



THOMPSON DOREMAN SWEATMAN LLP

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VIA EMAIL & ORIGINAL TO FOLLOW BY MAIL

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

Attention: Darren Christle / Kurt Simonsen

Dear Sirs:

Re: Scope of Work for Independent Expert Consultants
Daymark Consultants and in the Manitoba Hydro 2017/18
and 2018/19 General Rate Application
Our Matter No. 0147961 AFH

The Manitoba Industrial Power Users Group (MIPUG) is in receipt of three new documents. The first two address the proposed scope of work for two Independent Expert Consultants ("IECs") Daymark Energy Advisors and Dr. Adonis Yatchew respectively. The final document is the Manitoba Hydro letter of September 18, 2017 in regard to the workplan for all IECs.

This letter sets out MIPUG's comments in respect of these three documents.

Scope of Work for IECs

During the interim rate request oral hearing of July 18, 2017, the Public Utilities Board Chairperson, Mr. Robert Gabor, requested written requests to alter or expand the scope of work for independent expert consultants. The Manitoba Industrial Power Users Group (MIPUG) submitted comments on the scope of work for MGF Project Services on August 9, 2017, and has discussed this request with the IEC representatives to ensure it was fully understood and can be completed. On August 23, 2017, MIPUG received a favourable response from the IEC representatives. However, MIPUG notes that the Scope of Work document that is posted on the PUB website does not include the MIPUG edits.



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MIPUG provides the following comments in respect of the Scope of Work of the two additional IECs. (Daymark Energy Advisors and Dr. Adonis Yatchew). MIPUG has not seen any scope of work for the sub-consultants to MGF Project Services and is of the understanding that this work is a part of MGF Project Services existing scope of work so no comments will be provided.

With respect to Daymark Energy Advisors, MIPUG does not have any comments regarding the scope of work. However, MIPUG requests that the public report placed on the record include the summary findings, opinions and recommendations for items deemed confidential. The text provided can be summarized to the level that is appropriate for public review, including for example, directional indications as opposed to specific detail on forecasts. MIPUG requests clarification with respect to areas where Daymark Energy Advisors will be asked to opine on the reasonableness of forecasts. MIPUG believes it would be useful to have Daymark Energy Advisors comment on where in the zone of reasonableness the forecasts fall. For example, are the forecasts for exportable surplus energy at the conservative end of a reasonable forecast or are the forecasts at the more aggressive optimistic end of the zone? Or, are the forecasts in the middle of the zone of reasonableness?

With respect to the work of Dr. Adonis Yatchew, MIPUG has concerns regarding Scope item #5:

5. Review, assess and provide an explanation of any implications for the economy of the Province of Manitoba arising from the impact of any rate increase or lack thereof on the fiscal health of the Utility.

Implicit in this work seems to be an assessment of the impact of a rate increase or lack thereof on the fiscal health of the Utility as a precursor to assessing the impact on the economy. It is very likely that participants in this GRA materially disagree on the level of rate increase, and on the fiscal health of the Utility, and no single perspective has been adopted by the PUB as yet. Further, it is not clear that this item fits with the other scope of Dr. Yatchew's work or experience, as MIPUG notes there are no other scope items linked to assessing the utility and its fiscal health. MIPUG suggests that this item be dropped from the Scope of Work, given that microeconomic effects already appear to be fully canvassed in the remainder of the scope of work. Alternatively, MIPUG proposes the following change to this scope item such that assessment done by Dr. Yatchew on this topic will focus on customer and micro-economic impacts or rate changes rather than Utility fiscal impacts:

5. Review, assess and provide an explanation of any implications for the economy of the Province of Manitoba arising from uncertainty generated by current competing claims regarding the fiscal health of the Utility and consequent rate increase proposals.



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Manitoba Hydro letter of September 18, 2017


MIPUG has reviewed Manitoba Hydro's comments in its letter dated September 18, 2017 regarding GRA Schedule and the filing of IEC reports. MIPUG notes and agrees with Hydro's comments that extensions of time for the provision of IEC reports cannot be accommodated within the current GRA schedule. The ideal timing would be for IEC reports to be made available in advance of Intervenor Experts (as was done with most IECs at the NFAT hearing) so that this base information can be incorporated into Expert's Pre-Filed Testimony. However, this is impractical in the current proceeding. In the alternative, a filing deadline of October 31 or the first days of November is necessary for MIPUG to be able to issue Information Requests to the IECs (November 8th) and prepare for cross examination of both Hydro and the IECs during the oral hearing.

MIPUG also notes Hydro's extensive comments and concerns regarding the practical focus of the IEC's scope. Without specifically addressing each item, MIPUG is also concerned about time-consuming tasks that relate to a more forensic focus on mistakes made and lessons learned for matters that cannot now be changed on these specific projects. The forward-looking focus on whether the current updated budgets are realistic, and in particular the proper budgeting and contingencies for what remains to be done, and how to best control the remaining costs and schedule risks, are most aligned with the current PUB tasks regarding rate setting in this proceeding.

Please contact me if there are any further questions,

Yours truly,

THOMPSON DORFMAN SWEATMAN LLP

Per: 

Antoine F. Hacault*

AFH/ab

cc: Bob Peters, Board Counsel
Dayna Steinfeld, Board of Counsel
Intervenors of Record

*Services provided through A. F. Hacault Law Corporation