



**Senwung Luk**  
sluk@oktlaw.com  
416.981.9443  
73866

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**SENT VIA E-MAIL**

Mr D Christle  
Secretary and Executive Director  
Public Utilities Board  
400-330 Portage Ave  
Winnipeg MB R3C 0C4

Dear Mr Christle:

**Re: Manitoba Hydro 2017/18 & 2018/19 General Rate Application (“GRA”) - Interim Rate Application Effective August 1, 2017**

We are writing on behalf of the Assembly of Manitoba Chiefs (“AMC”), in regards to the above-noted application, in response to the Board’s correspondence of June 15, 2017, advising all parties to file a written outline of oral submissions on the application by July 14, 2017.

One of the major issues with which AMC is concerned in the main GRA is the impact of a 7.9% rate increase on customers, especially low-income customers. One of the most important impacts of the increase will be rate shock. This shock, of course, applies equally to a rate increase granted on an interim basis as an increase granted through the main GRA.

As cogently argued by the Manitoba Industrial Power Users Group (“MIPUG”) and the Consumer Coalition (“CC”) in their prior submissions on the issue, such an application should only be granted upon very clear evidence of Hydro’s financial need. Furthermore, the Board should consider such “need” as having been established only if all other means of rectifying Hydro’s financial picture have been found inadequate.

AMC endorses MIPUG’s presentation of the reasons why the interim rate increase should be rejected, and it supports CC’s analysis, presented in its Appendix B, to the effect that the most important change justifying the interim rate request is “Manitoba Hydro’s view as to how low the Equity ratio should be allowed to go and how quickly the 25% equity target should be achieved.” (page 18) These are important questions that will be addressed in the GRA. To allow the increase on an interim basis permits the rate shock on ratepayers, especially those represented by AMC, without the full examination of the evidence that could justify the increase.

Since the financial need in question stems from one-time expenses on major projects such as Keeyask and Bipole III, another means that should be considered for improving Hydro’s

financial picture would consist of asking Hydro's shareholder for a one-time capital infusion that would alleviate Hydro's financial need.

As AMC supports the approach to these issues taken by MIPUG and CC, it will rest on these written submissions and decline to participate in the oral hearing on the interim rate increase, in order to limit its regulatory costs.

Yours truly,  
Olthuis Kleer Townshend LLP

  
Senwung Luk

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