

July 14, 2017

Robert T. Gabor, Chair
Public Utilities Board
400- 330 Portage Ave,
Winnipeg, MB
R3C 0C4

Mr. Gabor:

**Re: Manitoba Hydro 2017/18 & 2018/19 General Rate Application – Interim Rate Increase
Effective August 1, 2017**

Keystone Agricultural Producers (KAP) is Manitoba's general farm policy organization representing and promoting the interests of Manitoba's farmers. We represent approximately 7000 farm families and 23 commodity associations and we work with government, industry and stakeholders to ensure that agriculture in Manitoba remains profitable and sustainable.

As per Order No 70/17 Procedural Order in Respect of Manitoba Hydro's 2017/18 and 2018/19 General Rate Application, KAP was granted intervener status for the first time. Our unique perspective, as representatives of rural residents and farmers is an important element for consideration as the PUB adjudicates Manitoba Hydro's general rate application. We are unable to make a presentation at the oral hearing on July 18, and offer instead this letter of explanation as to the potential impact the proposed interim rate increase could have on our farmer members.

We have concern with the timing of the proposed interim rate increase. We consider it appropriate to discuss the possibility of an initial interim rate increase while discussing all of the proposed rate increases at the oral hearing in winter 2017/18. Part of Manitoba Hydro's rationale for the near immediate interim rate increase is to allow customers time to adjust to the inevitable increases in cost they will be facing. We find Manitoba Hydro's presumption that large multi-year rate increases will be approved problematic. An interim rate increase application should not be based on an assumed outcome from the GRA. Further, an approval of an interim rate increase based on this premise would effectively signal the PUB's acceptance of Manitoba Hydro's position and arguments prior to hearing evidence from interveners.

Our position regarding the proposed interim rate increase parallels our position on Manitoba Hydro's general rate application in its entirety. An increase in rates at the level Manitoba Hydro is proposing risks broader economic losses in the agriculture sector over several decades and

Manitoba Hydro's rationale for rate increases of this magnitude must be carefully evaluated and economic and social impacts considered.

KAP would like to see all potential rate increases be adjudicated simultaneously to ensure that the most current and most extensive information is available for the PUB to base its decision on.

Sincerely,

A handwritten signature in black ink, appearing to read "JB" followed by a stylized surname.

James Battershill, General Manager
Keystone Agricultural Producers