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July 25, 2017

**VIA E-MAIL**

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

Attention: Mr. Kurt Simonsen - Associate Secretary

Dear Sir:

**Re: Business Council of Manitoba Budget -  
2017/18 2018/19 General Rate Application  
Our File No. 104735-1**

As you aware, we represent the Business Council of Manitoba (the "BCM"), as an approved Intervener in the upcoming 2017/18 & 2018/19 General Rate Application hearing process. To the extent that the proposed rate increases will assist and place Manitoba Hydro on a solid independent financial footing, while safeguarding Manitoba Hydro's and the Province of Manitoba's overall financial stability, the BCM would be supportive of Manitoba Hydro's request for a rate increase.

This is the first time that the BCM has participated in a General Rate Application as an Intervener and the BCM is still in the process of reviewing the application materials and the positions of the other approved Interveners. Accordingly, we have not yet been involved in discussions with the various Interveners with respect to the common issues where we may be collaborating with certain Interveners or where we expect to have differing perspectives from that of the lead Intervener. We confirm, however, that we are aware of the directives set out in Order 70/17 and have every intention to adhere to Order 70/17 and collaborate with the other Interveners whenever practical to do so.

Given the interests of the BCM, the BCM will be restricting its intervention to a narrow but critically important aspect of the General Rate Application. The BCM is of the view that it is essential to bring forward experts that are uniquely positioned to provide input before the panel. Having regard to the Issues List in Appendix "A" to Order 70/17, the BCM has currently identified the following issues as ones it expects it will monitor, participate or, potentially, lead (as identified below):

**Rate Increases and Rate Impacts**

Macro Economic (Provincial Economy) impacts

Impacts on Fiscal Health of the Province (lead)

Impact on production/industry/businesses, and any resulting impact on other classes of consumers

**Financial Targets/Capital Structure**

Appropriate financial targets

Appropriate Capital structure for Crown utility (debt: equity levels)

Pacing to achieve financial targets

Cash flow/capital coverage

CFO to CAPEX Ratio cash flow to capital expenditures

Credit Rating

Risks

Changes in financial assumptions since NFAT

**Debt Management**

Interest rate forecast, including Berkley Report

Debt maturity schedules

Change in strategy with debt

Debt Management

**Major New Capital**

Interest costs forecast for projects

Issues related to revenue requirement and resulting rates

As this is the first time BCM has participated as an Intervener in a General Rate Application and the fact that BCM is still in the process of identifying experts that will add value to the hearing process and complement the other materials before the PUB, it is recognized that the following budget may require adjustments as this process proceeds. Based on our current understanding of the scope of the hearing and of the participation by BCM, the proposed budget is as follows:

<b>Legal Costs</b>	
Senior Counsel - 200 hours @ \$285/hr	\$57,000
Intermediate Counsel – 200 hours @ \$190/h	\$38,000
Junior Counsel – 300 hours @ \$100/h	\$30,000

<b>Consultant Costs</b>	
Expert re: Macro- Economic impacts of bond ratings and impact on public borrowings, debt and finances - not yet identified	\$30,000
Expert re: Bond Rating considerations, techniques and process -not yet identified	\$30,000
Bond Rating – corporate strategic considerations Murray Taylor, former CEO of Investors Group	Nil
<b>Total</b>	<b>\$185,000</b>

We appreciate the additional time that has been granted to the BCM to submit the foregoing budget and hope to be able to identify the experts to be called by BCM in short order. We will endeavor to notify the PUB if and when it is recognized that there will be deviations from the estimated budget set out herein. We further note that no costs for time or expenses incurred by members or staff of the BCM have been included or will be sought.

Thank you for your consideration and please do not hesitate to contact the undersigned should you require anything further at this time.

Yours truly,

**TAYLOR McCAFFREY LLP**

Per:

  
 **KEVIN T. WILLIAMS**

KTW/vt/lm

cc: Natalia Giraldo-Gomez, Regulatory Services Department, Manitoba Hydro  
cc: Don Leitch, Business Council of Manitoba