



PUBLIC INTEREST LAW CENTRE – CENTRE JURIDIQUE DE L'INTÉRÊT PUBLIC

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October 13, 2021

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

Attention: Rachel McMillin, Associate Secretary

Dear Ms McMillin,

Re: Proposed MFRs by the Consumers Coalition

The Consumers Coalition is writing in response to the October 12, 2021 letter of the Manitoba Public Utilities Board (PUB) in which it asks intervenors to provide proposed Minimum Filing Requirements (MFRs) "specifically relevant" to an expected interim rate increase application by Manitoba Hydro.

Set out in Attachment A to this letter are the proposed MFRs of the Consumers Coalition. Consistent with the criteria for evaluating just and reasonable rates set out in *PUB Order 5/12* and *Order 59/18*, these MFRS are intended to:

- (1) assess forecasts of projected revenues & expenses and key financial metrics before any rate increase is considered (pre-rate increase evaluation);
- (2) assess if Manitoba Hydro is appropriately managing revenues, costs, cash flow and debt in order to mitigate the need for rate increases from customers to the extent practical (management actions evaluation);
- (3) consider the balancing of the financial integrity and risks of the utility with the rate impacts on customers (need for regulatory action evaluation); and,
- (4) assess whether Hydro has been responsive to the PUB findings in *Order 59/18* regarding financial targets, droughts and rate setting.

The Consumers Coalition understands the PUB letter was in response to a September 29, 2021 letter of Manitoba Hydro in which the Crown monopoly alleges it needs immediate rate relief and asks the PUB to discontinue the Status Update process.

The Consumers Coalition notes the PUB has indicated it will “suspend the current Status Update Proceeding until November 3, 2021.” The PUB also has stated “in the event that Manitoba Hydro’s interim rate application is not filed by this date, the PUB will resume the Status Update Proceeding and immediately thereafter schedule a Pre-Hearing Conference in that matter.”

The Consumers Coalition understands that, consistent with long-standing regulatory practice, the PUB wishes to ensure the regulatory system is responsive to any immediate or urgent pressures faced by Manitoba Hydro. It also knows the PUB is committed to ensuring consumers and Manitoba Hydro can be confident that “just and reasonable” rates are set in a transparent and orderly evidence-based process grounded in an understanding of the immediate, medium-term and long-term financial risks faced by the Crown monopoly.

The Consumers Coalition appreciates the opportunity to offer proposed MFRs relevant to an “expected interim rate increase application.”

However, the Consumers Coalition notes it and other intervenors have not yet been provided an opportunity to comment on the September 29 motion by Manitoba Hydro to discontinue the Status Update process. If Manitoba Hydro files an interim application prior to November 3, 2021, the Consumers Coalition respectfully asks that intervenors be granted an opportunity to respond to the September 29 motion of Manitoba Hydro. In particular, the Consumers Coalition wishes to address the future of a Status Update process or some alternative process such as a General Rate Application intended to achieve a timely return to transparent, orderly and evidence-based rate setting.

As made clear during the Status Update application process, Manitobans lack confidence in the rates they are paying because there has not been a full, independent review of Manitoba Hydro’s rates for years. The Consumers Coalition is particularly concerned that, despite a substantial change in circumstances, Manitoba Hydro has failed to produce an Integrated Financial Forecast since IFF16 and has sidestepped any independent testing of its operational, maintenance and administrative costs for roughly half a decade.

Based on its discussions with experts in the financial management of Manitoba Hydro as well as of other regulated energy utilities across Canada, the Consumers Coalition is persuaded that a competently managed utility that is committed to an orderly and evidence based regulatory process could initiate a full General Rate Application for the spring of 2022. In its respectful view, Manitobans should not have to wait any longer for a full review of the rates of a Crown monopoly with a statutorily mandated rate review process.

Thank you once again for the opportunity to provide proposed MFRs for an expected interim rate increase application. Should Manitoba Hydro wish to discuss any of the proposed MFRs, it is invited to contact me at 204-688-4921.

Yours truly,



Byron Williams
Director

Encl.

cc: Board Counsel
Manitoba Hydro
MIPUG
AMC
MKO