

November 21, 2018

Ms. Odette Fernandes
Legal Counsel
Manitoba Hydro
22 – 360 Portage Avenue
Winnipeg, MB R3C 0G8

- and -

Past Interveners of Record (per attached list)

Re: Manitoba Hydro – Proposed 2019/20 General Rate Application

By letter of November 12, 2018, Manitoba Hydro (“Hydro”) wrote to the Public Utilities Board (“Board”) to advise of its intentions with respect to the filing of a 2019/20 General Rate Application (“GRA”) and to seek comment from the Board as to Hydro’s process proposal.

Background

Hydro’s letter states that it intends to seek the Board’s approval of a one-year rate increase, effective April 1, 2019, sufficient to generate a minimum level of net income such that Hydro would avoid a projected net loss in the 2019/20 fiscal year (the “test year”). Hydro advises it is not in a position to submit a long-term integrated financial forecast (“IFF”), but would file an application on the basis of its 2018/19 outlook (incorporating the actual financial position for electric operations as at March 31, 2018 and actual financial performance and water flow conditions to September 30, 2018) and interim 2019/20 budget (incorporating fall 2017 planning assumptions and operating expenditures). Hydro advises that both the 2018/19 outlook and 2019/20 budget are reflective of the Board’s accounting directives in Order 59/18.

In its letter, Hydro proposes a written review process, with a limited number of information requests posed only by the Board’s advisors and Intervener participation limited to written submissions.

The Board circulated Hydro's letter to and sought comments from past Interveners of Record ("Interveners"). The Board received comments on Hydro's letter from the Consumers Coalition, the Manitoba Industrial Power Users Group, Green Action Centre, and Assembly of Manitoba Chiefs.

Consideration of a One-Year 2019/20 GRA

Based on the Board's review of the comments received from Hydro and the Interveners, the Board has determined that it is willing to consider a one-year rate increase Application. Through the Board's consideration of Hydro's one-year rate increase Application, the Board will determine whether to approve a rate increase and the amount of any rate increase for any and all existing customer classes, including the First Nations On Reserve Residential customer class.

The Board recognizes that the one-year rate Application will be based on financial information for the 2018/19 and 2019/20 years, including the information listed in Hydro's letter.

The Board notes that, as Hydro intends to seek a final rate increase, Hydro must file financial and economic information sufficient to satisfy its onus to demonstrate that the rate increase sought for the test year is just and reasonable. This information should be the most current information available for the 2018/19 outlook and 2019/20 budget, and should be filed with an explanation as to why it is the most current information available. The Board expects that Hydro will include in its filing an update of the financial information for the 2019/20 test year contained in Exhibit MH-93 from the 2017/18 & 2018/19 GRA process, as revised to reflect the Board's directives in Order 59/18.

The scope of the issues can only be determined once Hydro has filed its application. At this preliminary stage, and without binding the Board to any decisions as to scope, the Board expects that the following issues may be deferred to a fulsome GRA process in late 2019:

- Review of 10 years of historical Operating and Administrative expense data,
- The results of an independent assessment of Hydro's asset management program, unless Directive 14 of Order 59/18 continues to be held in abeyance pending the Manitoba Court of Appeal decision or is overturned,
- Hydro's study of the Service Drop allocator and Common Costs,
- The status of the development of a time-of-use rate design proposal, including consultation measures undertaken and anticipated and/or scheduled next process steps,
- The finalization of interim diesel zone rates,
- The Solar Energy Program and other net metering installations, and
- Hydro's long-term financial forecast and financial plan.

Process for a 2019/20 GRA

Hydro states that it intends to submit its 2019/20 GRA filing by November 30, 2018.

The Board is not prepared to commit to a specific review process prior to receipt and review of the filing; however, on a preliminary basis and without binding the Board to any post-filing decisions on process, the Board has determined that it can accommodate Hydro's request that the review process be designed with the intention that a final rate increase, if any, be effective in the first quarter of Hydro's 2019/20 fiscal year. Such a review can include Intervener participation in the review, including in evidentiary process steps.

Pursuant to the Board's letter of September 18, 2018, the initial process for the Board's receipt of Hydro's proposed 2019/20 GRA will be as follows:

1. On receipt of Hydro's filing, Board staff and Advisors will review the filing for completeness of the information included in the filing;
2. If all routine, standard and/or base filing information is included in the filing in the form and presentation required by the Board, the Board will issue a declaration of completion. If the filing is determined to be incomplete, it will be returned to Hydro with direction as to the information required for completeness; and
3. Once the Board issues the declaration of completion, it will determine the post-filing process to be used for scoping the hearing and for the Board's review and consideration of the filing.

The Board notes that the draft Preliminary Issues List advanced to parties by the Board on July 20, 2018 was not issued as an interim Order. However, that Preliminary Issues List – revised as required to reflect the items that are expected to be deferred to a subsequent process – may provide guidance to Hydro regarding the required routine, standard, and/or base filing information for the proposed 2019/20 GRA.

Once the declaration of completion is issued, the Board will hold a half day Pre-Hearing Conference for the review and consideration of Intervener Applications and party submissions on the process for the 2019/20 GRA. The Board has set aside **December 19, 2018 from 11:30 am to 2:30 pm** for the Pre-Hearing Conference and asks that counsel hold that date, pending confirmation following the Board's issuance of the declaration of completion.

Intervener Applications and Costs

Should the Pre-Hearing Conference proceed on December 19, 2018, the deadline for Intervener Applications will be **Friday, December 14, 2018 at 4:00 pm**.

The Board has determined that the 2019/20 Hydro GRA will follow the process for Intervener Applications and Costs as set out in the attached Intervener Costs Policy, including the attached revised Intervener Application form and Intervener Costs Application spreadsheet. Questions in relation to these forms should be directed to Board Counsel.

Please address any other questions you may have at this time to the attention of the writer.

Yours truly,

“Original Signed By:”

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

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Enclosures

cc: Liz Carriere, Manitoba Hydro
Shannon Gregorashuk, Manitoba Hydro
Bob Peters, Board Counsel
Dayna Steinfeld, Board Counsel