

August 25, 2017

Ms. Patricia J. Ramage
Legal Counsel
Manitoba Hydro
22nd Floor, 360 Portage Avenue
Winnipeg, MB R3C 0G8

-and-

Approved Interveners
(per attached list)

Re: Manitoba Hydro 2017/18 & 2018/19 General Rate Application – Intervener Budgets

In Board Order 70/17, and through this letter, the Board has approved the following Interveners for the General Rate Application:

- Assembly of Manitoba Chiefs,
- Business Council of Manitoba,
- The City of Winnipeg,
- Consumers Coalition,
- Green Action Centre,
- Representatives of the General Service Small / General Service Medium Customer Classes,
- Keystone Agricultural Producers,
- Manitoba Industrial Power Users Group (“**MIPUG**”), and
- Manitoba Keewatinowi Okimakanak Inc. (“**MKO**”).

In Board Order 70/17, the Board indicated that, for this particular proceeding, it would entertain cost awards for all of the approved Interveners. That Order also required all approved Interveners to file a detailed budget with the Board by July 14, 2017.

The Board has received budget submissions from each of the approved Interveners requesting costs. In letters of July 21 and July 28, 2017 Manitoba Hydro set out the Utility's position with respect to the budgets sought by the Interveners. The Board subsequently received written reply submissions from Assembly of Manitoba Chiefs, Consumers Coalition, Representatives of the General Service Small and General Service Medium Customer Class, and Manitoba Industrial Power Users Group.

Board Decisions on Intervener Budgets

The Board has reviewed and considered the submissions from each of the Interveners, as well as Manitoba Hydro. Subject to the exceptions discussed below, the Board's decisions on the budgets for each Intervener are set out in the following sections of this letter. At the outset, the Board reiterates its comments from Order 70/17 that failure by Interveners to avoid duplication will have cost consequences, Interveners are to actively participate on the issues for which they are approved to assist the Board, and Interveners will only be compensated for their preparation and for their attendance at the hearing on issues for which they have received approval by the Board. Interveners are to achieve efficiencies in their participation in this proceeding wherever possible.

Should any Intervener determine that its budget, as approved by this letter, will be exceeded by 10 percent or more, that Intervener is to immediately notify the Board, explain the reason for the need to revise the budget, and propose the amount of additional funding being sought. Interveners should not assume that increases in budgets are approved until the Board has adjudicated the requests.

As noted in Order 70/17, the Board is prepared to provide interim approval of costs up to 75% of the amounts actually expended and detailed on invoices submitted by the Intervener seeking interim approval.

The Board's decisions on Intervener budgets, as set out in this letter, do not entitle Interveners to a full cost award. Interveners are reminded that they will have to file with this Board a complete Cost Application at the termination of this General Rate Application proceeding that demonstrates compliance with the Board's requirements for participation as an Intervener in this proceeding including as noted in Order 70/17.

Assembly of Manitoba Chiefs

The Board has determined that the level of legal disbursements budgeted by Assembly of Manitoba Chiefs with respect to accommodations is too high due to the scope of Assembly of Manitoba Chief's intervention. As well, due to availability of live streaming for the hearing, the Board expects that counsel for Assembly of Manitoba Chiefs will find efficiencies in its disbursements through limiting the in-person attendance of both counsel to only those hearing days where it is necessary. Therefore, Assembly of Manitoba Chiefs' budget for legal disbursements is limited to 25 nights of accommodation.

Assembly of Manitoba Chiefs' budget is otherwise approved.

Business Council of Manitoba

The legal costs budget for Business Council of Manitoba is excessive due to this Intervener's approved scope for this proceeding, which centres on revenue requirement issues and, specifically, credit/bond rating and economic impacts. The Board expects that the Business Council of Manitoba's participation in the hearing will be limited to between twelve and fifteen hearing days. The Board therefore finds that the Business Council of Manitoba's budget should be reduced to \$62,500, which may be allocated between counsel for the Business Council of Manitoba as appropriate.

The Board approves the Business Council of Manitoba's proposed expert on corporate strategic considerations, Murray Taylor. As the Business Council of Manitoba has not sought costs for Mr. Taylor's participation, no budget is approved in respect of this expert.

The Board does not approve the Business Council of Manitoba's experts on macro-economic impacts and bond rating considerations. These areas will be addressed by other witnesses and Business Council of Manitoba has not provided an explanation as to how its proposed experts would provide additional value. The Board also shares Manitoba Hydro's concern that Business Council of Manitoba has not identified the experts it is proposing on these topics and the budgets do not appear to be tied to hourly rates.

City of Winnipeg

The City does not seek costs and therefore has not provided a budget. As such, the Board does not approve a budget for the City.

Consumers Coalition

The Board has determined that the Consumers Coalition budget includes legal fees for an upper limit of thirty-five hearing dates, which exceeds the Board's expected hearing schedule of thirty hearing days. The Board therefore reduces the Consumers Coalition's upper limit for legal fees to \$160,000.

The Board approves the budgets with respect to William Harper, Wayne Simpson and Janice Compton, METSCO, Morrison Park and the Consumer Panel. However, the Board is not convinced of the value that the proposed consumer engagement will bring to the GRA process and therefore does not approve the requested budget.

The Board is currently discussing with the Consumers Coalition possible efficiencies that may be achieved in the budget for Dr. Doug Gotham as a result of the Board's possible retention of an Independent Expert Consultant on load forecast and export pricing issues. The Board's decision on the budget for Dr. Gotham is therefore deferred until there can be confirmation in this regard.

Green Action Centre

The Board finds that the Green Action Centre's budget for legal fees is higher than necessary for this Intervener's approved scope of participation, which is focused on rate design issues with only limited involvement on revenue requirement matters. As such, the Board has determined that a budget of \$125,000 for legal fees is appropriate.

The Green Action Centre's budget for its expert consultant is approved as requested.

Representatives of General Service Small and General Service Medium Customer Classes

The Board is seeking confirmation from Representatives of General Service Small and General Service Medium Customer Classes on issues that materially affect this Intervener's budget. The Board's decision on the budget for this Intervener is therefore deferred until the necessary confirmation is provided.

Keystone Agricultural Producers

The Board is seeking confirmation from Keystone Agricultural Producers on issues that materially affect this Intervener's budget. The Board's decision on the budget for this Intervener is therefore deferred until the necessary confirmation is provided.

Manitoba Industrial Power Users Group

The Board has determined that the Manitoba Industrial Power Users Group has budgeted for legal fees for a greater number of hearing days and preparation time that will be necessary due to this Intervener's limited participation in bill affordability issues. Therefore, the Board approves a budget for legal fees to an upper limit of \$150,000.

The budget for Manitoba Industrial Power Users Group's expert consultants are approved as requested.

Manitoba Keewatinowi Okimakanak

The Board concludes that Manitoba Keewatinowi Okimakanak's budget for legal fees is excessive. Manitoba Keewatinowi Okimakanak has indicated that it will be collaborating with other Interveners to a large extent on issues that are central to its Intervention. The scope of the Intervention is on revenue requirement issues and is focused on areas of change from prior proceedings. As a result, the Board expects that Manitoba Keewatinowi Okimakanak's attendance at and preparation time for the hearing will be more limited than budgeted. The Board approves Manitoba Keewatinowi Okimakanak's budget for legal fees with an upper limit of \$110,000.

Manitoba Keewatinowi Okimakanak has not proposed retaining an expert and does not seek approval of a budget in this regard.

Concluding Comments on Intervener Budgets

The Board is mindful of Manitoba Hydro's concerns regarding the total level of costs for this proceeding. These concerns have been taken into account in the decisions on budgets set out above. To the extent that these concerns remain despite these decisions, the Board notes that the overall costs for this proceeding is reflective of the scope, including an expanded review of major capital issues pursuant to Order in Council 92/2017. There is also increased participation in this proceeding. Given the Board's mandate to set just and reasonable rates in the public interest, the Board views the level of engagement in this General Rate Application as a positive development that will contribute to the regulatory process.

Should any party have questions of clarification, please contact our office.

Board decisions may be appealed in accordance with the provisions of Section 58 of The Public Utilities Board Act, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure ("**Rules**"). The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

Yours truly,

"Original Signed By:"

Darren Christle, MPA, B.A., CCLP, P.Log., MCIT
Executive Director/Board Secretary

cc: Bob Peters, Board Counsel
Dayna Steinfeld, Board Counsel
Odette Fernandes, Manitoba Hydro
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