

# LEI proposal to provide expert witness testimony support for GSS/GSM customers in Manitoba Hydro's 2017/18 and 2018/19 general rate application

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## 1 Proposed Budget

As required by Order No. 70/17 in respect of Manitoba Hydro's 2017/18 and 2018/19 general rate application, London Economics International LLC ("LEI") submits the enclosed budget, as seen in Figure 1, to provide expert testimony support to the general service small and medium customer classes.<sup>1</sup> All figures are in nominal Canadian dollars.

**Figure 1. Estimated professional fees budget**

| Tasks   | Expected Person-hours | Estimated budget (CAD) | Notes   |
|---|-----------------------|------------------------|---|
| <b>I. Discovery</b>   |                       |                        |   |
| Review of documents   | 48                    | \$21,689               |   |
| Workshops, including prep time (bill affordability, sustaining capital) | 32                    | \$14,459               | Assumes two person-days per workshop  |
| Preparation of information requests (due July 24, 2017)                 | 32                    | \$14,459               | Assumed to flow from review of  |
| Review of responses to IRs  | 32                    | \$14,459               |   |
| <b>Total:</b>   | <b>144</b>            | <b>\$65,066</b>        |   |
| <b>II. Preparation of evidence</b>                                      |                       |                        |   |
| Stakeholder and intervenor collaboration                                | 32                    | \$14,459               |   |
| LEI analysis of key issues for GSS & GSM                                | 140                   | \$63,259               | Includes review of key issues: interim rate request, rate increases and rate impacts, financial targets, debt management, economic outlook - forecast assumptions, export revenues, load forecast, major new capital, major and base/sustaining capital, OM&A, regulatory deferral accounts, rate design, DSM, diesel zone, risk and uncertainty analysis |
| Drafting of evidence submission (due Oct 31, 2017)                      | 80                    | \$36,148               |   |
| LEI response to IRs (due Nov 15, 2017)                                  | 40                    | \$18,074               |   |
| <b>Total:</b>   | <b>292</b>            | <b>\$131,940</b>       |   |
| <b>III. Preparation and attendance at oral hearings*</b>                | <b>160</b>            | <b>\$72,296</b>        | Assumes twelve days of hearings and eight prep days   |
| <b>IV. Preparation of written and oral final argument</b>               | <b>40</b>             | <b>\$18,074</b>        |   |
| <b>Total LEI professional fee budget</b>                                | <b>636</b>            | <b>\$287,377</b>       |   |
| <b>Budget (CAD)</b>   |                       |                        |   |
| Professional services   |                       | \$287,377              |   |
| Travel and expenses   |                       | \$6,450                |   |
| <b>Total:</b>   |                       | <b>\$293,827</b>       |   |

\*The cost of preparation and attendance at oral hearings will be informed by the Board's determination of LEI's required level of participation

<sup>1</sup> MPUB. Order 70/17 - Procedural Order in respect of Manitoba Hydro's 2017/18 and 2018/19 General Rate Application. June 30, 2017.

LEI's budget is based on a blended hourly rate of \$451.85 CAD calculated from the hourly rates presented in Figure 2.

**Figure 2. LEI hourly rates**

| Position           | Standard Hourly Rate (USD) | Discounted Rates (USD) | Discounted Rates (CAD)* | Share of total hours |
|--------------------|----------------------------|------------------------|-------------------------|----------------------|
| President          | \$695                      | \$495                  | \$638                   | 35%                  |
| Consultant         | \$350                      | \$295                  | \$380                   | 50%                  |
| Research Associate | \$295                      | \$200                  | \$258                   | 15%                  |
| Blended Rate       | \$462.50                   | \$350.75               | \$451.85                | 100%                 |

\*Assumes an exchange rate of \$1 USD = \$1.29 CAD