

LEI proposal to provide expert witness testimony support for GSS/GSM customers and Keystone Agricultural Producers

prepared for Hill Sokalski Walsh Olson LLP

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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 proposed blended intervention of the general service small and medium customer classes and Keystone Agricultural Producers.¹ All figures are in nominal Canadian dollars.

Figure 1. Estimated professional fees budget

Tasks	Expected Person-hours	Estimated budget (CAD)	Notes
I. Discovery			
Review of documents	48	\$17,963	Time allotted to review of Manitoba Hydro application materials and related correspondence including: Integrated Financial Forecast and supplementary updates, financial targets and uncertainty analysis, asset management and capital expenditure forecast, statement of income analysis, electric load forecast, DSM & energy supply, cost of service and load research, proposed rates & customer impacts, PUB directives and interim orders, and minimum filing requirements
Workshops, including prep time (bill affordability, sustaining capital)	16	\$5,988	Time allotted for material and transcript review
Preparation of information requests (due July 24, 2017)	32	\$11,975	Assumed to flow from review of documents
Review of responses to IRs	32	\$11,975	Includes a review of IRs submitted by all parties and is not limited to those submitted by GSS/GSM
Total:	128	\$47,900	

(table continues on the following page)

¹ MPUB. Order 70/17. June 30, 2017.

Tasks	Expected Person-hours	Estimated budget (CAD)	Notes
II. Preparation of evidence			
Stakeholder and intervenor collaboration	32	\$11,975	Stakeholder collaboration includes the reiteration of potential rate impacts for the GSS/GSM classes and KAP; key drivers of rate increases and GSS/GSM and KAP recommendation to the PUB;
LEI analysis of key issues for GSS & GSM	140	\$52,391	Includes review of key issues: 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
LEI analysis of key issues for Keystone Agricultural Producers	100	\$37,422	Examination of issues critical to KAP including: 1. Macroeconomic impact study of energy rate increase on investment in agriculture and related industries 2. Impact on agriculture related public policy priorities including environmental and farm income stability
Drafting of evidence submission (due Oct 31, 2017)	96	\$35,925	Informed from the review of documents and Manitoba Hydro's responses to IRs; increased to reflect expanded scope of work
LEI response to IRs (due Nov 15, 2017)	56	\$20,956	Time allotted was informed by the amount required in the review of Manitoba Hydro's Cost of Service methodology; increased to reflect expanded scope of work
Total:	424	\$158,669	
III. Preparation and attendance at oral hearings*			
	112	\$41,913	Assumes ten days of hearings and four prep days
IV. Preparation of written and oral final argument			
	40	\$14,969	Time allotted was informed by the amount required in the review of Manitoba Hydro's Cost of Service methodology
Total LEI professional fee budget	704	\$263,451	
Budget (CAD)			
Professional services	\$263,451		
Travel and expenses	\$6,450		
Total:	\$269,901		

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

LEI's budget is based on a blended hourly rate of \$374.22 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	\$624	20%
Consultant	\$350	\$295	\$372	40%
Research Associate	\$295	\$200	\$252	40%
Blended Rate	\$397.00	\$297.00	\$374.22	100%

* Assumes an exchange rate of \$1 USD = \$1.26 CAD