

November 28, 2017

VIA EMAIL

Robert Peters  
Fillmore Riley LLP  
1700-360 Main Street  
Winnipeg, MB R3C 3Z3

Dear Sir,

**RE: Manitoba Hydro 2017/18 & 2018/19 General Rate Application – MGF Project Services Inc. Request for Extension**

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Please accept this letter as our formal request on behalf of MGF Project Services Inc. ("MGF") for an extension to December 8, 2017, to file its full report with Manitoba Hydro. MGF expects to file its report by November 30, 2017, however this report will not include input from Stanley Consultants ("Stanley"). MGF believes that an extension to December 8, 2017, to file the report, including the Stanley input, will add value to MGF's contribution to this process. The reasons for this request are set out herein.

MGF was retained by the Public Utilities Board (the "Board") to review Manitoba Hydro's capital expenditures and provide an expert opinion on Manitoba Hydro's updated costs for its major generating and transmission projects currently under development or construction ("Capital Projects").

The Board subsequently retained Amplitude Consultants Pty Ltd. ("Amplitude") and Klohn Crippen Berger ("KCB") to review the Capital Projects and provide information for MGF's final report. KCB retained Stanley Consultants ("Stanley") as sub-consultants to assist with the completion of the scope of work, in particular to provide expertise on transmission work for the Capital Projects. On October 4, 2017, the Board revised KCB's scope of work and the scope to be performed by Stanley.

From the outset MGF's understanding was that KCB was going to manage Stanley's work on this project. KCB's contract with the Board dated August 30, 2017, specifically included Stanley as a sub-consultant and, as indicated above, the Board issued a revised scope of work to KCB specifically identifying Stanley's work. MGF's contract with the Board did not list Stanley as a sub-consultant of MGF.

Prior to the execution of the Board's agreement with KCB dated August 30, 2017, MGF advised KCB on August 11, 2017, that KCB needed to get its Personal Risk Assessment ("PRA") clearances soon for its team. KCB informed MGF shortly thereafter that Stanley's team wanted encrypted PRA applications since Stanley was an American company, and that Stanley would complete its PRA's directly with Manitoba Hydro.

After a meeting between a number of the Independent Expert Consultants ("IEC") with the Board and Manitoba Hydro on September 14, 2017, MGF was made aware that Stanley was provided with the standard Manitoba Hydro Non-Disclosure Agreement ("NDA") on September 18, 2017.

MGF was advised by KCB by email on October 27, 2017, that KCB did not consider itself responsible for Stanley's work and that KCB had not heard from Stanley in regards to Stanley's progress. In response to this communication MGF held a meeting with a KCB representative on November 1, 2017, at which times KCB advised MGF that KCB had not been managing or monitoring Stanley's work on the project. KCB further advised MGF that it did not view Stanley's work as KCB's responsibility. MGF was surprised to learn this information, as it had not received any indication prior to October 27<sup>th</sup> that KCB and Stanley were not working together, and it was inconsistent with KCB's agreement with the Board and the revised scope of work for KCB.

MGF disagreed with KCB's position and so advised. Regardless, MGF contacted Stanley by telephone on November 1, 2017, during the above noted meeting with KCB. MGF confirmed that Stanley's contract was with KCB and that Stanley had been retained and was expected to fulfil its scope of work.

Stanley proceeded to apply for PRA's for its team on November 3, 2017. Unfortunately only one PRA was filed initially at this time, for Mike Muhlenhaupt ("Mike"), on the incorrect assumption that once one person had access then the whole team could work on the downloaded material. Mike received PRA clearance on November 13, 2017, but Manitoba Hydro did not manage to provide Mike with access to the SharePoint site until November 22, 2017, the day before American Thanksgiving, in spite of numerous requests by Stanley and our office to speed up the process. In the meantime the other three members of the Stanley team, Steve Smith ("Steve"), Duane Phillips ("Duane") and Jim Potter ("Jim") subsequently applied for their PRA's. Steve received his PRA clearance on November 24, 2017, although he was only provided his email for online access today. Jim and Duane are still waiting on their PRA clearances, which inherently take longer for people outside of Canada.

While Mike does have online access, there have been issues with "bulk downloads" from the SharePoint site, which have not been resolved to date and which have slowed down Stanley's receipt of needed materials.

As a result of these delays, and the uncertainty as to when the full team will have PRA clearance, it is impossible for Stanley to complete its scope of work for the final MGF report which is due to be submitted to Manitoba Hydro on November 30, 2017. However, all other aspects of the MGF report are expected to be completed on time and MGF intends to file its report on November 30 without Stanley's input. Alternatively, MGF proposes to file the report with Stanley's input by December 8, 2017.

We are therefore requesting an extension to December 8, 2017, for MGF to provide its final report to Manitoba Hydro, so that it can include the Stanley scope of work. While it is unclear at this time whether the Stanley scope will be truncated even with this extension, MGF still believes that Stanley's participation will add value to the report, especially since all items of Stanley's scope of work directly overlap with MGF's scope of work.

We are sorry to make this request at this late hour, and it was certainly not anyone's intention for this to occur, but an extension to December 8, 2017 would greatly assist MGF in providing the Board with the best product possible.

We further note that the Board's counsel has asked for this letter to be sent to all parties on the distribution list. In normal circumstance counsel for IEC's would not be providing all parties on the distribution list with this form of request. However, due to timing and in an effort to accommodate the Board's counsel we have agreed to do so.

Yours truly,

**DUBOFF EDWARDS HAIGHT & SCHACHTER  
LAW CORPORATION**

Per:



WILLIAM R. GARDNER  
WRG/km