

December 6, 2018

Mr. D. Christle
Secretary and Executive Director
Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

Dear Mr. Christle:

RE: MANITOBA HYDRO –2019/20 ELECTRIC RATE APPLICATION

On November 30, 2018, Manitoba Hydro filed its 2019/20 Electric Rate Application with the Public Utilities Board (“PUB”). As part of its filing, Manitoba Hydro provided copies of the detailed quarterly public reports on the Keeyask Generating Station, the Bipole III Reliability Project, the Manitoba-Minnesota Transmission Project and the Birtle Transmission Project for the quarters ending March 31, 2018, June 30, 2018 and September 30, 2018 as Appendix 7. The March 31, 2018 report was filed with the PUB in response to Directive 13 of Order 73/15 and the reports dated June 30, 2018 and September 30, 2018 were filed with the PUB in response to Directive 16 of Order 59/18 (which replaced the previous Directive 13 of Order 73/15).

The PUB directed Manitoba Hydro in Order 59/18 to outline proposed budgets and schedule (at time of contract), budget and schedule changes and reasons for such changes and current forecast at completion costs and schedule. In addition, Manitoba Hydro was to provide specific details of contract costs for any contracts in excess of \$50 million. As a result of the nature of the detailed information requested, Manitoba Hydro filed copies of quarterly reports containing the requested confidential information, on blue paper, for each of the projects listed above. These confidential quarterly reports contained information on contingency summaries (including drawdowns, and remaining contingency amounts including allocated and unallocated amounts), forecast at completion amounts, escalation, contract values and capital expenditures by contract to date. While Manitoba Hydro does not view the level of detail contained in the confidential reports to be required for purposes of the 2019/20 Electric Rate Application, counsel for the PUB has advised that Manitoba Hydro should request that these confidential quarterly reports (for the quarters ending March 31, 2018, June 30 2018 and September 30, 2018) (“Confidential Quarterly Reports”) filed previously with the PUB be accepted as part of the record of the 2019/20 Electric Rate Application.

The PUB's Rules of Practice and Procedure provide the PUB with sufficient discretion to allow it to receive information in confidence on any terms it considers appropriate

13(2) The Board may receive information in confidence on any terms it considers appropriate in the public interest,

a) if the Board is of the opinion that disclosure of the information could reasonably be expected

(i) to result in undue financial loss or gain to a person directly or indirectly affected by the proceeding; or

(ii) to harm significantly that person's competitive position.

or

b) if

(i) the information is personal, financial, commercial, scientific or technical in nature; or

(ii) the information has been consistently treated as confidential by a person directly affected by the proceeding; and

(iii) the Board considers that the person's interest in confidentiality outweighs the public interest in the disclosure of the information.

Manitoba Hydro has provided total project budgets and actuals to September 30, 2018 in the public reports filed as Appendix 7 to the 2019/20 Electric Rate Application. The Corporation has also filed the total amount of contingency for the Keeyask Generating Station, the Bipole III Reliability Project, the Manitoba-Minnesota Transmission Project in the public reports filed.

Disclosing further detailed breakdown at the project component or contract level, as is provided in the Confidential Quarterly Reports could harm Manitoba Hydro's competitive position and put Manitoba Hydro at risk of undue financial loss. Similarly, detailed breakdown at the contract or project component level and breakdown of drawdowns of contingency amounts and forecast at completion amounts provides insight into the contingency allocated to each contract, as well as insight into the upper limits for negotiations of changes to work or contracts. Public disclosure of this information would also harm Manitoba Hydro's ability to manage and execute the work.

In addition, there are commercial details associated with the Birtle Transmission Project that are subject to a Power Purchase Agreement with SaskPower. This information is subject to confidentiality provisions and disclosure of the information would cause reputational harm to Manitoba Hydro in ongoing discussions over future opportunities and harm to future negotiations with various counterparties if the commercial terms associated with this Power Purchase Agreement were disclosed publically.

Finally, as part of the response to directives from PUB Orders 73/15 and 59/18, Manitoba Hydro also filed confidential reports regarding the Great Northern Transmission Line ("GNL") with the PUB on

March 31, 2018, June 30, 2018 and September 30, 2018. The GNTL reports contain information on the current capital cost estimate, breakdown by project activity, actuals spent to September 30, 2018, control budget and other project information. This information is confidential Minnesota Power information. 6690271 Manitoba Ltd informed Minnesota Power of Manitoba Hydro's intent to disclose the capital project budget and cost information for 6690271 Manitoba Ltd. to the PUB in strict confidence for purposes of the quarterly reports and obtained consent to such disclosure. 6690271 Manitoba Ltd. had previously obtained Minnesota Power's consent for Manitoba Hydro to provide updated GNTL project status reports commencing in June 30, 2016 to the PUB in confidence. Minnesota Power's consent was provided solely for release of confidential GNTL information to the PUB and did not extend to the release of information to any other third parties. As noted in correspondence from Minnesota Power dated June 15, 2017 filed with the PUB as Appendix G – Schedule A to Manitoba Hydro's motion of September 7, 2017, Minnesota Power confirmed it had advised 6690271 Manitoba Inc. that confidential treatment of the information was necessary to protect, amongst other things, the competitive business practices in respect of the GNTL project and without such protections the costs of the GNTL project could increase; Minnesota Power's relationship with Manitoba Hydro and particularly the continued sharing of information; and Minnesota Power had no expectation that any of its confidential information would be publicly disclosed.

Manitoba Hydro would prefer that the current Application be considered on the basis of the publicly filed information. However, should the PUB require that the Confidential Quarterly Reports form part of the record of the current 2019/20 Electric Rate Application, Manitoba Hydro requests that the previously filed Confidential Quarterly Reports be accepted for this purpose and that these Confidential Quarterly Reports and the commercially sensitive information contained therein be held in confidence by the PUB pursuant to Rule 13 (2) (a) and (b). This information has consistently been received by the PUB in confidence and has been treated as confidential. Manitoba Hydro submits that holding this information in confidence outweighs the public interest in disclosure of this information.

Should you have any questions with respect to the foregoing, please do not hesitate to contact the writer at 204-360-3633.

Yours truly,

MANITOBA HYDRO LEGAL SERVICES DIVISION

Per:



ODETTE FERNANDES

Barrister and Solicitor

cc : Marla Boyd, Manitoba Hydro
Bob Peters, Board Counsel
Dayna Steinfeld, Board Counsel