

September 15, 2017

To: Representatives of the General Service Small and General Service Medium Customer Classes and Keystone Agricultural Producers

Re: Manitoba Hydro 2017/18 & 2018/19 General Rate Application – GSS/GSM and KAP Request to Intervene and Intervener Budgets

In Board Order 70/17 the Board approved Representatives of the General Service Small/General Service Medium Customer Classes and Keystone Agricultural Producers as Interveners in Manitoba Hydro's 2017/18 and 2018/19 General Rate Application ("GRA"). Board Order 70/17 also required all approved Interveners to file detailed budgets with the Board by July 14, 2017.

The Board received budget submissions from Representatives of the General Service Small and General Service Medium Customer Class and Keystone Agricultural Producers requesting costs for their participation in the GRA. By letter dated July 21, 2017, Manitoba Hydro set out the Utility's position with respect to the budgets sought by Interveners. The Board subsequently received a written reply submissions from Representatives of the General Service Small and General Service Medium Customer Class.

By letter dated August 22, 2017, counsel for Representatives of the General Service Small and General Service Medium Customer Class wrote to the Board to advise that Representatives of the General Service Small and General Service Medium Customer Class and Keystone Agricultural Producers have decided to combine their interventions. The letter states that there is a sufficient community of interest between the two interveners that would enable participation in the hearing in a responsible and cooperative manner, while avoiding duplication and achieving a significant reduction in the costs associated with two interventions.

On September 6, 2017, counsel for Representatives of the General Service Small and General Service Medium Customer Class provided a revised budget for its expert consultant and witness, London Economics International, to provide analysis and expert testimony to support the combined intervention. Although the scope of London Economics International's work is expanded to include the key issues for Keystone Agricultural Producers, the total budget of \$269,901 represents a reduction from the expert consultant

budget provided on July 14, 2017 of \$293,827. While Keystone Agricultural Producers originally submitted a budget for two expert witnesses on its key issues, those matters are now proposed to be addressed by London Economics International within the total budget of \$269,901.

On September 7, 2017, counsel for Representatives of the General Service Small and General Service Medium Customer Class wrote to advise that the legal budget for the combined intervention will be the same as the budget submitted on July 14, 2017 for Representatives of the General Service Small and General Service Medium Customer Class. That legal budget includes a voluntary reduction from the Board's approved level of legal fees to offset the rates charged by London Economics International, which are in excess of Board policy. While Keystone Agricultural Producers originally submitted a legal budget of \$78,000 to \$113,750, its legal costs are now proposed to be incorporated in the original legal budget for Representatives of the General Service Small and General Service Medium Customer Class.

Board Decisions

At the outset, the Board notes that Interveners in this proceeding are expected to avoid duplication and to achieve efficiencies in their participation wherever possible. The proposed combined intervention of Representatives of the General Service Small and General Service Medium Customer Class and Keystone Agricultural Producers is aimed at accomplishing these goals, while maintaining each group's commitment to assist the Board on issues that are in scope in this proceeding. As such, the Board approves the combined intervention of Representatives of the General Service Small and General Service Medium Customer Class and Keystone Agricultural Producers.

The Board approves the legal and expert consultant budgets for the combined intervention of Representatives of the General Service Small and General Service Medium Customer Class and Keystone Agricultural Producers. While the rate charged by London Economics International is in excess of Board policy, this is offset by the voluntary reduction in legal fees and the significant cost savings achieved through the combined intervention. The Board notes that the budget sought for Keystone Agricultural Producers' separate intervention was, at its maximum level, \$200,750. The entirety of this amount will be saved as a result of the combined intervention with Representatives of the General Service Small and General Service Medium Customer Class. The combined intervention is also consistent with the Board's expectations that Interveners collaborate, reduce duplication and achieve efficiencies.

While the September 6, 2017 budget for London Economics International is approved, the expert participation on Keystone Agricultural Producers' key issues is beyond the scope of the issues approved by the Board in Order 70/17. Specifically, the issue of "Impact on agriculture related public policy priorities including environmental and farm income stability" is not in scope in this proceeding. Keystone Agriculture Producers is required to focus its involvement in the GRA on the issues for which the Board approved its participation, including with respect to work performed by London Economics International. The approved issues for Keystone Agricultural Producers' intervention are set out in Order 70/17 as follows:

- Impact of rate increase on consumers, including intergenerational impacts;
- Macroeconomic impacts;
- Impact on production/industry/businesses and any resulting impact on other classes of customers;
- Economic outlook forecast assumptions and provincial carbon pricing; and
- Service levels and quality.

Should Representatives of the General Service Small and General Service Medium Customer Class and Keystone Agricultural Producers determine that the budget for its combined intervention as approved by this letter will be exceeded by 10 percent or more, the Board should be immediately notified with an explanation of the reason for the need to revise the budget and the proposal for the amount of additional funding being sought. Requested increases in budgets are not to be considered approved until the Board has adjudicated the request.

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. A complete Cost Application must be filed at the termination of this GRA proceeding that demonstrates compliance with the Board's requirements for participation as an Intervener in this proceeding including as noted in Order 70/17.

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.

Sincerely,

"Original Signed By"

Darren Christle
Executive Director/Board Secretary

DC/lb

cc: Manitoba Hydro
Approved Interveners
Board Counsel