Hydro provided access to two Excel spreadsheet models to the CEC appointed expert:

- a water balance model for Lake Winnipeg (the Lake Winnipeg Routing Model) and a downstream Nelson River routing model (the Nelson River Routing Model).  
Manitoba Hydro

Our understanding is that Hydro provided a half-day workshop on the models and provided copies of the model for review and testing. (LAKE WINNIPEG REGULATION, Review of Hydrologic and Operational Models, George F. McMahon, p. 2-1 and 2-2)

Hydro's proposal is inconsistent with good industry practice related to capital asset expenditure review

We also note that Manitoba Hydro's approach to the sharing of models is inconsistent with the approach in other regulator proceedings. For example:

- Nova Scotia Power, Docket # M06514 (2014):

Nova Scotia Power utilizes an economic analysis model (“EAM”) to decide whether an economically justified capital project is the best option for customers by assessing a number of variable inputs. The EAM results are provided in the public version of the case filing while the actual model (in electronic format with the formulae intact) is provided for review after a confidentiality agreement is executed.

- Duke Energy Indiana, Cause No. 44526 (2014)

Duke Energy Indiana uses a risk assessment model prepared by Black & Veatch (a third party vendor) to identify investments needed for the replacement of Transmission and Distribution infrastructure for its Transmission, Distribution, and Storage System Improvement Charges 7-year plan. After executing a non-disclosure agreement, an opportunity was provided to conduct a technical session with Black & Veatch to explore the spreadsheet model and follow-up discovery about the model was answered.

#### Prejudice to the Coalition

Without providing specifics related to the information requested, Manitoba Hydro has identified a number of objections relating to the provision of its internal models in electronic format. The company claims that the models are either too large to provide or if provided in electronic format they will be available for modification that according to MH will require additional resources to analyze. In addition, MH denotes that certain spreadsheets can only be provided in pdf format or not at all due to the inclusion of data or models deemed confidential or subject to intellectual property rights.

Hydro's refusal to provide electronic copies of models and data may prevent our consultants from gaining a timely understanding of the software driven aspects of its asset capital asset management program.

In the best case scenario, the refusal will substantially increases our modeling and analysis work.

#### Hydro's proposed alternative is expensive and obstructive to good regulatory review

Overall, the various general objections made by MH to several questions looking for models or data is vague and does not tie exact objection(s) to a specific request. This approach is counterproductive, and does not help us narrow areas of dispute. The objections that certain spreadsheets can't be produced because of meta-data is simply specious.

The MH solution is to deliberately convert the spreadsheets from functioning files into a far less useful format:

In these situations, in order to remove the metadata, the file must be converted to an Adobe Acrobat portable document format (pdf) file. This is an electronic file format that is an open standard which is readable by many different operating systems, does not require specific software to read and allows all parties to access filed information.

The conversion process to pdf will remove any formulas from the spreadsheets, rendering them useless from an analytical perspective. If MH decides to manually scan the pdfs or add a watermark to the sheets, it will be almost impossible electronically copy data into Excel files.

That means data would have to be manually entered, a time consuming in order to be useful, cumbersome and entirely unnecessary process since MH already maintains the data in functioning spreadsheets.

### Position of the Coalition

Our preferred approach is that the information requests be answered as posed. That would be consistent with good regulatory practice elsewhere and consistent with Hydro's recent practice in Lake Winnipeg Regulation.

In the alternative, we ask that Hydro be required to:

(1) State in writing which exact IRs it:

(a) will not answer with specifics for the reason why;

(b) desires to answer but will provide a model or database in pdf format instead of a machine readable electronic format, including an identification of the electronic format for the original model or data and why a pdf is the appropriate media for production;

(c) will not answer since the material requested is claimed to be protected intellectual property, and why a non-disclosure agreement would be insufficient to protect the intellectual property of any third party software vendor.

(2) For each model or database not produced in response to 1(c), provide a full written (a) identification of the model or database and (b) a detailed description of the model or database, (including all its material aspects) and how it is used by MH.

(3) In all relevant cases, provide spreadsheets in fully functioning Excel format with all formulas intact, cells enabled and data linked. If spreadsheets have any metadata removed, including staff notes, MH should create a privilege log that identifies the information, the author, the effect on formulas or data from the removal of metadata and the claimed privilege entitling the MH to remove the information.

We offer these accommodations as way to move the process along given the tight time frames in the case, rather than as a substitute for the questions as originally asked. Not having the models, but instead just a description, may dilute our ability to understand the capital planning and project selection process of MH.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide the statistical failure models for:

- i. Breakers
- ii. Transformers
- iii. Transmission line wood poles

**RATIONALE FOR QUESTION:**

Validate statistical failure models.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

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### **COALITION RESPONSE:**

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ability to understand the capital planning and project selection process of MH.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

For the statistical failure models mentioned on part (b) please identify the following:

- i. The part based on consultants industry failure curves
- ii. The part based on subject matter expert input
- iii. The part based on Manitoba Hydro input

**RATIONALE FOR QUESTION:**

Validate statistical failure models.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

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ability to understand the capital planning and project selection process of MH.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please identify how the statistical models produced by the third party consultant progress through time and how they treat potential replacements

**RATIONALE FOR QUESTION:**

Validate statistical failure models.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

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Nova Scotia Power utilizes an economic analysis model (“EAM”) to decide whether an economically justified capital project is the best option for customers by assessing a number of variable inputs. The EAM results are provided in the public version of the case filing while the actual model (in electronic format with the formulae intact) is provided for review after a confidentiality agreement is executed.

- Duke Energy Indiana, Cause No. 44526 (2014)

Duke Energy Indiana uses a risk assessment model prepared by Black & Veatch (a third party vendor) to identify investments needed for the replacement of Transmission and Distribution infrastructure for its Transmission, Distribution, and Storage System Improvement Charges 7-year plan. After executing a non-disclosure agreement, an opportunity was provided to conduct a technical session with Black & Veatch to explore the spreadsheet model and follow-up discovery about the model was answered.

#### Prejudice to the Coalition

Without providing specifics related to the information requested, Manitoba Hydro has identified a number of objections relating to the provision of its internal models in electronic format. The company claims that the models are either too large to provide or if provided in electronic format they will be available for modification that according to MH will require additional resources to analyze. In addition, MH denotes that certain spreadsheets can only be provided in pdf format or not at all due to the inclusion of data or models deemed confidential or subject to intellectual property rights.

Hydro's refusal to provide electronic copies of models and data may prevent our consultants from gaining a timely understanding of the software driven aspects of its asset capital asset management program.

In the best case scenario, the refusal will substantially increases our modeling and analysis work.

#### Hydro's proposed alternative is expensive and obstructive to good regulatory review

Overall, the various general objections made by MH to several questions looking for models or data is vague and does not tie exact objection(s) to a specific request. This approach is counterproductive, and does not help us narrow areas of dispute. The objections that certain spreadsheets can't be produced because of meta-data is simply specious.

The MH solution is to deliberately convert the spreadsheets from functioning files into a far less useful format:

In these situations, in order to remove the metadata, the file must be converted to an Adobe Acrobat portable document format (pdf) file. This is an electronic file format that

is an open standard which is readable by many different operating systems, does not require specific software to read and allows all parties to access filed information.

The conversion process to pdf will remove any formulas from the spreadsheets, rendering them useless from an analytical perspective. If MH decides to manually scan the pdfs or add a watermark to the sheets, it will be almost impossible electronically copy data into Excel files.

That means data would have to be manually entered, a time consuming in order to be useful, cumbersome and entirely unnecessary process since MH already maintains the data in functioning spreadsheets.

### Position of the Coalition

Our preferred approach is that the information requests be answered as posed. That would be consistent with good regulatory practice elsewhere and consistent with Hydro's recent practice in Lake Winnipeg Regulation.

In the alternative, we ask that Hydro be required to:

(1) State in writing which exact IRs it:

(a) will not answer with specifics for the reason why;

(b) desires to answer but will provide a model or database in pdf format instead of a machine readable electronic format, including an identification of the electronic format for the original model or data and why a pdf is the appropriate media for production;

(c) will not answer since the material requested is claimed to be protected intellectual property, and why a non-disclosure agreement would be insufficient to protect the intellectual property of any third party software vendor.

(2) For each model or database not produced in response to 1(c), provide a full written (a) identification of the model or database and (b) a detailed description of the model or database, (including all its material aspects) and how it is used by MH.

(3) In all relevant cases, provide spreadsheets in fully functioning Excel format with all formulas intact, cells enabled and data linked. If spreadsheets have any metadata removed, including staff notes, MH should create a privilege log that identifies the information, the author, the effect on formulas or data from the removal of metadata and the claimed privilege entitling the MH to remove the information.

We offer these accommodations as way to move the process along given the tight time frames in the case, rather than as a substitute for the questions as originally

asked. Not having the models, but instead just a description, may dilute our ability to understand the capital planning and project selection process of MH.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

In Figure 4.18 Manitoba Hydro claims that the turnover of its assets at current replacement rates generally exceeds their life expectancy. For example generators have a 60 year life, but given their rate of replacement it will take 117 years to replace them.

**QUESTION:**

For each asset type in Figure 4.18 provide a table with the current net book value of the asset along with a weighted average composite average life expectancy of the rate base along with the associated average depreciation rate.

**RATIONALE FOR QUESTION:**

Manitoba Hydro's IFF shows a projected \$900 million loss to Manitoba Hydro. While most depreciation questions are left to the PUB and MIPUG, this goes to issues of intergenerational equity.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro submits that it has provided sufficient information in its GRA, in particular Appendix 5.6, to satisfy this request and for the PUB and parties to test the reasonableness of the depreciation expense included in the test years.

**COALITION RESPONSE:**

While the Coalition rejects the Corporation's rationale, the Coalition notes that it did generally defer its questioning related to depreciation to MIPUG.

Given time pressures on all parties and the surprising number of refusals of Hydro related to MIPUG depreciation questions, the Coalition does not wish to stand in the way of timely responses to the many MIPUG questions on depreciation.

The question is withdrawn.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

In its letter to the PUB on February 4, Manitoba Hydro indicated that "... more weight should be afforded to reviewing the first 10 years of the financial forecast ...".

Consumers' Coalition notes that Manitoba Hydro comments on Moody's "negative" trend on page 20 of Tab 3, and on page 21, that "It is important that ... weakened financial ratios ... do not negatively impact the credit rating."

Consumers' Coalition observes that the Morrison Park Advisors ("MPA") report filed in the NFAT proceeding, comments on certain aspects of rating agencies actions and market behaviours.

Consumers' Coalition also notes that Appendix 3.8 does not contain the S&P rating reports. The Consumers' Coalition observes that the S&P web site offers a "Supplementary Analysis: Province of Manitoba, dated 10-Dec--2014", which document provides, "In our opinion, a sharp deterioration in the province's after-capital results leading to a sustained increase in tax-supported debt beyond 180% of consolidated operating revenues, or a significant decline in cash and investment holdings could result in a negative outlook revision or downgrade." This document also indicates a "Tax-supported debt" level for 2013 of approximately 152.6, declining to 151.2 for 2016.

Consumers' Coalition wishes to understand the degree or strength of linkage between bond ratings and the actual rates and spreads which debt instruments trade in the market.

**QUESTION:**

- a) Is it the credit rating that is important or the price at which debt is obtained in the financial markets?
- b) Does Manitoba Hydro accept the proposition advanced by MPA at page 69 of 94 that "Projecting forward ten, ... years to a possible financial distress episode at Manitoba Hydro on the basis of current estimates is a tenuous exercise at best,

- both because of the time involved, and because of the vagaries of the credit rating world” and if not, why not.
- c) Is it Manitoba Hydro’s position that as rating agencies classify borrowers into various rating classes, that the rating level is indicative or determinative of the spread that the market applies to the borrowers bonds?
  - d) Does Manitoba Hydro accept the proposition advanced by MPA at page 71 of 94 that “the pattern of the credit spread between Manitoba bonds and Government of Canada bonds does not correspond to the rating agency views”, and if not please explain why not, and provide the correct proposition to link ratings and market credit spreads?
  - e) As MPA notes at page 70 of 94 that “In the past twenty years, Moody’s has upgraded Manitoba’s credit rating three times”, Consumers’ Coalition wishes to understand if Manitoba can identify if within a week of any of those upgrades, whether the indicated market rate of 10 year Manitoba bonds changed by a such a degree so as to create a direct line to the rating event and the change in market rates?
  - f) Does Manitoba Hydro accept the proposition advanced by MPA at page 71 of 94 that “both Moody’s and DBRS increased Manitoba’s credit rating in 2003, after the spread had already declined, with no apparent further affect once their new positions were announced”, and if not please explain why not, and provide the market yields and spreads to support the alternative proposition?
  - g) As MPA notes at page 70 of 94 that “DBRS rates Manitoba equal to Quebec, but less than Ontario, while Standard and Poors rates Manitoba one notch above Ontario and two notches above Quebec”, and Manitoba Hydro presents similar information in Figure 3.9 in Tab 3, Consumers’ Coalition wishes to understand if Manitoba Hydro can demonstrate through market yield and spread data related to 10 year obligations of Manitoba, Ontario, Ontario Hydro, Quebec and Quebec Hydro, whether the opinion of DBRS, Moody’s or S&P appears to be best reflected in the yields of 10 year debt instruments?
  - h) As MPA notes at page 70 of 94 that “DBRS rates Manitoba equal to Quebec, but less than Ontario, while Standard and Poors rates Manitoba one notch above Ontario and two notches above Quebec”, and Manitoba Hydro presents similar information in Figure 3.9 in Tab 3, Consumers’ Coalition wishes to understand if Manitoba Hydro can demonstrate through market yield and spread data related to 20 year obligations of Manitoba, Ontario, Ontario Hydro, Quebec and Quebec Hydro, whether the opinion of DBRS, Moody’s or S&P appears to be best reflected in the yields of 20 year debt instruments?
  - i) As MPA notes at page 70 of 94 that “DBRS rates Manitoba equal to Quebec, but less than Ontario, while Standard and Poors rates Manitoba one notch above Ontario and two notches above Quebec”, and Manitoba Hydro presents similar information in Figure 3.9 in Tab 3, Consumers’ Coalition wishes to understand if Manitoba Hydro can demonstrate through market yield and spread data related to 10 year obligations of Manitoba, Ontario, Ontario Hydro, Quebec and Quebec

- Hydro, the value of a “notch” reduction in rating reflected in the 10 year debt instruments?
- j) As MPA notes at page 70 of 94 that “DBRS rates Manitoba equal to Quebec, but less than Ontario, while Standard and Poors rates Manitoba one notch above Ontario and two notches above Quebec”, and Manitoba Hydro presents similar information in Figure 3.9 in Tab 3, Consumers’ Coalition wishes to understand if Manitoba Hydro can demonstrate through market yield and spread data related to 20 year obligations of Manitoba, Ontario, Ontario Hydro, Quebec and Quebec Hydro, the value of a “notch” reduction in rating reflected in 20 year debt instruments?
- k) In light of the 180% threshold indicated “Supplementary Analysis: Province of Manitoba, Publication date 10-Dec-2014”, and the current and forecast levels of approximately 150% please comment on timing of and likelihood of a “downgrade” in respect of the base case and each of the sensitivities found in Attachments A, B, C, and D of Appendix 3.5 and the -1% interest rate scenario found at page 11 of 40 in Appendix 3.6.
- l) Consumers’ Coalition wishes to understand the precise meaning of the term “self-supporting” as that term is used through-out the application.
- i. Over what period of time, perhaps a quarter, a year, 3 years, 5 or more years is the status of “self-supporting” determined or established?
  - ii. Was Manitoba Hydro’s debt “self-supporting” during fiscal 2004, a year of a \$436 million loss, and if not, why?
  - iii. Was Manitoba Hydro’s debt “self-supporting” during the fiscal 2003 through 2005 period, a period with a net loss of approximately \$229 million, and if not, why?
  - iv. Is the concept of “self-supporting” based on financing expenses and net income, or interest costs ignoring any capitalization of interest on funds borrowed for major new generation, transmission or head office costs and net income, or some other measures?

**RATIONALE FOR QUESTION:**

Goes to reliability of IFF and implications for access to affordable credit. Seeks different insight than MMF/Hydro 1-2 or PUB questions.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This request includes unfounded hypotheses and assumptions and are not proper information requests as contemplated by Rule 14 of the PUB’s Rules of Practice and

Procedure for “..a satisfactory understanding of the matters to be considered.” Any response other than "not applicable" is not possible.

The information request process is not a vehicle by which intervenors may obtain tools and/or evidence from the applicant to assist them in creating their own evidence to propose alternatives to that which has been applied for by Manitoba Hydro. It is up to intervening parties to prove their own case and not for the applicant to demonstrate why the information sought from it is not relevant or significant to the relief it has applied for.

**COALITION RESPONSE:**

Hydro's generic response is puzzling and not responsive to the questions posed.

MH has stated that the financial soundness is important because bond rating agencies look to it in doing their ratings and rating impact the interest rates and thus the cost to ratepayers.

The questions are simply testing the alleged linkage between debt ratings, interest rates and costs to ratepayers.

The questions posed are proper both for information requests and by cross examination. Answering them now will reduce the time required for cross examination.

We would ask that the question be answered as posed.

<b>Section:</b>
<b>Topic:</b>
<b>Subtopic:</b>
<b>Issue:</b>

**PREAMBLE TO IR (IF ANY):**

In its letter to the PUB on February 4, Manitoba Hydro indicated that “... more weight should be afforded to reviewing the first 10 years of the financial forecast ...”

Consumers’ Coalition observes in Appendix 3.4, page 1 of 6, that financing expense is the largest expense in Electrical operations in fiscal 2017 and is by 2022 is forecast to be greater than the sum of the next two expenses categories, operations and depreciation.

Consumers’ Coalition observes that the 90 day T-bill interest rate forecasts in many recent years have forecast materially higher interest rates than those that actually occurred, and believes that this overstates the financial burdens to be faced by Manitoba Hydro, in past and current forecasts.

Consumers’ Coalition has prepared the table below to attempt to quantify the error in forecasting of 90 day T-bill interest rate from data found in Economic Outlooks for 2006, 2007, 2009, 2010, 2011, 2012, 2013 and 2014. At the time this question was being prepared, Consumers’ Coalition was unable to find a 2008 Economic Outlook. To allow for the final period comparison for each forecast, as there are approximately 6 weeks remaining in the fiscal year, Consumers’ Coalition has estimated 0.89% as the 2014/15 actual value using the available Bank of Canada data series V39065 for the period April 1, 2014 to February 12, 2015. See cell 2014/15, in the row “Actual”.

To assist in understanding the table, the 2011 first year error of 0.69% is calculated by subtracting the actual 2012 0.91% value from the forecast of 1.60%. The 8th year 2006 forecast error of 3.56% is calculated by subtracting the actual 2014 value of 0.94% from the 4.5% forecast for 2014.

90 Day T-bill Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014
2006	4.00%	4.05%	4.25%	4.25%	4.30%	4.50%	4.50%	<b>4.50%</b>	4.50%
2007		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
2008									

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COALITION/MH-I-107a

2009				0.80%	1.90%	3.80%	4.20%	4.25%	4.25%
2010					0.95%	2.50%	3.10%	3.65%	4.10%
2011						<b>1.60%</b>	2.80%	4.45%	3.80%
2012							1.00%	1.45%	2.95%
2013								1.05%	1.45%
2014									1.00%
Actual	4.16%	3.83%	1.84%	0.22%	0.78%	<b>0.91%</b>	0.97%	<b>0.94%</b>	0.89%
Error	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year
2006	-0.16%	0.22%	2.41%	4.03%	3.52%	3.59%	3.53%	<b>3.56%</b>	3.61%
2007	0.42%	2.41%	4.03%	3.47%	3.34%	3.28%	3.31%	3.36%	
2008									
2009	0.58%	1.12%	2.89%	3.23%	3.31%	3.36%			
2010	0.17%	1.59%	2.13%	2.71%	3.21%				
2011	<b>0.69%</b>	1.83%	3.51%	2.91%					
2012	0.03%	0.51%	2.06%						
2013	0.11%	0.56%							
2014	0.11%								
Avg error	0.24%	1.18%	2.84%	3.27%	3.35%	3.41%	3.42%	3.46%	3.61%
Avg Forecast	1.83%	2.63%	3.80%	4.03%	4.23%	4.33%	4.38%	4.38%	4.50%
Error/AvgFest	13%	45%	75%	81%	79%	79%	78%	79%	80%

The average forecast is calculated using forecasts for periods of equal distance from the date of the forecast date. For the 2 year average, they include the second left side value in each row, from 4.05% for the 2006 forecast through to 1.45% for the 2013 forecast. For the 7 year value the average forecast includes the 2006 forecast for the 2012/13 fiscal year of 4.50% and the 2007 forecast for the 2013/14 fiscal year of 4.25% and would include the 2008 forecast for the 2014/15 fiscal year, had that forecast been available at the time of the calculation. The average error to average forecast is calculated by division.

**QUESTION:**

Please confirm that the data points extracted from the 2006, 2007 and 2009 through 2014 Economic Outlooks are correct for each of the fiscal periods or supply the corrected value for any erroneous data points.

**RATIONALE FOR QUESTION:**

The question goes to alleged forecast bias of an important element of the rate.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This request includes unfounded hypotheses and assumptions and are not proper information requests as contemplated by Rule 14 of the PUB's Rules of Practice and Procedure for "...a satisfactory understanding of the matters to be considered." Any response other than "not applicable" is not possible. Furthermore, it is simply wrong, unfounded and inflammatory for the Coalition to suggest as it did in its questions/submission that Manitoba Hydro continues to use a "...statistically biased and inaccurate forecast methodology for periods longer than four years".

The information request process is not a vehicle by which intervenors may obtain tools and/or evidence from the applicant to assist them in creating their own evidence to propose alternatives to that which has been applied for by Manitoba Hydro. It is up to intervening parties to prove their own case and not for the applicant to demonstrate why the information sought from it is not relevant or significant to the relief it has applied for.

**COALITION RESPONSE:**

Hydro's generic response is puzzling and not responsive to the questions posed.

The question posed go to the reliability of Hydro's financial forecasts which as explained in the preamble are an important underpinning of Hydro's proposed rate increase.

It is well accepted practice in regulation proceedings that in order to reduce time in cross examination calculations are confirmed through information requests. It is especially common when the data being considered flows from the Applicant company.

The questions posed are proper both for information requests and by cross examination. Answering them now will reduce the time required for cross examination.

<b>Section:</b>
<b>Topic:</b>
<b>Subtopic:</b>
<b>Issue:</b>

**PREAMBLE TO IR (IF ANY):**

In its letter to the PUB on February 4, Manitoba Hydro indicated that “... more weight should be afforded to reviewing the first 10 years of the financial forecast ...”

Consumers’ Coalition observes in Appendix 3.4, page 1 of 6, that financing expense is the largest expense in Electrical operations in fiscal 2017 and is by 2022 is forecast to be greater than the sum of the next two expenses categories, operations and depreciation.

Consumers’ Coalition observes that the 90 day T-bill interest rate forecasts in many recent years have forecast materially higher interest rates than those that actually occurred, and believes that this overstates the financial burdens to be faced by Manitoba Hydro, in past and current forecasts.

Consumers’ Coalition has prepared the table below to attempt to quantify the error in forecasting of 90 day T-bill interest rate from data found in Economic Outlooks for 2006, 2007, 2009, 2010, 2011, 2012, 2013 and 2014. At the time this question was being prepared, Consumers’ Coalition was unable to find a 2008 Economic Outlook. To allow for the final period comparison for each forecast, as there are approximately 6 weeks remaining in the fiscal year, Consumers’ Coalition has estimated 0.89% as the 2014/15 actual value using the available Bank of Canada data series V39065 for the period April 1, 2014 to February 12, 2015. See cell 2014/15, in the row “Actual”.

To assist in understanding the table, the 2011 first year error of 0.69% is calculated by subtracting the actual 2012 0.91% value from the forecast of 1.60%. The 8th year 2006 forecast error of 3.56% is calculated by subtracting the actual 2014 value of 0.94% from the 4.5% forecast for 2014.

90 Day T-bill Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014
2006	4.00%	4.05%	4.25%	4.25%	4.30%	4.50%	4.50%	<b>4.50%</b>	4.50%
2007		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
2008									

Manitoba Hydro 2014/15 & 2015/16 General Rate Application  
COALITION/MH-I-107c

2009				0.80%	1.90%	3.80%	4.20%	4.25%	4.25%
2010					0.95%	2.50%	3.10%	3.65%	4.10%
2011						<b>1.60%</b>	2.80%	4.45%	3.80%
2012							1.00%	1.45%	2.95%
2013								1.05%	1.45%
2014									1.00%
<b>Actual</b>	<b>4.16%</b>	<b>3.83%</b>	<b>1.84%</b>	<b>0.22%</b>	<b>0.78%</b>	<b>0.91%</b>	<b>0.97%</b>	<b>0.94%</b>	<b>0.89%</b>
Error	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year
2006	-0.16%	0.22%	2.41%	4.03%	3.52%	3.59%	3.53%	<b>3.56%</b>	3.61%
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2009	0.58%	1.12%	2.89%	3.23%	3.31%	3.36%			
2010	0.17%	1.59%	2.13%	2.71%	3.21%				
2011	<b>0.69%</b>	1.83%	3.51%	2.91%					
2012	0.03%	0.51%	2.06%						
2013	0.11%	0.56%							
2014	0.11%								
Avg error	0.24%	1.18%	2.84%	3.27%	3.35%	3.41%	3.42%	3.46%	3.61%
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Error/AvgFest	13%	45%	75%	81%	79%	79%	78%	79%	80%

The average forecast is calculated using forecasts for periods of equal distance from the date of the forecast date. For the 2 year average, they include the second left side value in each row, from 4.05% for the 2006 forecast through to 1.45% for the 2013 forecast. For the 7 year value the average forecast includes the 2006 forecast for the 2012/13 fiscal year of 4.50% and the 2007 forecast for the 2013/14 fiscal year of 4.25% and would include the 2008 forecast for the 2014/15 fiscal year, had that forecast been available at the time of the calculation. The average error to average forecast is calculated by division.

**QUESTION:**

Please update the table to incorporate the 2008 Economic Outlook 90 day T-bill interest rate forecasts, and provide the error calculation, using the methodology applied to develop the other fiscal year forecast error numbers.

**RATIONALE FOR QUESTION:**

The question goes to alleged forecast bias of an important element of the rate.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This request includes unfounded hypotheses and assumptions and are not proper information requests as contemplated by Rule 14 of the PUB's Rules of Practice and Procedure for "...a satisfactory understanding of the matters to be considered." Any response other than "not applicable" is not possible. Furthermore, it is simply wrong, unfounded and inflammatory for the Coalition to suggest as it did in its questions/submission that Manitoba Hydro continues to use a "...statistically biased and inaccurate forecast methodology for periods longer than four years".

The information request process is not a vehicle by which intervenors may obtain tools and/or evidence from the applicant to assist them in creating their own evidence to propose alternatives to that which has been applied for by Manitoba Hydro. It is up to intervening parties to prove their own case and not for the applicant to demonstrate why the information sought from it is not relevant or significant to the relief it has applied for.

**COALITION RESPONSE:**

Hydro's generic response is puzzling and not responsive to the questions posed. The question posed go to the reliability of Hydro's financial forecasts which as explained in the preamble are an important underpinning of Hydro's proposed rate increase.

It is well accepted practice in regulation proceedings that in order to reduce time in cross examination calculations are confirmed through information requests. It is especially common when the data being considered flows from the Applicant company.

The question simply seeks to build upon 107 a) by including the missing 2008 Economic Outlook. The questions posed are proper both for information requests and by cross examination. Answering them now will reduce the time required for cross examination.

<b>Section:</b>
<b>Topic:</b>
<b>Subtopic:</b>
<b>Issue:</b>

**PREAMBLE TO IR (IF ANY):**

In its letter to the PUB on February 4, Manitoba Hydro indicated that “... more weight should be afforded to reviewing the first 10 years of the financial forecast ...”

Consumers’ Coalition observes in Appendix 3.4, page 1 of 6, that financing expense is the largest expense in Electrical operations in fiscal 2017 and is by 2022 is forecast to be greater than the sum of the next two expenses categories, operations and depreciation.

Consumers’ Coalition observes that the 90 day T-bill interest rate forecasts in many recent years have forecast materially higher interest rates than those that actually occurred, and believes that this overstates the financial burdens to be faced by Manitoba Hydro, in past and current forecasts.

Consumers’ Coalition has prepared the table below to attempt to quantify the error in forecasting of 90 day T-bill interest rate from data found in Economic Outlooks for 2006, 2007, 2009, 2010, 2011, 2012, 2013 and 2014. At the time this question was being prepared, Consumers’ Coalition was unable to find a 2008 Economic Outlook. To allow for the final period comparison for each forecast, as there are approximately 6 weeks remaining in the fiscal year, Consumers’ Coalition has estimated 0.89% as the 2014/15 actual value using the available Bank of Canada data series V39065 for the period April 1, 2014 to February 12, 2015. See cell 2014/15, in the row “Actual”.

To assist in understanding the table, the 2011 first year error of 0.69% is calculated by subtracting the actual 2012 0.91% value from the forecast of 1.60%. The 8th year 2006 forecast error of 3.56% is calculated by subtracting the actual 2014 value of 0.94% from the 4.5% forecast for 2014.

90 Day T-bill Fiscal year	2006	2007	2008	2009	2010	2011	2012	2013	2014
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2007		4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
2008									

Manitoba Hydro 2014/15 & 2015/16 General Rate Application  
COALITION/MH-I-107g

2009				0.80%	1.90%	3.80%	4.20%	4.25%	4.25%
2010					0.95%	2.50%	3.10%	3.65%	4.10%
2011						<b>1.60%</b>	2.80%	4.45%	3.80%
2012							1.00%	1.45%	2.95%
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2014									1.00%
Actual	4.16%	3.83%	1.84%	0.22%	0.78%	<b>0.91%</b>	0.97%	<b>0.94%</b>	0.89%
Error	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year
2006	-0.16%	0.22%	2.41%	4.03%	3.52%	3.59%	3.53%	<b>3.56%</b>	3.61%
2007	0.42%	2.41%	4.03%	3.47%	3.34%	3.28%	3.31%	3.36%	
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2009	0.58%	1.12%	2.89%	3.23%	3.31%	3.36%			
2010	0.17%	1.59%	2.13%	2.71%	3.21%				
2011	<b>0.69%</b>	1.83%	3.51%	2.91%					
2012	0.03%	0.51%	2.06%						
2013	0.11%	0.56%							
2014	0.11%								
Avg error	0.24%	1.18%	2.84%	3.27%	3.35%	3.41%	3.42%	3.46%	3.61%
Avg Forecast	1.83%	2.63%	3.80%	4.03%	4.23%	4.33%	4.38%	4.38%	4.50%
Error/AvgFest	13%	45%	75%	81%	79%	79%	78%	79%	80%

The average forecast is calculated using forecasts for periods of equal distance from the date of the forecast date. For the 2 year average, they include the second left side value in each row, from 4.05% for the 2006 forecast through to 1.45% for the 2013 forecast. For the 7 year value the average forecast includes the 2006 forecast for the 2012/13 fiscal year of 4.50% and the 2007 forecast for the 2013/14 fiscal year of 4.25% and would include the 2008 forecast for the 2014/15 fiscal year, had that forecast been available at the time of the calculation. The average error to average forecast is calculated by division.

**QUESTION:**

To assist the Board in understanding the financial magnitude of the errors of forecasting of 90 day T-bill rates, please provide a table setting out the short term, floating rate long term debt, and fixed rate long term debt, in dollars and in percentage of total debt, for the 2012/13 and 2013/14 year ends, and the forecast year ends up to and including 2023/24.

**RATIONALE FOR QUESTION:**

The question goes to alleged forecast bias of an important element of the rate.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This request includes unfounded hypotheses and assumptions and are not proper information requests as contemplated by Rule 14 of the PUB's Rules of Practice and Procedure for "...a satisfactory understanding of the matters to be considered." Any response other than "not applicable" is not possible. Furthermore, it is simply wrong, unfounded and inflammatory for the Coalition to suggest as it did in its questions/submission that Manitoba Hydro continues to use a "...statistically biased and inaccurate forecast methodology for periods longer than four years".

The information request process is not a vehicle by which intervenors may obtain tools and/or evidence from the applicant to assist them in creating their own evidence to propose alternatives to that which has been applied for by Manitoba Hydro. It is up to intervening parties to prove their own case and not for the applicant to demonstrate why the information sought from it is not relevant or significant to the relief it has applied for.

**COALITION RESPONSE:**

While it believes the initial question as framed is amply supported by the evidence, the Coalition is prepared to restate its question:

To assist the Board in understanding the financial magnitude of any potential variance from forecasts of 90 day T-bill rates, please provide a table setting out the short term, floating rate long term debt, and fixed rate long term debt, in dollars and in percentage of total debt, for the 2012/13 and 2013/14 year ends, and the forecast year ends up to and including 2023/24.

The question is relevant and material.

Hydro has a challenged history in terms of finance costs forecasts. Given the focus of Hydro on the implications to its financial targets of the sought after rate increase, it is important to understand the potential implications to Hydro's financial targets of a forecast variance.



<b>Section:</b>
<b>Topic:</b>
<b>Subtopic:</b>
<b>Issue:</b>

**PREAMBLE TO IR (IF ANY):**

In its letter to the PUB on February 4, Manitoba Hydro indicated that “... more weight should be afforded to reviewing the first 10 years of the financial forecast ...”

CONSUMERS’ COALITION observes in Appendix 3.4, that financing expense is the largest expense in Electrical operations in fiscal 2017 and is by 2022 is forecast to be greater than the sum of the next two expenses categories, operations and depreciation.

CONSUMERS’ COALITION observes that the 10 Year + interest rate forecasts in many recent years have forecast materially higher interest rates than those that actually occurred, and believes that this overstates the financial burdens to be faced by Manitoba Hydro, in past and current forecasts.

Consumers’ Coalition has prepared the table below to attempt to quantify the error in forecasting of 10 year + rates from data found in Economic Outlooks for 2006, 2007, 2009, 2010, 2011, 2012, 2013 and 2014. At the time this question was being prepared, Consumers’ Coalition was unable to find a 2008 Economic Outlook. To allow for the final period comparison for each forecast, as there are approximately 6 weeks remaining in the fiscal year, Consumers’ Coalition has estimated 2.35% as the 2014/15 actual value using the available Bank of Canada data series V39055 and V39056 for the period April 1, 2014 to February 12, 2015. See cell 2014/15, in the row “Actual”.

To assist in understanding the table, the 2007 sixth year error of 3.82% is calculated by subtracting the 2013 actual 2.18% value from the forecast of 6%. The 4th year 2009 error of 3.22% is calculated by subtracting the 2013 actual value of 2.18% from the 5.4% forecast. The average forecast is calculated using forecasts for periods of equal distance from the date of the forecast date. For 2006, they include the first left side value in each row, from 4.8% through to 3.25%. For the 9 year value it is the 2006 forecast for the 2014/15 fiscal year

	2006	2007	2008	2009	2010	2011	2012	2013	2014
10 year	2007	2008	2009	2010	2011	2012	2013	2014	2015
+									
2006	4.80%	5.05%	5.30%	5.55%	5.80%	6.00%	6.00%	6.00%	6.00%

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2007		4.40%	4.90%	5.30%	5.50%	5.65%	<b>6.00%</b>	6.00%	6.00%	
2008										
2009				3.15%	3.80%	4.95%	<b>5.40%</b>	5.50%	5.50%	
2010					4.00%	4.40%	4.65%	4.95%	5.30%	
2011						3.80%	4.25%	4.45%	4.80%	
2012							2.65%	3.00%	3.95%	
2013								2.50%	3.05%	
2014									3.25%	
Actual		<u>4.23%</u>	<u>4.24%</u>	<u>3.66%</u>	<u>3.89%</u>	<u>3.48%</u>	<u>2.83%</u>	<u><b>2.18%</b></u>	<u>2.70%</u>	<u>2.35%</u>
Error	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	
2006	0.57%	0.81%	1.64%	1.66%	2.32%	3.17%	3.82%	3.30%	3.66%	
2007	0.16%	1.24%	1.41%	2.02%	2.82%	<b>3.82%</b>	3.30%	3.66%		
2008										
2009	-0.74%	0.32%	2.12%	<b>3.22%</b>	2.80%	3.16%				
2010	0.52%	1.57%	2.47%	2.25%	2.96%					
2011	0.97%	2.12%	1.79%	2.46%						
2012	0.47%	0.34%	1.61%							
2013	-0.20%	0.71%								
2014	0.91%									
Avg	0.33%	1.01%	1.84%	2.32%	2.72%	3.38%	3.56%	3.48%	3.66%	
Error										
Avg	3.57%	4.06%	4.77%	5.24%	5.56%	5.83%	6.00%	6.00%	6.00%	
Forecast										
AvgEr/ AvgFcs	9%	25%	39%	44%	49%	58%	59%	58%	61%	

**QUESTION:**

Please confirm that the data points extracted from the 2006, 2007 and 2009 through 2014 Economic Outlooks are correct for each of the fiscal periods or supply the corrected value for any erroneous data points.

**RATIONALE FOR QUESTION:**

Goes to an alleged forecast bias which is central to the rate.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This request includes unfounded hypotheses and assumptions and are not proper information requests as contemplated by Rule 14 of the PUB's Rules of Practice and Procedure for "...a satisfactory understanding of the matters to be considered." Any response other than "not applicable" is not possible. Furthermore, it is simply wrong, unfounded and inflammatory for the Coalition to suggest as it did in its questions/submission that Manitoba Hydro continues to use a "...statistically biased and inaccurate forecast methodology for periods longer than four years".

The information request process is not a vehicle by which intervenors may obtain tools and/or evidence from the applicant to assist them in creating their own evidence to propose alternatives to that which has been applied for by Manitoba Hydro. It is up to intervening parties to prove their own case and not for the applicant to demonstrate why the information sought from it is not relevant or significant to the relief it has applied for.

**COALITION RESPONSE:**

Hydro's generic response is puzzling and not responsive to the questions posed.

The question posed go to the reliability of Hydro's financial forecasts which as explained in the preamble are an important underpinning of Hydro's proposed rate increase.

It is well accepted practice in regulation proceedings that in order to reduce time in cross examination calculations are confirmed through information requests. It is especially common when the data being considered flows from the Applicant company.

The questions posed are proper both for information requests and by cross examination. Answering them now will reduce the time required for cross examination.

<b>Section:</b>
<b>Topic:</b>
<b>Subtopic:</b>
<b>Issue:</b>

**PREAMBLE TO IR (IF ANY):**

In its letter to the PUB on February 4, Manitoba Hydro indicated that “... more weight should be afforded to reviewing the first 10 years of the financial forecast ...”

CONSUMERS’ COALITION observes in Appendix 3.4, that financing expense is the largest expense in Electrical operations in fiscal 2017 and is by 2022 is forecast to be greater than the sum of the next two expenses categories, operations and depreciation.

CONSUMERS’ COALITION observes that the 10 Year + interest rate forecasts in many recent years have forecast materially higher interest rates than those that actually occurred, and believes that this overstates the financial burdens to be faced by Manitoba Hydro, in past and current forecasts.

Consumers’ Coalition has prepared the table below to attempt to quantify the error in forecasting of 10 year + rates from data found in Economic Outlooks for 2006, 2007, 2009, 2010, 2011, 2012, 2013 and 2014. At the time this question was being prepared, Consumers’ Coalition was unable to find a 2008 Economic Outlook. To allow for the final period comparison for each forecast, as there are approximately 6 weeks remaining in the fiscal year, Consumers’ Coalition has estimated 2.35% as the 2014/15 actual value using the available Bank of Canada data series V39055 and V39056 for the period April 1, 2014 to February 12, 2015. See cell 2014/15, in the row “Actual”.

To assist in understanding the table, the 2007 sixth year error of 3.82% is calculated by subtracting the 2013 actual 2.18% value from the forecast of 6%. The 4th year 2009 error of 3.22% is calculated by subtracting the 2013 actual value of 2.18% from the 5.4% forecast. The average forecast is calculated using forecasts for periods of equal distance from the date of the forecast date. For 2006, they include the first left side value in each row, from 4.8% through to 3.25%. For the 9 year value it is the 2006 forecast for the 2014/15 fiscal year

	2006	2007	2008	2009	2010	2011	2012	2013	2014
10 year	2007	2008	2009	2010	2011	2012	2013	2014	2015
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2006	4.80%	5.05%	5.30%	5.55%	5.80%	6.00%	6.00%	6.00%	6.00%

Manitoba Hydro 2014/15 & 2015/16 General Rate Application  
COALITION/MH-I-108c

2007		4.40%	4.90%	5.30%	5.50%	5.65%	<b>6.00%</b>	6.00%	6.00%	
2008										
2009				3.15%	3.80%	4.95%	<b>5.40%</b>	5.50%	5.50%	
2010					4.00%	4.40%	4.65%	4.95%	5.30%	
2011						3.80%	4.25%	4.45%	4.80%	
2012							2.65%	3.00%	3.95%	
2013								2.50%	3.05%	
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Actual		<u>4.23%</u>	<u>4.24%</u>	<u>3.66%</u>	<u>3.89%</u>	<u>3.48%</u>	<u>2.83%</u>	<u><b>2.18%</b></u>	<u>2.70%</u>	<u>2.35%</u>
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2007	0.16%	1.24%	1.41%	2.02%	2.82%	<b>3.82%</b>	3.30%	3.66%		
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2009	-0.74%	0.32%	2.12%	<b>3.22%</b>	2.80%	3.16%				
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2011	0.97%	2.12%	1.79%	2.46%						
2012	0.47%	0.34%	1.61%							
2013	-0.20%	0.71%								
2014	0.91%									
Avg	0.33%	1.01%	1.84%	2.32%	2.72%	3.38%	3.56%	3.48%	3.66%	
Error										
Avg	3.57%	4.06%	4.77%	5.24%	5.56%	5.83%	6.00%	6.00%	6.00%	
Forecast										
AvgEr/ AvgFcs	9%	25%	39%	44%	49%	58%	59%	58%	61%	

**QUESTION:**

Please update the table to incorporate the 2008 Economic Outlook 10 Year + interest rate forecasts, and provide the error calculation, using the methodology applied to develop the other fiscal year forecast error numbers.

**RATIONALE FOR QUESTION:**

Goes to an alleged forecast bias which is central to the rate.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

This request includes unfounded hypotheses and assumptions and are not proper information requests as contemplated by Rule 14 of the PUB's Rules of Practice and Procedure for "...a satisfactory understanding of the matters to be considered." Any response other than "not applicable" is not possible. Furthermore, it is simply wrong, unfounded and inflammatory for the Coalition to suggest as it did in its questions/submission that Manitoba Hydro continues to use a "...statistically biased and inaccurate forecast methodology for periods longer than four years".

The information request process is not a vehicle by which intervenors may obtain tools and/or evidence from the applicant to assist them in creating their own evidence to propose alternatives to that which has been applied for by Manitoba Hydro. It is up to intervening parties to prove their own case and not for the applicant to demonstrate why the information sought from it is not relevant or significant to the relief it has applied for.

**COALITION RESPONSE:**

Hydro's generic response is puzzling and not responsive to the questions posed. The question posed go to the reliability of Hydro's financial forecasts which as explained in the preamble are an important underpinning of Hydro's proposed rate increase.

It is well accepted practice in regulation proceedings that in order to reduce time in cross examination calculations are confirmed through information requests. It is especially common when the data being considered flows from the Applicant company.

The question simply seeks to build upon 107 a) by including the missing 2008 Economic Outlook. The questions posed are proper both for information requests and by cross examination. Answering them now will reduce the time required for cross examination.

Sometimes imagery is important in communication.

It may be hard to convince the board that Hydro's stubborn refusal to test its forecast methodology is simply dumb.

With the data that we have put forward in the IRs [all of which is from Hydro documents] you should be able to prove that the long term interest rate forecast methodology is flawed, and suffers from upward bias, and has never been right in any recent period.

Even a broken clock gets it right twice a day, but Hydro's predictions for interest rates 3 or more years out never are.

One wonders why Hydro wants to spend so much time defending a income statement that is overburdened with phantom interest costs in future years, when it could easily be telling rating agencies that it will be stronger than that in the future by adopting the MPI style of interest rate forecast methodology [could it be the fact that it alone benefits from the error].

Why should Hydro answer the questions on interest rates interveners have posed.

It will save time in cross examination.

Testing additional scenarios [in this case based on an MPI proposed solution to the problem of forecast error] is more efficient than having a consultant to an intervener rebuild an model that the customers have already paid to develop. Byron,

<b>Section:</b>	Order 159/04Tab 102012/13 & 2013/14 GRA, Tab 13: Appendix 13.1	<b>Page No.:</b>	(ii) & 6714
<b>Topic:</b>	PUB Directives and Interim Orders		
<b>Subtopic:</b>	Directives from Order 134/10		
<b>Issue:</b>	Diesel Settlement Agreement – Retirement of Accumulated 2004 Deficit		

**PREAMBLE TO IR (IF ANY):**

Order 159/04 indicated that, under the Settlement Agreement, Manitoba Hydro “would request Board approval for an allocation of net electricity export revenues to first retire the diesel zone accumulated deficit. Once the deficit had been recovered, the net export revenue would be used to reduce costs allocated to the diesel-zone customer class, thus reducing the otherwise rate requirement.”

Appendix 13.1 (from the previous GRA) notes that an allocation of export revenues to Diesel is currently being applied against the accumulated deficit which is expected to fully paid off by March 31, 2014.

**QUESTION:**

Please provide a 2004-2014 continuity schedule for the accumulated deficit that sets out the initial accumulated deficit (as of 2004), the amount retired each year (through the allocation of net export revenues) and the outstanding balance (if any) as of March 31, 2014.

**RATIONALE FOR QUESTION:**

The Settlement Agreement expected that the accumulated Diesel deficit as of March 31, 2014 would be retired by March 31, 2014 through an allocation of net export revenues.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO’s intervention with respect to “The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada

with all settlement documents”. It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

### **COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

The interrogatory does not, as implied by MH’s letter, question the COSS methodology itself as it relates to the treatment of net export revenues. Indeed, part (b) acknowledges that the upcoming proceeding on COSS methodology is a more appropriate place for this to occur – if it has not occurred already.

However, as noted in the preamble to the question, a change in the COSS treatment of net export revenues was one of the elements of the Settlement Agreement which underpins the interim rates currently approved for the Diesel Communities. As MH is currently seeking final approval of these rates the status of the Settlement Agreement and its success in ensuring the ability of the interim Diesel rates to meet the financial requirements of the Diesel Communities’ electric operations should be in scope.

Parts (a) and (b) of the interrogatory simply seek to ascertain the status of this particular element of the Settlement Agreement.

These IRs are relevant with respect to the requested “final” approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

<b>Section:</b>	Order 159/04Tab 102012/13 & 2013/14 GRA, Tab 13: Appendix 13.1	<b>Page No.:</b>	(ii) & 6714
<b>Topic:</b>	PUB Directives and Interim Orders		
<b>Subtopic:</b>	Directives from Order 134/10		
<b>Issue:</b>	Diesel Settlement Agreement – Retirement of Accumulated 2004 Deficit		

**PREAMBLE TO IR (IF ANY):**

Order 159/04 indicated that, under the Settlement Agreement, Manitoba Hydro “would request Board approval for an allocation of net electricity export revenues to first retire the diesel zone accumulated deficit. Once the deficit had been recovered, the net export revenue would be used to reduce costs allocated to the diesel-zone customer class, thus reducing the otherwise rate requirement.”

Appendix 13.1 (from the previous GRA) notes that an allocation of export revenues to Diesel is currently being applied against the accumulated deficit which is expected to fully paid off by March 31, 2014.

**QUESTION:**

What has been the impact on Manitoba Hydro’s retained earnings (as of March 2014) of allocating a portion of export revenues to “retire” the accumulated deficit as opposed to recovering the deficit through Diesel rates as was the prior practice?

**RATIONALE FOR QUESTION:**

The Settlement Agreement expected that the accumulated Diesel deficit as of March 31, 2014 would be retired by March 31, 2014 through an allocation of net export revenues.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO’s intervention with respect to “The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada with all settlement documents”. It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

The interrogatory does not, as implied by MH's letter, question the COSS methodology itself as it relates to the treatment of net export revenues. Indeed, part (b) acknowledges that the upcoming proceeding on COSS methodology is a more appropriate place for this to occur – if it has not occurred already.

However, as noted in the preamble to the question, a change in the COSS treatment of net export revenues was one of the elements of the Settlement Agreement which underpins the interim rates currently approved for the Diesel Communities. As MH is currently seeking final approval of these rates the status of the Settlement Agreement and its success in ensuring the ability of the interim Diesel rates to meet the financial requirements of the Diesel Communities' electric operations should be in scope.

Parts (a) and (b) of the interrogatory simply seek to ascertain the status of this particular element of the Settlement Agreement.

These IRs are relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

<b>Section:</b>	Tab 10Order 159/04
<b>Topic:</b>	PUB Directives and Interim Orders
<b>Subtopic:</b>	Directives from Order 134/10
<b>Issue:</b>	Diesel Settlement Agreement – Allocation of Net Export

**PREAMBLE TO IR (IF ANY):**

Order 159/04 indicated that, under the Settlement Agreement, Manitoba Hydro “would request Board approval for an allocation of net electricity export revenues to first retire the diesel zone accumulated deficit. Once the deficit had been recovered, the net export revenue would be used to reduce costs allocated to the diesel-zone customer class, thus reducing the otherwise rate requirement.”

**QUESTION:**

Please confirm that this item is still outstanding. If not, please indicate where the PUB has provided its approval.

**RATIONALE FOR QUESTION:**

To confirm the status of the Settlement Agreement provision whereby Manitoba Hydro would request Board approval for an allocation of net electricity export revenues: i) first to retire the diesel zone accumulated deficit and, then once the deficit had been recovered and, then, ii) to reduce costs allocated to the diesel-zone customer class, thus reducing the otherwise rate requirement.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

As found at page 22, in Order 18/15, it is premature to review matters associated with the allocation of net export revenues and/or the Diesel Cost of Service Study, as part of this proceeding as Manitoba Hydro is to file its cost of service study with the PUB later this year.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

The interrogatory does not, as implied by MH's letter, question the COSS methodology itself as it relates to the treatment of net export revenues. Indeed, part (b) acknowledges that the upcoming proceeding on COSS methodology is a more appropriate place for this to occur – if it has not occurred already.

However, as noted in the preamble to the question, a change in the COSS treatment of net export revenues was one of the elements of the Settlement Agreement which underpins the interim rates currently approved for the Diesel Communities. As MH is currently seeking final approval of these rates the status of the Settlement Agreement and its success in ensuring the ability of the interim Diesel rates to meet the financial requirements of the Diesel Communities' electric operations should be in scope.

Parts (a) and (b) of the interrogatory simply seek to ascertain the status of this particular element of the Settlement Agreement.

These IRs are relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

<b>Section:</b>	Tab 10Order 159/04	<b>Page No.:</b>	7(ii) & 6
<b>Topic:</b>	PUB Directives and Interim Orders		
<b>Subtopic:</b>	Directives from Order 134/10		
<b>Issue:</b>	Diesel Settlement Agreement – Allocation of Net Export Revenues		

**PREAMBLE TO IR (IF ANY):**

Order 159/04 indicated that, under the Settlement Agreement, Manitoba Hydro “would request Board approval for an allocation of net electricity export revenues to first retire the diesel zone accumulated deficit. Once the deficit had been recovered, the net export revenue would be used to reduce costs allocated to the diesel-zone customer class, thus reducing the otherwise rate requirement.”

**QUESTION:**

When does Manitoba Hydro plan to request this approval? Will it be part of the forthcoming Cost of Service Study Application?

**RATIONALE FOR QUESTION:**

To confirm the status of the Settlement Agreement provision whereby Manitoba Hydro would request Board approval for an allocation of net electricity export revenues: i) first to retire the diesel zone accumulated deficit and, then once the deficit had been recovered and, then, ii) to reduce costs allocated to the diesel-zone customer class, thus reducing the otherwise rate requirement.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

As found at page 22, in Order 18/15, it is premature to review matters associated with the allocation of net export revenues and/or the Diesel Cost of Service Study, as part of this proceeding as Manitoba Hydro is to file its cost of service study with the PUB later this year.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

The interrogatory does not, as implied by MH's letter, question the COSS methodology itself as it relates to the treatment of net export revenues. Indeed, part (b) acknowledges that the upcoming proceeding on COSS methodology is a more appropriate place for this to occur – if it has not occurred already.

However, as noted in the preamble to the question, a change in the COSS treatment of net export revenues was one of the elements of the Settlement Agreement which underpins the interim rates currently approved for the Diesel Communities. As MH is currently seeking final approval of these rates the status of the Settlement Agreement and its success in ensuring the ability of the interim Diesel rates to meet the financial requirements of the Diesel Communities' electric operations should be in scope.

Parts (a) and (b) of the interrogatory simply seek to ascertain the status of this particular element of the Settlement Agreement.

These IRs are relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

<b>Section:</b>	Tab 10Order 159/04	<b>Page No.:</b>	7(ii) & 6
<b>Topic:</b>	PUB Directives and Interim Orders		
<b>Subtopic:</b>	Directives from Order 134/10		
<b>Issue:</b>	Diesel Settlement Agreement – Allocation of Net Export Revenues		

**PREAMBLE TO IR (IF ANY):**

Order 159/04 indicated that, under the Settlement Agreement, Manitoba Hydro “would request Board approval for an allocation of net electricity export revenues to first retire the diesel zone accumulated deficit. Once the deficit had been recovered, the net export revenue would be used to reduce costs allocated to the diesel-zone customer class, thus reducing the otherwise rate requirement.”

**QUESTION:**

Why is Manitoba Hydro requesting final approval of the interim Diesel Rates that incorporate this term of the Agreement if PUB approval for the change in COSS treatment of export revenues has not been granted?

**RATIONALE FOR QUESTION:**

To confirm the status of the Settlement Agreement provision whereby Manitoba Hydro would request Board approval for an allocation of net electricity export revenues: i) first to retire the diesel zone accumulated deficit and, then once the deficit had been recovered and, then, ii) to reduce costs allocated to the diesel-zone customer class, thus reducing the otherwise rate requirement.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

As found at page 22, in Order 18/15, it is premature to review matters associated with the allocation of net export revenues and/or the Diesel Cost of Service Study, as part of this proceeding as Manitoba Hydro is to file its cost of service study with the PUB later this year.

**COALITION RESPONSE:**

If, as Hydro suggests, the approval of the change in treatment of net export revenues is to be part of the upcoming COSS review, then part (c) raises a legitimate question as to whether it is appropriate for the PUB to grant final approval to the current (interim) Diesel rates given that the terms of the Settlement Agreement have not been finalized.

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

The interrogatory does not, as implied by MH's letter, question the COSS methodology itself as it relates to the treatment of net export revenues. Indeed, part (b) acknowledges that the upcoming proceeding on COSS methodology is a more appropriate place for this to occur – if it has not occurred already.

However, as noted in the preamble to the question, a change in the COSS treatment of net export revenues was one of the elements of the Settlement Agreement which underpins the interim rates currently approved for the Diesel Communities. As MH is currently seeking final approval of these rates the status of the Settlement Agreement and its success in ensuring the ability of the interim Diesel rates to meet the financial requirements of the Diesel Communities' electric operations should be in scope.

These IRs are relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please confirm that INAC (now AANDC) has paid \$3.2 million to MH for the surcharge billed to INAC by MH between November 2000 and May 2004 as required under the Settlement Agreement. If not, what is the status of this item?

**RATIONALE FOR QUESTION:**

To confirm whether INAC (now AANDC) and other government customers have met their obligations under the provisions of the Settlement Agreement regarding the accumulated 2004 deficit and undepreciated capital as of 2004.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO's intervention with respect to "The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada with all settlement documents". It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

This IR is relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond

to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please confirm that INAC (now AANDC), on behalf of the Federal government, paid MH 69% of the \$28.8 million of MH's diesel-related undepreciated capital cost, the balance as at March 31, 2004, by July 7, 2005 without interest and no later than January 7, 2006. If so, please indicate whether interest was paid on any amounts paid between July 7, 2005 and July 7, 2006. If not, what is the status of this item?

**RATIONALE FOR QUESTION:**

To confirm whether INAC (now AANDC) and other government customers have met their obligations under the provisions of the Settlement Agreement regarding the accumulated 2004 deficit and undepreciated capital as of 2004.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO's intervention with respect to "The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada with all settlement documents". It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

This IR is relevant with respect to the requested “final” approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please confirm that Manitoba Hydro has requested and received from other federal and provincial government customers in the diesel zone (notably Health Canada, the RCMP, and the Province of Manitoba) 10% of the undepreciated capital balance as of March 31, 2004. If not, what is the status of this item?

**RATIONALE FOR QUESTION:**

To confirm whether INAC (now AANDC) and other government customers have met their obligations under the provisions of the Settlement Agreement regarding the accumulated 2004 deficit and undepreciated capital as of 2004.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO's intervention with respect to "The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada with all settlement documents". It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

This IR is relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

Appendix 11.1 (page 3) from the 2012/13 & 2013/14 GRA indicated that the Agreement contemplated the funding of capital costs through customer contributions rather than rates.

**QUESTION:**

Please provide a schedule that sets out, by community and by capital project, the capital spending in each year since 2004 and forecast through to 2016/17.

**RATIONALE FOR QUESTION:**

To confirm whether INAC (now AANDC) and other government customers have met their obligations under the provisions of the Settlement Agreement regarding the provision of capital contributions to fund post-2004 capital expenditures.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO's intervention with respect to "The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada with all settlement documents". It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

This IR is relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond

to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

Appendix 11.1 (page 3) from the 2012/13 & 2013/14 GRA indicated that the Agreement contemplated the funding of capital costs through customer contributions rather than rates.

**QUESTION:**

Please provide a schedule that for each capital project noted in response to part (a) sets out the capital contribution to be made by i) AANDC, ii) Other Federal/Provincial Government Customers and iii) Manitoba Hydro in accordance with the Settlement Agreement. In the same schedule please indicate, for spending up to March 31, 2014, whether these contributions have been received.

**RATIONALE FOR QUESTION:**

To confirm whether INAC (now AANDC) and other government customers have met their obligations under the provisions of the Settlement Agreement regarding the provision of capital contributions to fund post-2004 capital expenditures.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO's intervention with respect to "The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada with all settlement documents". It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

This IR is relevant with respect to the requested “final” approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

Appendix 11.1 (page 3) from the 2012/13 & 2013/14 GRA indicated that the Agreement contemplated the funding of capital costs through customer contributions rather than rates.

**QUESTION:**

In those cases where contributions have not been received as per the Agreement please indicate the status.

**RATIONALE FOR QUESTION:**

To confirm whether INAC (now AANDC) and other government customers have met their obligations under the provisions of the Settlement Agreement regarding the provision of capital contributions to fund post-2004 capital expenditures.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO's intervention with respect to "The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada with all settlement documents". It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

This IR is relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond

to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide the actual operating statement for the Diesel Communities for the each of the years for the years from 2004/2005 to 2013/2014. Please do not include notional interest, depreciation and capital taxes that do not accrue as a result of capital contributions.

**RATIONALE FOR QUESTION:**

To confirm whether, based on the Settlement Agreement, the Manitoba Hydro's operation of the Diesel Communities is now on a financially sound basis.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO's intervention with respect to "The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada with all settlement documents". It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

This IR is relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond

to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please update or correct the table on Page 9 of Order 1/10 where required.

**RATIONALE FOR QUESTION:**

To confirm whether, based on the Settlement Agreement, the Manitoba Hydro's operation of the Diesel Communities is now on a financially sound basis.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO's intervention with respect to "The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada with all settlement documents". It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

This IR is relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please update the table provided in response to PUB/MH 9 c) from the 2010 Diesel Application proceeding to include actuals up to March 31, 2014.

**RATIONALE FOR QUESTION:**

To confirm whether, based on the Settlement Agreement, the Manitoba Hydro's operation of the Diesel Communities is now on a financially sound basis.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

On page 22 of Order 18/15, the PUB approved MKO's intervention with respect to "The finalization of Diesel Rates, provided MKO has provided Manitoba Hydro and Canada with all settlement documents". It is premature and unwarranted for Manitoba Hydro to be responding to this IR as the documents have not yet been produced by MKO.

**COALITION RESPONSE:**

The response of Hydro puts the Coalition in an awkward position. In the event that MKO files the agreement later in the hearing the Coalition will not have the opportunity to pose follow up information requests.

Hydro does not deny the information is relevant and material.

This IR is relevant with respect to the requested "final" approval of the current interim Diesel Community rates. However, it is agreed that there is no need for MH to respond to the noted IRs if final approval of the current interim rates for Diesel Communities is not part of the scope of the current proceeding.

If Hydro continues to request final approval of the current interim diesel rates, the Coalition asks that the responses be provided or in the alternative that an opportunity for follow up information requests be provided.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

The response to CAC/MH I-8 a) indicated that a DCOSS based on the 2013/14 forecast year would be developed and incorporate actual results for the years 2011/12 and 2012/13.

**QUESTION:**

Please provide a copy the referenced DCOSS for the 2013/14 forecast year.

**RATIONALE FOR QUESTION:**

To understand the recent financial performance of Manitoba Hydro's operation of the Diesel Communities.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

As found at page 22, in Order 18/15, it is premature to review matters associated with the allocation of net export revenues and/or the Diesel Cost of Service Study, as part of this proceeding as Manitoba Hydro is to file its cost of service study with the PUB later this year.

**COALITION RESPONSE:**

The interim Diesel rates for which MH is seeking final approval are underpinned by the "Settlement Agreement" which was meant to establish a new financial paradigm for the operation of Diesel communities that would deal with historic deficits and receivables and allowed for future costs to be recovered through a combination of rates and capital contributions.

It is therefore legitimate, prior to finalizing the interim rates, to test whether these objectives are being met, i.e, is the Diesel Communities' operation financially self-supporting under this new paradigm?

The DCOSS provides such information and it is for this purpose (and not for purposes of question the COSS methodology itself) that the most recent DCOSS was requested.

Indeed, if it were to lessen MH concern the response to this interrogatory could focus on providing those schedules in the most recent DCOSS that demonstrate whether or not the operation of the Diesel Communities is current financially self-sufficient under the terms of the Settlement Agreement.

The Coalition is prepared to limit its request to schedules in the most recent DCOSS that demonstrate whether or not the operation of the Diesel Communities is current financially self-sufficient under the terms of the Settlement Agreement.

<b>Section:</b>	Tab 102012/13 & 2013/14 GRA, CAC/MH I-8 a)	<b>Page No.:</b>	7
<b>Topic:</b>	PUB Directives and Interim Orders		
<b>Subtopic:</b>	Directives from Order 134/10		
<b>Issue:</b>	Diesel Settlement Agreement – Recent DCOSS		

**PREAMBLE TO IR (IF ANY):**

The response to CAC/MH I-8 a) indicated that a DCOSS based on the 2013/14 forecast year would be developed and incorporate actual results for the years 2011/12 and 2012/13.

**QUESTION:**

If a more recent DCOSS has been completed please provide a copy.

**RATIONALE FOR QUESTION:**

To understand the recent financial performance of Manitoba Hydro's operation of the Diesel Communities.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

As found at page 22, in Order 18/15, it is premature to review matters associated with the allocation of net export revenues and/or the Diesel Cost of Service Study, as part of this proceeding as Manitoba Hydro is to file its cost of service study with the PUB later this year.

**COALITION RESPONSE:**

The interim Diesel rates for which MH is seeking final approval are underpinned by the "Settlement Agreement" which was meant to establish a new financial paradigm for the operation of Diesel communities that would deal with historic deficits and receivables and allowed for future costs to be recovered through a combination of rates and capital contributions.

It is therefore legitimate, prior to finalizing the interim rates, to test whether these objectives are being met, i.e, is the Diesel Communities' operation financially self-supporting under this new paradigm?

The DCOSS provides such information and it is for this purpose (and not for purposes of question the COSS methodology itself) that the most recent DCOSS was requested.

Indeed, if it were to lessen MH concern the response to this interrogatory could focus on providing those schedules in the most recent DCOSS that demonstrate whether or not the operation of the Diesel Communities is current financially self-sufficient under the terms of the Settlement Agreement.

The Coalition is prepared to limit its request to schedules in the most recent DCOSS that demonstrate whether or not the operation of the Diesel Communities is current financially self-sufficient under the terms of the Settlement Agreement.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

A Capital Project Justification is initiated when a capital project is identified as it is stated on page 2 of 26 tab 4. The CPJ contains information that identify the needs for the project. Furthermore; CPJs are examined to confirm the need based on a number of criteria. In addition, Manitoba Hydro assesses the proposed projects and whether projects of lesser priority can be displaced.

**QUESTION:**

Please provide supporting CPJ documentation justifying all new projects included in the CEF 2014.

**RATIONALE FOR QUESTION:**

Confirm the prudence and reasonableness of the new projects included in the CEF 2014 and test whether cost effective prioritization is taking place. Does not duplicate PUB/Hydro 1-17 – 1-26.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro understands that the PUB's Rules of Practice and Procedure, and its practice, is to look at the relevance of the information sought, the significance, and the reasonableness of the request when the PUB considers its discretion of permitting IRs. Manitoba Hydro seeks the PUB's direction with respect to the reasonableness, relevance, significance and value that this IR would provide to the PUB in making its determinations, in light of the total number of IRs and the significant amount of time and effort that Manitoba Hydro would have to spend in responding to this IR.

**COALITION RESPONSE:**

Hydro's lack of specificity is not consistent with the Board's intent with regard to justifying refusals of information requests.

Hydro's allegation that the filing of Capital Program Justifications which already have been prepared would incur a significant amount of time and effort is not credible on its face.

In prior General Rate Applications, this Board has found that substantial insight into the prudence and mechanism of hydro capital expenditures has been garnered by a review of Capital Program Justifications relating to expenditures such as BP3.

Given Hydro's concern about pressure on its financial targets relating to capital expenditures, it is legitimate and necessary to ask it to demonstrate that it is showing appropriate care in developing its capital programs.

We ask that the question be answered as posed.

<b>Section:</b>
<b>Topic:</b>
<b>Subtopic:</b>
<b>Issue:</b>

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format with all formulae intact, the file or files used to produce Figure 4.3 and Figure 4.4.

**RATIONALE FOR QUESTION:**

Test analysis of change in cost flow.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

In accordance with past practice, where applicable and readily available, Manitoba Hydro will respond to this IR by providing information in Microsoft Excel or other writable format containing data only.

**COALITION RESPONSE:**

Hydro's response is generic and does not address the specific information requested.

Prejudice to the Coalition

Without providing specifics related to the information requested, Manitoba Hydro has identified a number of objections relating to the provision of its internal models in electronic format. The company claims that the models are either too large to provide or if provided in electronic format they will be available for modification that according to MH will require additional resources to analyze. In addition, MH denotes that certain spreadsheets can only be provided in pdf format or not at all due to the inclusion of data or models deemed confidential or subject to intellectual property rights.

Hydro's proposed alternative is expensive and obstructive to good regulatory review

Overall, the various general objections made by MH to several questions looking for models or data is vague and does not tie exact objection(s) to a specific request. This approach is counterproductive, and does not help us narrow areas of dispute. The objections that certain spreadsheets can't be produced because of meta-data is simply specious.

The MH solution is to deliberately convert the spreadsheets from functioning files into a far less useful format:

In these situations, in order to remove the metadata, the file must be converted to an Adobe Acrobat portable document format (pdf) file. This is an electronic file format that is an open standard which is readable by many different operating systems, does not require specific software to read and allows all parties to access filed information.

The conversion process to pdf will remove any formulas from the spreadsheets, rendering them useless from an analytical perspective. If MH decides to manually scan the pdfs or add a watermark to the sheets, it will be almost impossible electronically copy data into Excel files.

That means data would have to be manually entered, a time consuming in order to be useful, cumbersome and entirely unnecessary process since MH already maintains the data in functioning spreadsheets.

Position of the Coalition

Our preferred approach is that the information requests be answered as posed. That would be consistent with good regulatory practice elsewhere and consistent with Hydro's recent practice in Lake Winnipeg Regulation.

In the alternative, we ask that Hydro be required to:

(1) State in writing which exact IRs it:

(a) will not answer with specifics for the reason why;

(b) desires to answer but will provide a model or database in pdf format instead of a machine readable electronic format, including an identification of the electronic format for the original model or data and why a pdf is the appropriate media for production;

(c) will not answer since the material requested is claimed to be protected intellectual property, and why a non-disclosure agreement would be insufficient to protect the intellectual property of any third party software vendor.

(2) For each model or database not produced in response to 1(c), provide a full written (a) identification of the model or database and (b) a detailed description of the model or database, (including all its material aspects) and how it is used by MH.

(3) In all relevant cases, provide spreadsheets in fully functioning Excel format with all formulas intact, cells enabled and data linked. If spreadsheets have any metadata removed, including staff notes, MH should create a privilege log that identifies the information, the author, the effect on formulas or data from the removal of metadata and the claimed privilege entitling the MH to remove the information.

We offer these accommodations as way to move the process along given the tight time frames in the case, rather than as a substitute for the questions as originally asked. Not having the models, but instead just a description, may dilute our ability to understand the capital planning and project selection process of MH.

<b>Section:</b>	Tab 4
<b>Topic:</b>	Capital Expenditure Forecast
<b>Subtopic:</b>	Change in Cost Flow from CEF 2013 to CEF 2014
<b>Issue:</b>	Information related to figure 4.5

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format:

The updated figure to include the Major New Generation & Transmission expenditures forecast for 2012/2013 and 2013/2014 next to the actual expenditures.

**RATIONALE FOR QUESTION:**

Compare Forecast with actual expenditures for 2012/2013 and 2013/2014.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

In accordance with past practice, where applicable and readily available, Manitoba Hydro will respond to this IR by providing information in Microsoft Excel or other writable format containing data only.

**COALITION RESPONSE:**

Hydro's response is generic and does not address the specific information requested.

Prejudice to the Coalition

Without providing specifics related to the information requested, Manitoba Hydro has identified a number of objections relating to the provision of its internal models in electronic format. The company claims that the models are either too large to provide or if provided in electronic format they will be available for modification that according to MH will require additional resources to analyze. In addition, MH denotes that certain spreadsheets can only be provided in pdf format or not at all due to the inclusion of data or models deemed confidential or subject to intellectual property rights.

Hydro's proposed alternative is expensive and obstructive to good regulatory review

Overall, the various general objections made by MH to several questions looking for models or data is vague and does not tie exact objection(s) to a specific request. This approach is counterproductive, and does not help us narrow areas of dispute. The objections that certain spreadsheets can't be produced because of meta-data is simply specious.

The MH solution is to deliberately convert the spreadsheets from functioning files into a far less useful format:

In these situations, in order to remove the metadata, the file must be converted to an Adobe Acrobat portable document format (pdf) file. This is an electronic file format that is an open standard which is readable by many different operating systems, does not require specific software to read and allows all parties to access filed information.

The conversion process to pdf will remove any formulas from the spreadsheets, rendering them useless from an analytical perspective. If MH decides to manually scan the pdfs or add a watermark to the sheets, it will be almost impossible electronically copy data into Excel files.

That means data would have to be manually entered, a time consuming in order to be useful, cumbersome and entirely unnecessary process since MH already maintains the data in functioning spreadsheets.

Position of the Coalition

Our preferred approach is that the information requests be answered as posed. That would be consistent with good regulatory practice elsewhere and consistent with Hydro's recent practice in Lake Winnipeg Regulation.

In the alternative, we ask that Hydro be required to:

(1) State in writing which exact IRs it:

(a) will not answer with specifics for the reason why;

(b) desires to answer but will provide a model or database in pdf format instead of a machine readable electronic format, including an identification of the electronic format for the original model or data and why a pdf is the appropriate media for production;

(c) will not answer since the material requested is claimed to be protected intellectual property, and why a non-disclosure agreement would be insufficient to protect the intellectual property of any third party software vendor.

(2) For each model or database not produced in response to 1(c), provide a full written (a) identification of the model or database and (b) a detailed description of the model or database, (including all its material aspects) and how it is used by MH.

(3) In all relevant cases, provide spreadsheets in fully functioning Excel format with all formulas intact, cells enabled and data linked. If spreadsheets have any metadata removed, including staff notes, MH should create a privilege log that identifies the information, the author, the effect on formulas or data from the removal of metadata and the claimed privilege entitling the MH to remove the information.

We offer these accommodations as way to move the process along given the tight time frames in the case, rather than as a substitute for the questions as originally asked. Not having the models, but instead just a description, may dilute our ability to understand the capital planning and project selection process of MH.

<b>Section:</b>	Tab 4	<b>Page No.:</b>	p. 6 of 26
<b>Topic:</b>			
<b>Subtopic:</b>	Change in Cost Flow from CEF 2013 to CEF 2014		
<b>Issue:</b>	Information related to figure 4.5		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format:

The data file or files used to produce Figure 4.5.

**RATIONALE FOR QUESTION:**

Compare Forecast with actual expenditures for 2012/2013 and 2013/2014.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

In accordance with past practice, where applicable and readily available, Manitoba Hydro will respond to this IR by providing information in Microsoft Excel or other writable format containing data only.

**COALITION RESPONSE:**

Hydro's response is generic and does not address the specific information requested.

Prejudice to the Coalition

Without providing specifics related to the information requested, Manitoba Hydro has identified a number of objections relating to the provision of its internal models in electronic format. The company claims that the models are either too large to provide or if provided in electronic format they will be available for modification that according to MH will require additional resources to analyze. In addition, MH denotes that certain spreadsheets can only be provided in pdf format or not at all due to the inclusion of data or models deemed confidential or subject to intellectual property rights.

Hydro's proposed alternative is expensive and obstructive to good regulatory review

Overall, the various general objections made by MH to several questions looking for models or data is vague and does not tie exact objection(s) to a specific request. This approach is counterproductive, and does not help us narrow areas of dispute. The objections that certain spreadsheets can't be produced because of meta-data is simply specious.

The MH solution is to deliberately convert the spreadsheets from functioning files into a far less useful format:

In these situations, in order to remove the metadata, the file must be converted to an Adobe Acrobat portable document format (pdf) file. This is an electronic file format that is an open standard which is readable by many different operating systems, does not require specific software to read and allows all parties to access filed information.

The conversion process to pdf will remove any formulas from the spreadsheets, rendering them useless from an analytical perspective. If MH decides to manually scan the pdfs or add a watermark to the sheets, it will be almost impossible electronically copy data into Excel files.

That means data would have to be manually entered, a time consuming in order to be useful, cumbersome and entirely unnecessary process since MH already maintains the data in functioning spreadsheets.

Position of the Coalition

Our preferred approach is that the information requests be answered as posed. That would be consistent with good regulatory practice elsewhere and consistent with Hydro's recent practice in Lake Winnipeg Regulation.

In the alternative, we ask that Hydro be required to:

(1) State in writing which exact IRs it:

(a) will not answer with specifics for the reason why;

(b) desires to answer but will provide a model or database in pdf format instead of a machine readable electronic format, including an identification of the electronic format for the original model or data and why a pdf is the appropriate media for production;

(c) will not answer since the material requested is claimed to be protected intellectual property, and why a non-disclosure agreement would be insufficient to protect the intellectual property of any third party software vendor.

(2) For each model or database not produced in response to 1(c), provide a full written (a) identification of the model or database and (b) a detailed description of the model or database, (including all its material aspects) and how it is used by MH.

(3) In all relevant cases, provide spreadsheets in fully functioning Excel format with all formulas intact, cells enabled and data linked. If spreadsheets have any metadata removed, including staff notes, MH should create a privilege log that identifies the information, the author, the effect on formulas or data from the removal of metadata and the claimed privilege entitling the MH to remove the information.

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<b>Section:</b>	4	<b>Page No.:</b>	p. 7 of 26
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Major New Generation & Transmission Capital Expenditure Forecast		
<b>Issue:</b>	Information related to figure 4.6		

**PREAMBLE TO IR (IF ANY):**

Figure 4.6 denotes the major new generation & transmission expenditures forecast CEF 2014. The questions below request information related to that figure.

**QUESTION:**

Please provide, in electronic format with all formulae intact, the data file or files used to produce Figure 4.6

**RATIONALE FOR QUESTION:**

Clarify calculation “target adjustment” line item.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation’s models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

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<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Major New Generation & Transmission Capital Expenditure Forecast		
<b>Issue:</b>	Information related to figure 4.6		

**PREAMBLE TO IR (IF ANY):**

Figure 4.6 denotes the major new generation & transmission expenditures forecast CEF 2014. The questions below request information related to that figure.

**QUESTION:**

Please explain how the costs are progressing each year starting from 2014/2015 for each line item. Provide your answer in electronic format with all formulae intact.

**RATIONALE FOR QUESTION:**

Clarify calculation “target adjustment” line item.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

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<b>Section:</b>	4	I
<b>Topic:</b>	Capital Expenditure Forecast	
<b>Subtopic:</b>	Sustaining Capital Expenditures (Major & Base Capital)	
<b>Issue:</b>	Information related to figures 4.11 and 4.12	

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format:

The data file or files used to produce Figure 4.11 with the formulae intact

**RATIONALE FOR QUESTION:**

Compare Forecast with actual expenditures for 2012/2013 and 2013/2014 and provide context for increased expenditure.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

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<b>Section:</b>	4	I
<b>Topic:</b>	Capital Expenditure Forecast	
<b>Subtopic:</b>	Sustaining Capital Expenditures (Major & Base Capital)	
<b>Issue:</b>	Information related to figures 4.11 and 4.12	

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format:

The data file or files used to produce Figure 4.12 with the formulae intact

**RATIONALE FOR QUESTION:**

Compare Forecast with actual expenditures for 2012/2013 and 2013/2014 and provide context for increased expenditure.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

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<b>Topic:</b>	Capital Expenditure Forecast	
<b>Subtopic:</b>	Sustaining Capital Expenditures (Major & Base Capital)	
<b>Issue:</b>	Information related to figures 4.11 and 4.12	

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format:

For Figure 4.12, please provide the file or files with the formulae intact that describe how the cost is calculated for each asset type.

**RATIONALE FOR QUESTION:**

Compare Forecast with actual expenditures for 2012/2013 and 2013/2014 and provide context for increased expenditure.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

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<b>Section:</b>	4
<b>Topic:</b>	Capital Expenditure Forecast
<b>Subtopic:</b>	Sustaining Capital Expenditures (Major & Base Cap
<b>Issue:</b>	Information related to figures 4.11 and 4.12

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format:

Please update figure 4.12 to include the 2008 to 2014 and 2018 to 2024 time periods.

**RATIONALE FOR QUESTION:**

Compare Forecast with actual expenditures for 2012/2013 and 2013/2014 and provide context for increased expenditure.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

The information presented in Figure 4.12 was specifically developed for this application to be consistent with Manitoba Hydro's Asset Condition Assessment report. This information is not available in this format for previous years' actual results or previous CEFs.

**COALITION RESPONSE:**

Manitoba Hydro does not deny the information sought is material and relevant. Hydro does not seek to offer an alternative mechanism or format for providing a substantive response consistent with the spirit of the inquiry. Manitoba Hydro is refusing to provide a meaningful response to the substance of a question that is material and relevant.

The Coalition would ask that Hydro be directed to provide a substantive response aimed at responding to the spirit of a material and relevant inquiry.

<b>Section:</b>	4	I
<b>Topic:</b>	Capital Expenditure Forecast	
<b>Subtopic:</b>	Sustaining Capital Expenditures (Major & Base Capital)	
<b>Issue:</b>	Information related to figures 4.11 and 4.12	

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format:

Please provide a similar breakdown with the actual expenditures for 2014 and 2013

**RATIONALE FOR QUESTION:**

Compare Forecast with actual expenditures for 2012/2013 and 2013/2014 and provide context for increased expenditure.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

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Position of the Coalition

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<b>Section:</b>	4	<b>Page No.:</b>	pp. 11&12 of 26
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Sustaining Capital Expenditures (Major & Base Capital)		
<b>Issue:</b>	Information related to figures 4.11 and 4.12		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format:

For Figure 4.12, please identify the major, base capital expenditures and reconcile against CEF14 totals.

**RATIONALE FOR QUESTION:**

Compare Forecast with actual expenditures for 2012/2013 and 2013/2014 and provide context for increased expenditure.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

In accordance with past practice, where applicable and readily available, Manitoba Hydro will respond to this IR by providing information in Microsoft Excel or other writable format containing data only.

**COALITION RESPONSE:**

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Prejudice to the Coalition

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Hydro's proposed alternative is expensive and obstructive to good regulatory review

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<b>Section:</b>	Tab 4	<b>Page No.:</b>	p. 19 of 26
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Manitoba Hydro Current and 20 year outlook Asset Health Index		
<b>Issue:</b>	Update figure 4.17 for short term horizon		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please update figure 4.17 to include the 2014/15, 2015/16 and 2016/17 Manitoba Hydro AHI outlook and provide the supporting data file or files, in electronic format with all formulae intact.

**RATIONALE FOR QUESTION:**

Assess how AHI develops in the short term and reasonableness of capital prioritization.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

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<b>Section:</b>	Tab 4	<b>Page No.:</b>	p. 17 of 26
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Manitoba Hydro SAIDI and SAIFI Indicators		
<b>Issue:</b>	System performance measures and sustaining capital expenditures		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide Figure 4.16 in fully functioning electronic spreadsheet format with all supporting data.

**RATIONALE FOR QUESTION:**

Assess how AHI develops in the short term and the reasonableness of prioritization.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

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<b>Section:</b>	Tab 4	<b>Page No.:</b>	p. 20 of 26
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Asset Type Expectancy and Turnover at Current Replacement Rates		
<b>Issue:</b>	Confirm Manitoba Hydro's claim related to current replacement rates		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format with all formulae intact, the file or files used to produce Figure 4.18

**RATIONALE FOR QUESTION:**

Test Manitoba Hydro's claim of high turnover under current replacement rate.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

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<b>Section:</b>	Tab 4 Appendix 4.1	<b>Page No.:</b>	p. 22 of 26
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Manitoba Hydro Current and 20 year outlook Asset Health Index		
<b>Issue:</b>	Replacement rates accounted for the 20 year outlook		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Update figure 4.19 by using current replacement rates and provide the result in an electronic format file with the formulae intact.

**RATIONALE FOR QUESTION:**

Manitoba Hydro Outlook Figure 4.19 denotes a no replacement scenario and not a current replacement rate scenario.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

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<b>Section:</b>	Tab 4 Appendix 4.1	<b>Page No.:</b>	CEF 14 p. 2
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Capital Expenditure Forecast CEF 14		
<b>Issue:</b>	Assess cash flow of Capital Expenditure Forecast CEF 14		

**PREAMBLE TO IR (IF ANY):**

**QUESTION:**

Please provide, in electronic format with all formulae intact, the file or files used to produce the Capital Expenditure Forecast CEF 14 starting on page 2 and ending on page 8.

**RATIONALE FOR QUESTION:**

Supporting documentation for CEF 14.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

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<b>Section:</b>	Tab 4 Appendix 4.1	<b>Page No.:</b>	pp. 29-33
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Base Capital – Electric Operations		
<b>Issue:</b>	Assess Manitoba Hydro’s Target escalation		

**PREAMBLE TO IR (IF ANY):**

The generation, operations, transmission, customer service & distribution, customer care & energy conservation, Human Resource & corporate services and Finance & Regulatory sections of the electric operations include major and base target cash flows.

**QUESTION:**

Please provide, in electronic format with all formulae intact, the data file or files used to produce the target cash flows for the following electric operations:

- i. Generation that include major and base
- ii. Transmission
- iii. Customer Service and Distribution
- iv. Customer Care & Energy Conservation
- v. Human Resources & corporate Services
- vi. Finance and Regulatory
- vii. Please explain why the 2% escalation was chosen.

**RATIONALE FOR QUESTION:**

Assess Manitoba Hydro’s Target escalation.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes

working notes and references made by the staff responsible for the files which cannot be disclosed for confidentiality or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

In accordance with past practice, where applicable and readily available, Manitoba Hydro will respond to this IR by providing information in Microsoft Excel or other writable format containing data only.

### **COALITION RESPONSE:**

Hydro's response is generic and does not address the specific information requested.

#### Prejudice to the Coalition

Without providing specifics related to the information requested, Manitoba Hydro has identified a number of objections relating to the provision of its internal models in electronic format. The company claims that the models are either too large to provide or if provided in electronic format they will be available for modification that according to MH will require additional resources to analyze. In addition, MH denotes that certain spreadsheets can only be provided in pdf format or not at all due to the inclusion of data or models deemed confidential or subject to intellectual property rights.

#### Hydro's proposed alternative is expensive and obstructive to good regulatory review

Overall, the various general objections made by MH to several questions looking for models or data is vague and does not tie exact objection(s) to a specific request. This approach is counterproductive, and does not help us narrow areas of dispute. The objections that certain spreadsheets can't be produced because of meta-data is simply specious.

The MH solution is to deliberately convert the spreadsheets from functioning files into a far less useful format:

In these situations, in order to remove the metadata, the file must be converted to an Adobe Acrobat portable document format (pdf) file. This is an electronic file format that is an open standard which is readable by many different operating systems, does not require specific software to read and allows all parties to access filed information.

The conversion process to pdf will remove any formulas from the spreadsheets, rendering them useless from an analytical perspective. If MH decides to manually scan the pdfs or add a watermark to the sheets, it will be almost impossible electronically copy data into Excel files.

That means data would have to be manually entered, a time consuming in order to be useful, cumbersome and entirely unnecessary process since MH already maintains the data in functioning spreadsheets.

### Position of the Coalition

Our preferred approach is that the information requests be answered as posed. That would be consistent with good regulatory practice elsewhere and consistent with Hydro's recent practice in Lake Winnipeg Regulation.

In the alternative, we ask that Hydro be required to:

(1) State in writing which exact IRs it:

(a) will not answer with specifics for the reason why;

(b) desires to answer but will provide a model or database in pdf format instead of a machine readable electronic format, including an identification of the electronic format for the original model or data and why a pdf is the appropriate media for production;

(c) will not answer since the material requested is claimed to be protected intellectual property, and why a non-disclosure agreement would be insufficient to protect the intellectual property of any third party software vendor.

(2) For each model or database not produced in response to 1(c), provide a full written (a) identification of the model or database and (b) a detailed description of the model or database, (including all its material aspects) and how it is used by MH.

(3) In all relevant cases, provide spreadsheets in fully functioning Excel format with all formulas intact, cells enabled and data linked. If spreadsheets have any metadata removed, including staff notes, MH should create a privilege log that identifies the information, the author, the effect on formulas or data from the removal of metadata and the claimed privilege entitling the MH to remove the information.

We offer these accommodations as way to move the process along given the tight time frames in the case, rather than as a substitute for the questions as originally asked. Not having the models, but instead just a description, may dilute our ability to understand the capital planning and project selection process of MH.

<b>Section:</b>	Tab 4 Appendix 4.2	<b>Page No.:</b>	p. 3
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Electric Infrastructure Condition Assessment Summary		
<b>Issue:</b>	Assets' Consequence of failure		

**PREAMBLE TO IR (IF ANY):**

The executive summary of the Electric Infrastructure Condition Assessment Summary report includes the following:

“In-service failures generally represent a greater risk of customer outages and/or load shedding and are a potential hazard to individuals working in and around these assets as well to public safety.”

**QUESTION:**

Please describe how Manitoba Hydro incorporated into its risk management process the consequence caused by a failed asset in the Manitoba electric system. Include in your response a complete list of the consequence factors considered, the relative weight of each, copies of the criteria used for a manual scoring system (if any) and a fully functioning electronic copy of any software driven scoring system used (if any).

**RATIONALE FOR QUESTION:**

Evaluate whether Manitoba Hydro capital expenditure methodology included the consequence of failure of an asset.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be

disclosed for confidentiality or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

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### **COALITION RESPONSE:**

Hydro's response is generic and does not address the specific information requested.

#### Prejudice to the Coalition

Without providing specifics related to the information requested, Manitoba Hydro has identified a number of objections relating to the provision of its internal models in electronic format. The company claims that the models are either too large to provide or if provided in electronic format they will be available for modification that according to MH will require additional resources to analyze. In addition, MH denotes that certain spreadsheets can only be provided in pdf format or not at all due to the inclusion of data or models deemed confidential or subject to intellectual property rights.

#### Hydro's proposed alternative is expensive and obstructive to good regulatory review

Overall, the various general objections made by MH to several questions looking for models or data is vague and does not tie exact objection(s) to a specific request. This approach is counterproductive, and does not help us narrow areas of dispute. The objections that certain spreadsheets can't be produced because of meta-data is simply specious.

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### Position of the Coalition

Our preferred approach is that the information requests be answered as posed. That would be consistent with good regulatory practice elsewhere and consistent with Hydro's recent practice in Lake Winnipeg Regulation.

In the alternative, we ask that Hydro be required to:

(1) State in writing which exact IRs it:

(a) will not answer with specifics for the reason why;

(b) desires to answer but will provide a model or database in pdf format instead of a machine readable electronic format, including an identification of the electronic format for the original model or data and why a pdf is the appropriate media for production;

(c) will not answer since the material requested is claimed to be protected intellectual property, and why a non-disclosure agreement would be insufficient to protect the intellectual property of any third party software vendor.

(2) For each model or database not produced in response to 1(c), provide a full written (a) identification of the model or database and (b) a detailed description of the model or database, (including all its material aspects) and how it is used by MH.

(3) In all relevant cases, provide spreadsheets in fully functioning Excel format with all formulas intact, cells enabled and data linked. If spreadsheets have any metadata removed, including staff notes, MH should create a privilege log that identifies the information, the author, the effect on formulas or data from the removal of metadata and the claimed privilege entitling the MH to remove the information.

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<b>Section:</b>	Tab 4 Appendix 4.2
<b>Topic:</b>	Capital Expenditure Forecast
<b>Subtopic:</b>	Objectives of the Electric Asset Health Index Summary F
<b>Issue:</b>	Describe Manitoba Hydro's risk management process

**PREAMBLE TO IR (IF ANY):**

The Objectives of the Electric AHI Summary Report section includes the following:  
“Asset condition is an important input into the risk management process and the prioritization of capital funding....” See also Coalition 1-11.

**QUESTION:**

Identify, describe and provide and fully functioning copy of any risk assessment models utilized in electronic format with the formulae intact and explain in complete detail how these model(s) are used to select and prioritize sustaining capital expenditures.

**RATIONALE FOR QUESTION:**

Review Manitoba Hydro's risk assessment process as it relates to a significant cost driver. Seeks more specifics than Coalition/MH 1-11.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

In accordance with past practice, where applicable and readily available, Manitoba Hydro will respond to this IR by providing information in Microsoft Excel or other writable format containing data only.

**COALITION RESPONSE:**

**Information request Coalition/MH 1-93 is a central information request relating to capital asset prioritization.**

Hydro's response is generic and does not address the specific information requested. We note that Hydro's objections are inconsistent with its own recent actions in a concurrent proceeding and with well accepted regulatory practice elsewhere.

The objections that certain spreadsheets cannot be produced because of meta-data is simply specious.

Hydro's response threatens to materially impair a critical element of the Coalition analysis and to substantially increase associated costs.

One of the most important parts of the capital expenditure forecast is the forecast model itself and how the company utilizes it to predict capital expenditures in the future. We understand that some of these capex forecast models are large and may require some effort from the company to be provided, but the proposed capex has increased significantly in comparison with prior years. A thorough review of the model that dictates the potential expenditures is necessary.

Hydro's provided access to key models in the LWR proceeding

While Hydro claims its past practice is not to provide this type of detail, it is noteworthy that in the current Lake Winnipeg Regulation proceeding, Manitoba Hydro provided access to two Excel spreadsheet models to the CEC appointed expert:

- a water balance model for Lake Winnipeg (the Lake Winnipeg Routing Model) and a downstream Nelson River routing model (the Nelson River Routing Model).  
Manitoba Hydro

Our understanding is that Hydro provided a half-day workshop on the models and provided copies of the model for review and testing. (LAKE WINNIPEG REGULATION, Review of Hydrologic and Operational Models, George F. McMahon, p. 2-1 and 2-2)

Hydro's proposal is inconsistent with good industry practice related to capital asset expenditure review

We also note that Manitoba Hydro's approach to the sharing of models is inconsistent with the approach in other regulator proceedings. For example:

- Nova Scotia Power, Docket # M06514 (2014):

Nova Scotia Power utilizes an economic analysis model (“EAM”) to decide whether an economically justified capital project is the best option for customers by assessing a number of variable inputs. The EAM results are provided in the public version of the case filing while the actual model (in electronic format with the formulae intact) is provided for review after a confidentiality agreement is executed.

- Duke Energy Indiana, Cause No. 44526 (2014)

Duke Energy Indiana uses a risk assessment model prepared by Black & Veatch (a third party vendor) to identify investments needed for the replacement of Transmission and Distribution infrastructure for its Transmission, Distribution, and Storage System Improvement Charges 7-year plan. After executing a non-disclosure agreement, an opportunity was provided to conduct a technical session with Black & Veatch to explore the spreadsheet model and follow-up discovery about the model was answered.

### Prejudice to the Coalition

Without providing specifics related to the information requested, Manitoba Hydro has identified a number of objections relating to the provision of its internal models in electronic format. The company claims that the models are either too large to provide or if provided in electronic format they will be available for modification that according to MH will require additional resources to analyze. In addition, MH denotes that certain spreadsheets can only be provided in pdf format or not at all due to the inclusion of data or models deemed confidential or subject to intellectual property rights.

Hydro's refusal to provide electronic copies of models and data may prevent our consultants from gaining a timely understanding of the software driven aspects of its asset capital asset management program.

In the best case scenario, the refusal will substantially increases our modeling and analysis work.

### Hydro's proposed alternative is expensive and obstructive to good regulatory review

Overall, the various general objections made by MH to several questions looking for models or data is vague and does not tie exact objection(s) to a specific request. This approach is counterproductive, and does not help us narrow areas of dispute. The objections that certain spreadsheets can't be produced because of meta-data is simply specious.

The MH solution is to deliberately convert the spreadsheets from functioning files into a far less useful format:

In these situations, in order to remove the metadata, the file must be converted to an Adobe Acrobat portable document format (pdf) file. This is an electronic file format that is an open standard which is readable by many different operating systems, does not require specific software to read and allows all parties to access filed information.

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That means data would have to be manually entered, a time consuming in order to be useful, cumbersome and entirely unnecessary process since MH already maintains the data in functioning spreadsheets.

### Position of the Coalition

Our preferred approach is that the information requests be answered as posed. That would be consistent with good regulatory practice elsewhere and consistent with Hydro's recent practice in Lake Winnipeg Regulation.

In the alternative, we ask that Hydro be required to:

(1) State in writing which exact IRs it:

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(b) desires to answer but will provide a model or database in pdf format instead of a machine readable electronic format, including an identification of the electronic format for the original model or data and why a pdf is the appropriate media for production;

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effect on formulas or data from the removal of metadata and the claimed privilege entitling the MH to remove the information.

We offer these accommodations as way to move the process along given the tight time frames in the case, rather than as a substitute for the questions as originally asked. Not having the models, but instead just a description, may dilute our ability to understand the capital planning and project selection process of MH.

<b>Section:</b>	Tab 4 Appendix 4.2	<b>Page No.:</b>	p. 7
<b>Topic:</b>	Capital Expenditure Forecast		
<b>Subtopic:</b>	Objectives of the Electric Asset Health Index Summary Report		
<b>Issue:</b>	Describe Manitoba Hydro's risk management process		

**PREAMBLE TO IR (IF ANY):**

The Objectives of the Electric AHI Summary Report section includes the following:  
“Asset condition is an important input into the risk management process and the prioritization of capital funding....” See also Coalition 1-11.

**QUESTION:**

Identify and describe the Manitoba Hydro asset management model(s) and explain in complete detail how these model(s) are used to select and prioritize sustaining capital expenditures.

**RATIONALE FOR QUESTION:**

Review Manitoba Hydro's risk assessment process as it relates to a significant cost driver. Seeks more specifics than Coalition/MH 1-11.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

In accordance with past practice, where applicable and readily available, Manitoba Hydro will respond to this IR by providing information in Microsoft Excel or other writable format containing data only.

**COALITION RESPONSE:**

**Information request Coalition/MH 1-93 is a central information request relating to capital asset prioritization.**

Hydro's objections are not responsive to the question posed. There was no request for an electronic version of the model.

The question simply asked Hydro to

Identify and describe its asset management model(s) and explain in complete detail how these model(s) are used to select and prioritize sustaining capital expenditures.

We would ask that the question be answered as posed.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

The Objectives of the Electric AHI Summary Report section includes the following:  
“Asset condition is an important input into the risk management process and the prioritization of capital funding....” See also Coalition 1-11.

**QUESTION:**

Describe the process that Manitoba Hydro uses to prioritize projects within assets classes, and provide a fully functioning electronic copy of any model used in this process.

**RATIONALE FOR QUESTION:**

Review Manitoba Hydro’s risk assessment process as it relates to a significant cost driver. Seeks more specifics than Coalition/MH 1-11.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation’s models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

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The objections that certain spreadsheets cannot be produced because of meta-data is simply specious.

Hydro's response threatens to materially impair a critical element of the Coalition analysis and to substantially increase associated costs.

One of the most important parts of the capital expenditure forecast is the forecast model itself and how the company utilizes it to predict capital expenditures in the future. We understand that some of these capex forecast models are large and may require some effort from the company to be provided, but the proposed capex has increased significantly in comparison with prior years. A thorough review of the model that dictates the potential expenditures is necessary.

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Prejudice to the Coalition

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Hydro's proposed alternative is expensive and obstructive to good regulatory review

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**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

Manitoba Hydro claims that the charts used on section 5 of the Electric Asset Health Index Summary Report are arranged so the reader can compare the current condition of all assets versus the forecasted condition 20 years in the future. The transmission forecast includes approved capital sustainment programs for breakers, transformers and wood poles.

**QUESTION:**

Please indicate the amount of replacements for generation, transmission, HVDC and distribution by year as they are included in the 20 year forecast in electronic format.

**RATIONALE FOR QUESTION:**

To provide insight into the prioritization process and test reasonableness.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

In accordance with past practice, where applicable and readily available, Manitoba Hydro will respond to this IR by providing information in Microsoft Excel or other writable format containing data only.

**COALITION RESPONSE:**

Hydro's response is generic and does not address the specific information requested.

Prejudice to the Coalition

Without providing specifics related to the information requested, Manitoba Hydro has identified a number of objections relating to the provision of its internal models in electronic format. The company claims that the models are either too large to provide or if provided in electronic format they will be available for modification that according to MH will require additional resources to analyze. In addition, MH denotes that certain spreadsheets can only be provided in pdf format or not at all due to the inclusion of data or models deemed confidential or subject to intellectual property rights.

Hydro's proposed alternative is expensive and obstructive to good regulatory review

Overall, the various general objections made by MH to several questions looking for models or data is vague and does not tie exact objection(s) to a specific request. This approach is counterproductive, and does not help us narrow areas of dispute. The objections that certain spreadsheets can't be produced because of meta-data is simply specious.

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We offer these accommodations as way to move the process along given the tight time frames in the case, rather than as a substitute for the questions as originally asked. Not having the models, but instead just a description, may dilute our ability to understand the capital planning and project selection process of MH.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

Manitoba Hydro claims that the charts used on section 5 of the Electric Asset Health Index Summary Report are arranged so the reader can compare the current condition of all assets versus the forecasted condition 20 years in the future. The transmission forecast includes approved capital sustainment programs for breakers, transformers and wood poles.

**QUESTION:**

Please provide a list with all the programs – capital sustainment or other- included in the 20 year forecast charts in electronic format and a breakdown of their cost and asset replacements amount by year.

**RATIONALE FOR QUESTION:**

To provide insight into the prioritization process and test reasonableness.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may contain competitive or commercially sensitive information which is not appropriate to be disclosed.

In accordance with past practice, where applicable and readily available, Manitoba Hydro will respond to this IR by providing information in Microsoft Excel or other writable format containing data only.

**COALITION RESPONSE:**

Hydro's response is generic and does not address the specific information requested.

Prejudice to the Coalition

Without providing specifics related to the information requested, Manitoba Hydro has identified a number of objections relating to the provision of its internal models in electronic format. The company claims that the models are either too large to provide or if provided in electronic format they will be available for modification that according to MH will require additional resources to analyze. In addition, MH denotes that certain spreadsheets can only be provided in pdf format or not at all due to the inclusion of data or models deemed confidential or subject to intellectual property rights.

Hydro's proposed alternative is expensive and obstructive to good regulatory review

Overall, the various general objections made by MH to several questions looking for models or data is vague and does not tie exact objection(s) to a specific request. This approach is counterproductive, and does not help us narrow areas of dispute. The objections that certain spreadsheets can't be produced because of meta-data is simply specious.

The MH solution is to deliberately convert the spreadsheets from functioning files into a far less useful format:

In these situations, in order to remove the metadata, the file must be converted to an Adobe Acrobat portable document format (pdf) file. This is an electronic file format that is an open standard which is readable by many different operating systems, does not require specific software to read and allows all parties to access filed information.

The conversion process to pdf will remove any formulas from the spreadsheets, rendering them useless from an analytical perspective. If MH decides to manually scan the pdfs or add a watermark to the sheets, it will be almost impossible electronically copy data into Excel files.

That means data would have to be manually entered, a time consuming in order to be useful, cumbersome and entirely unnecessary process since MH already maintains the data in functioning spreadsheets.

Position of the Coalition

Our preferred approach is that the information requests be answered as posed. That would be consistent with good regulatory practice elsewhere and consistent with Hydro's recent practice in Lake Winnipeg Regulation.

In the alternative, we ask that Hydro be required to:

(1) State in writing which exact IRs it:

(a) will not answer with specifics for the reason why;

(b) desires to answer but will provide a model or database in pdf format instead of a machine readable electronic format, including an identification of the electronic format for the original model or data and why a pdf is the appropriate media for production;

(c) will not answer since the material requested is claimed to be protected intellectual property, and why a non-disclosure agreement would be insufficient to protect the intellectual property of any third party software vendor.

(2) For each model or database not produced in response to 1(c), provide a full written (a) identification of the model or database and (b) a detailed description of the model or database, (including all its material aspects) and how it is used by MH.

(3) In all relevant cases, provide spreadsheets in fully functioning Excel format with all formulas intact, cells enabled and data linked. If spreadsheets have any metadata removed, including staff notes, MH should create a privilege log that identifies the information, the author, the effect on formulas or data from the removal of metadata and the claimed privilege entitling the MH to remove the information.

We offer these accommodations as way to move the process along given the tight time frames in the case, rather than as a substitute for the questions as originally asked. Not having the models, but instead just a description, may dilute our ability to understand the capital planning and project selection process of MH.

**Section:**

**Topic:**

**Subtopic:**

**Issue:**

**PREAMBLE TO IR (IF ANY):**

Manitoba Hydro claims that the charts used on section 5 of the Electric Asset Health Index Summary Report are arranged so the reader can compare the current condition of all assets versus the forecasted condition 20 years in the future. The transmission forecast includes approved capital sustainment programs for breakers, transformers and wood poles.

**QUESTION:**

Please provide an updated 20 year asset condition assessment forecast -similarly to the charts provided- in electronic format with the formulae intact assuming current replacement rates for generation, transmission, HVDC and distribution.

**RATIONALE FOR QUESTION:**

To provide insight into the prioritization process and test reasonableness.

**RESPONSE:**

**RATIONALE FOR REFUSAL TO ANSWER THE QUESTION:**

Manitoba Hydro is not be able to file electronic spreadsheets in all cases as certain models used by the Corporation are large and complex and a significant amount of time and effort would need to be invested to be capable of operating the model correctly and in analyzing changes made by Interveners to the spreadsheets and understanding their potential impacts. This approach is inefficient, would require additional time to be provided within the regulatory process and would make the regulatory process more cumbersome. Similarly, certain spreadsheets contain significant metadata, which includes working notes and references made by the staff responsible for the files which cannot be disclosed for confidentially or other reasons. Additionally, some of the Corporation's models may be subject to intellectual property rights reserved by third parties and are not available to be shared in the regulatory process. In addition, some spreadsheets may

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**QUESTION:**

Please provide updated 20 year asset condition assessment forecast in electronic format - similarly to the charts provided- with the formulae intact assuming proposed replacement rates for generation, transmission, HVDC and distribution.

**RATIONALE FOR QUESTION:**

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