

Darren Rainkie, CPA, CA, CBV

Principal – Darren Rainkie Consulting

Phone: 204.782.5877 or Email: darrenrainkie@gmail.com

HANDS ON & MULTI-FACETED EXPERTISE

IMPROVED REGULATORY & BUSINESS OUTCOMES FOR CLIENTS

QUALIFICATIONS & EXPERTISE

- Executive Utility Leadership
- Regulatory Policy & Strategy
- Revenue Requirement Specialist
- Regulation Process Management
- Financial Management
- Adept Expert Witness

CAREER HIGHLIGHTS

- Deep and multi-faceted expertise in all aspects of rate-regulation (1990-Present)
- Extensive experience testifying as a policy & subject matter expert at regulatory proceedings (2000-Present)
- Executive experience (Acting CEO, CFO, Controller & Treasurer) at Manitoba Hydro & Centra Gas (2006-2017)
- Senior level expertise in a broad range of financial management disciplines (2000-2017)

PROFESSIONAL EXPERIENCE

- Independent Consultant 2017-Present
- Manitoba Hydro 1999-2017
- Centra Gas 1994-1999
- Price Waterhouse 1988-1994

EDUCATION

- Chartered Business Valuator 1993
- Chartered Professional Accountant (Chartered Accountant) 1991
- B. Com. (Hons. – With Distinction), University of Manitoba 1988

PROFILE

Darren leverages his 30+ years of **hands on experience** and **multi-faceted expertise** in rate-regulation, utility & financial management to **improve regulatory & business outcomes for clients** that participate in and are impacted by rate-regulation - including applicants, intervenors, utility customers, regulatory tribunals & government agencies. He specializes in providing rate-regulation and financial advisory services, with an emphasis on regulatory policy & strategy and revenue requirement & fiscal matters.

The **client benefits** from **Darren's advisory services** are summarized as follows:

Access to a Comprehensive Suite of High-Quality Regulatory Services – Darren's deep specialization in rate-regulation and multi-faceted regulatory expertise enables him to provide high-quality advice to clients on regulatory policy, strategy, issues and process – that is customized/adapted to the relevant sector, ownership structure, rate-setting framework, subject matter and type of regulatory proceeding.

Effective Diagnosis of Issues & Sound, Practical Advice – Decades of hands on and executive level public utility experience - gives Darren the ability to effectively identify critical issues, evaluate alternative options & risks and develop pragmatic solutions for clients that are aligned with longer-term vision and strategic direction.

Integrated, Broad-Based & Credible Recommendations – Darren's financial management expertise results in recommendations to clients that evaluate the broader financial implications & integrates these implications into the ratemaking framework – with the inherent credibility associated with first-hand & senior level experience applying this financial expertise in a complex regulated enterprise.

Sustainable Solutions & Greater Potential of Stakeholder Acceptance – Clients benefit from Darren's leadership experience, collaborative approach and ability to effectively engage with stakeholders – which leads to more sustainable solutions, greater potential of stakeholder acceptance, as well as opportunities to facilitate client knowledge transfer and learning.

Building Consensus & Commitment to Implement Recommendations – Darren's uses his excellent communication & influencing skills, along with his extensive experience providing testimony at regulatory proceedings – to assist clients in obtaining a shared understanding of issues & options with internal and external stakeholders and building consensus for and commitment to implementing recommendations.

OVERVIEW OF PUBLIC UTILITY REGULATORY EXPERIENCE

Deep Specialization in Rate Regulation & Multi-faceted Regulatory Expertise

- A deep specialization in rate-regulation encompassing the majority of a professional career spanning over 30 years, including employment with/advising **multiple parties** to the regulatory process: providing advisory services to a provincial regulator, executive oversight and management of rate applications and regulatory filings of applicant utilities and providing independent expert advice to intervenors and applicants.
- Multi-faceted regulatory expertise including **multiple sectors** (electricity, natural gas, mandatory auto insurance, water & waste, energy efficiency, district energy, propane, group 2 pipeline), a number of **jurisdictions** (British Columbia, Alberta, North West Territories, Manitoba, New Brunswick), various **ownership structures** (crown-owned, investor-owned and municipally-owned utilities) and a number of **rate-setting/legislative frameworks** (rate base/rate of return, modified cost of service, historic & future test years, multi-year applications).
- Extensive experience in a broad range of **regulatory proceedings** (general rate applications, commodity cost prudence reviews/pass throughs, major capital project and certificate of public convenience and necessity reviews, integrated resource plan reviews, franchise expansion & feasibility test reviews, natural gas broker service improvements, debt & equity issues, accounting policy selection, depreciation rates, intercompany cost allocations & affiliate transactions, pipeline safety, integrity & construction methods, customer disconnections, automated meter reading, energy efficiency, natural gas cooperative acquisitions) and expertise in all aspects of **rate-regulation subject matter** (regulatory policy, revenue requirements, cost of capital/capital structure, cost allocation and rate design).
- Experience with different types of **regulatory processes** (oral hearing, paper hearing, ex-parte, complaint based and alternative dispute resolution) and through all **regulatory cycle components** (strategy development & case planning, application & evidence preparation/evaluation, stakeholder engagement, witness training & preparation, discovery & hearing process management, presentation of expert testimony, cross examination & argument strategy/content, regulatory decision drafting, compliance filing preparation/evaluation, regulatory process improvement recommendations).

Hands On & Executive Level Public Utility Experience

- Hands on **public utility experience** through **23 years of employment** with a privately-owned natural gas utility and one of Canada's largest publicly owned, vertically integrated electric and natural gas utilities.
- Over 11 years of **executive leadership experience** actively collaborating in the management of the corporation, developing corporate & business unit strategic plans, developing risk management plans and successfully managing multiple strategic initiatives simultaneously.
- A **comprehensive understanding** of the **business, operations** and **risks** related to **regulated public utilities**, how decisions are made in this environment - as well as the strategic challenges facing regulated entities.
- A proven track record of developing **innovative financial** and **regulatory strategies** that are aligned with the overall vision and strategic direction of the organization - to ensure the on-going financial sustainability of the utility and respond to future business requirements.

Broad Range of First-Hand Financial Management Expertise – Applied to a Complex Regulated Enterprise

- Over 17 years of senior level and first-hand expertise in a **broad range of financial management disciplines** including: setting financial targets/key performance indicators, long-term financial forecasting, operating cost budgeting, capital cost budgeting, treasury & debt management, corporate risk management, accounting policy selection, financial & management reporting and internal cost allocation between lines of business.

- A **comprehensive understanding of utility financial models** and the elements that impact the model and financial performance, including key inputs, underlying processes, best practices, expected outcomes, options and key performance indicators. Demonstrated experience in applying this diverse financial management expertise and integrating them into the ratemaking framework of a complex regulated enterprise.
- Initiated, championed and actively participated in a number of transformational initiatives to ensure the ongoing financial sustainability of Manitoba Hydro during a period of major capital investment, including: a comprehensive **review of corporate financial targets**, a complex **scenario analysis** to review the adequacy of financial reserves/forecast long-term rate impacts, a **multi-year budgeting strategy** designed to achieve operating cost savings; a **corporate asset management framework** to improve the prioritization of sustaining capital expenditures, an **alternate debt management strategy** to retire debt and improve the financial outlook and a top-down strategy driven approach and **transformation of rate applications** to increase revenues.
- Demonstrated ability to **effectively identify issues impacting the long-term financial outlook of regulated enterprises**, evaluate historic and expected performance against key performance indicators, develop options & identify levers that can be used to positively impact rates to customers and make credible recommendations to intervenors, applicants and regulatory tribunals.

Collaborative Approach & Stakeholder Engagement Experience

- A principled and **collaborative leader** with extensive experience leading, developing, mentoring, collaborating and providing direction to a diverse team of senior professionals as well as cross-disciplinary project teams.
- **Worked collaboratively with internal officials** – such as subject matter experts, senior management, executive team, board committees and board of directors to achieve the **strategic, operational and financial goals**.
- Managed the interactions with and **build strong relationships with external stakeholders**, including provincial government officials, indigenous business partners, external auditors, investment banking institutions and credit rating agencies. As a result of the direct involvement with external stakeholders, have experience explaining the perspectives and issues of these stakeholders to regulatory stakeholders as an executive policy witness.
- Demonstrated capability to **engage with and build strong relationships with regulatory stakeholders**, including regulatory tribunal staff & advisors, consumer group/intervenor representatives & experts and applicant officials. Provided oversight and actively participated in a number of **regulatory stakeholder engagement sessions** with the objectives of fostering positive relationships, building shared understanding of participants and reducing the number of issues to be reviewed/contested during regulatory proceedings.

Adept Witness & Excellent Communication and Influencing Skills

- As a utility executive, oversaw and participated in the development and delivery of **numerous persuasive presentations and recommendations** to obtain direction/approvals from the executive committee, audit committee, board of directors and regulatory tribunal - with respect to financial targets, long-term financial forecasts, proposed rate increases, operating and capital expenditure plans, financing and risk management plans, depreciation study changes, accounting policy selection/IFRS implementation and financial reporting. As an advisor to a regulatory tribunal, intervenors and applicants, have delivered numerous briefings to the client on the significant issues arising in regulatory applications.
- An excellent **reputation** for the **ability to draft well constructed documents and reports**, and to organize complex business & regulatory concepts into compelling evidence, using clear and understandable language. The range of experience includes five years drafting regulatory decisions for a regulatory tribunal, 23 years drafting regulatory applications/reports for applicants and four years developing independent reports for intervenors and applicants.

- Over 20 years of **experience testifying** as a **subject matter witness, executive policy witness** and **independent expert** at regulatory proceedings. Areas of testimony include: policy & strategy (electric & natural gas general rate applications, major capital projects review, cost of gas prudence review, cost of service methodology review), financial targets, long-term financial forecasts, operating & capital cost forecasts, debt management strategies, depreciation studies, adoption of IFRS accounting policies for rate setting purposes, financial results, general revenue requirement components, rate base, return on equity, capital structure, financial feasibility tests as well as regulatory approvals and procedural matters.

PROFESSIONAL EXPERIENCE

PRINCIPAL, DARREN RAINKIE CONSULTING

2017 – Present

- Provide **rate-regulation advisory services** in the subject matter areas of policy, strategy, revenue requirements, cost of capital/capital structure, cost allocation, rate design, major capital project reviews, planning and management of regulatory applications and associated hearing processes, stakeholder engagement and witness testimony in regulatory proceedings.
- Provide **financial advisory services** in the subject matter areas of financial targets, long-term forecasting, operating & capital cost budgeting, debt management, risk management, intercompany cost allocation, financial reporting and business valuation.
- Provide regulatory consulting services to the **British Columbia Old Age Pensioners' Organization et al** Intervenor Group in connection with **FortisBC Energy** (Pattullo Gas Replacement Project) and **Pacific Northern Gas** (Salvus to Galloway Gas Line Upgrade) **Certificates of Public Convenience & Necessity, Creative Energy 2021 Core System** and **Vancouver District Energy** and **Insurance Corporation of British Columbia 2021 Revenue Requirements Applications** and **Creative Energy 2021 Long-Term Resource Plan**.
- Provided advisory services to **Efficiency Manitoba** in connection with its **2020-2023 Efficiency Plan** filing to the Manitoba Public Utilities Board (MPUB), including regulatory on-boarding, filing review process design and strategic filing preparation advice.
- Independent expert witness on regulatory policy, financial reserve targets and revenue requirement matters before the MPUB on behalf of the Consumers Association of Canada (Manitoba) in the **Centra Gas 2019/20 General Rate Application** proceeding.
- Independent expert witness on regulatory policy, financial reserve targets and revenue requirement matters before the MPUB on behalf of the Consumers Coalition in the **Manitoba Hydro 2019/20 Rate Application** proceeding.
- Conducted an independent review of the **2019/20 Chestermere Utilities Inc. rate proposal** (water, sanitary & storm services) and associated financial implications for the City of Chestermere (acting as the regulator).
- Provided independent advice to the Consumers Association of Canada (Manitoba) on case strategy and the capital management plan in connection with the **Manitoba Public Insurance 2019/20 General Rate Application** before the MPUB.
- Conducted a review and made recommendations on the implementation of a revised **internal cost allocation methodology** (allocation of corporate and shared service costs) for **Corix Infrastructure Inc.** (a leading provider of energy, water & wastewater utilities for small to medium-sized communities across North America).
- Provided independent advice to an Industrial Intervenor on the Advanced Metering Infrastructure (AMI) project in connection with **New Brunswick Power Corporation 2018/19 General Rate Application** before the New Brunswick Energy & Utilities Board.
- Provided independent advice to legal counsel for an intervenor with respect to case strategy, evidence evaluation and revenue requirement matters in connection with the **Northwest Territories Power Corporation 2016-2019 General Rate Application** before the Northwest Territories Public Utilities Board.

Acting President and Chief Executive Officer**September to December 2015**

- Responsible for the **overall executive leadership** of one of the largest integrated electric and natural gas utilities in Canada with over \$20 billion in assets, \$2.3 billion in revenues, 568,000 electricity and 277,000 natural gas customers and over 6,000 employees.
- Maintaining progress on **delivery of key strategic objectives, execution on major capital projects** and effective transition to the newly appointed CEO while simultaneously managing several complex finance & regulatory projects in the on-going role as CFO.

Vice-President, Finance & Regulatory Affairs and Chief Financial Officer**2013 – 2017**

- Responsible for the **executive leadership** of the **Finance & Regulatory Affairs business unit** (Controller, Treasury, Rates & Regulatory Affairs, Financial Planning and Corporate Risk Management) and **Manitoba Hydro International** (professional consulting and project management services to energy sectors world-wide).
- Member of the **Executive Committee** that actively collaborated in the **management of the corporation** and the formation, revision and achievement of the **corporate strategic plan** and establishment of **business unit goals & strategies** that align with the strategic objectives of Manitoba Hydro. Led, developed and mentored a diverse team of senior professionals as well as cross-disciplinary project teams.
- **Chief regulatory strategist** and provided executive direction with respect to regulatory affairs before the MPUB (Manitoba Hydro & Centra Gas) and National Energy Board (Minell Pipelines). Represented the corporation as **executive policy witness** and chief regulatory strategist for several significant electric and gas regulatory proceedings before the MPUB, as follows:
 - The **2016 Electric Cost of Service Methodology Review** before the MPUB to review the methodology underpinning the allocation of a \$2 billion revenue requirement and \$20 billion rate base among 568,000 customers.
 - The **2015 Electric General Rate Application** before the MPUB which included final approval of interim rates for 2014/15 and rates for 2015/16 as well as the establishment of a process to review interim rates for 2016/17. Applied a top-down strategy driven approach and drove the transformation of rate applications to increase revenues, ensure the on-going financial sustainability of the corporation, maintain reliable service and stable rates - while balancing the interest of ratepayers with the financial integrity of the corporation.
 - The **2015 Cost of Gas Application** before the MPUB and directed the development of the regulatory strategy and principles associated with the prudence review and recovery of additional gas costs of \$46 million incurred during the record cold winter weather of 2013/14.
 - The finance witness panel at the **2014 MPUB review of the Need For and Alternatives To** (NFAT) Manitoba Hydro's proposed Major Generation and Transmission capital projects involving a planned investment of over \$17 billion. The finance panel witness responsibilities included the potential impact on customers rates, financial outlook and financial risk associated with the planned investments.
 - The **2013 Centra Gas General Rate Application** before the MPUB to set gas costs and non-gas revenue requirement for 2013/14.

- Guided the development of **corporate financial targets** and the **long-term financial forecast** as well as corporate operating, capital and financing plans that are consistent with the overall objectives of the Corporation and obtained endorsement from the Audit Committee and Manitoba-Hydro Electric Board (MHEB). Initiated and provided executive oversight to a **comprehensive review of corporate financial targets** to determine if they continued to be appropriate during a period of extensive capital investment of over \$17 billion. Provided policy guidance to support the development of increasingly sophisticated **financial models to provide scenario analysis** (over 15,000 financial projections) on key financial variables (water flows, export prices, interest rates and capital costs) to evaluate the adequacy of financial targets and financial reserves and forecast the long-term rate impacts of major capital projects.
- Initiated target setting process and collaborated with the executive team to develop a **multi-year budgeting strategy** to substantially reduce the growth in operating expenditures. Championed the establishment of an overall **corporate asset management framework** and further development of systems to improve the planning and prioritization of sustaining capital expenditures in the generation, transmission, distribution and corporate functions.
- Provided executive oversight to the development and execution of **financing strategies** and plans to obtain long-term debt financing in the order of \$1.5 billion to \$2 billion annually and to effectively manage the corporation's liquidity, foreign exchange and interest rate risks. Provided policy guidance to treasury staff to develop a more cost-effective approach to **manage significant risk exposure from US currency fluctuations** on export revenues and to develop an **alternate debt management strategy** to retire debt and improve the financial outlook.
- Directed the **financial and management reporting** and **corporate risk management functions** and provided regular reports on the financial results and risks of the corporation to Executive Committee, Audit Committee and MHEB. Executive accountable to oversee the **transition** from Canadian Generally Accepted Accounting Principles (CGAAP) to **International Financial Reporting Standards (IFRS)** for financial reporting purposes and the strategy to use IFRS for rate-setting purposes.
- Chair of the **Corporate Risk Management** and **Rates Review committees**. Member of the Export Power and Gas Supply **Risk Management committees** and the **Corporate Asset Management Executive Council**. Member and **Treasurer of the Wuskwatim and Keeyask Limited Partnership Boards** working closely with Indigenous partners.

Corporate Controller, Controller Division

2008 - 2013

- Directed the **preparation** of the **electric and gas revenue requirement filings** and represented the corporation as a **senior subject matter witness** at several MPUB **electric rate hearings** between 2008 and 2013 (2008/09, 2009/10, 2010/11 & 2011/12, 2012/13 & 2013/14 GRA's) providing witness testimony on financial results, long-term financial forecast, operating & capital cost forecasts, other revenue requirement components as well as implementation of depreciation studies and IFRS accounting policies for rate-setting purposes.
- Oversaw the development of the **long-term financial forecast** and the **coordination of the consolidated operating cost and capital expenditure forecasts** and presentation to the Audit Committee and MHEB.
- Led the **financial and management reporting functions** of the corporation and managed interaction with the provincial Comptroller's Division and external auditors. Guided the **provision of financial services** to the **business unit** management teams.

Corporate Treasurer, Treasury Division

2006 - 2008

- Led the development of **debt management** and **financing strategies** to obtain corporate financing requirements and effectively manage the corporation's liquidity, foreign exchange and interest rate risks. Provided testimony as a **senior subject matter expert** at the 2007/08 & 2008/09 Centra GRA on rate base, return on equity, working capital allowance, finance expense and debt management.
- Managed interaction with **credit rating agencies**, the provincial Treasury Division and investment banking institutions.
- Guided **cash management**, cash forecasting and **credit risk management** functions and the administration of banking arrangements.

Manager, Regulatory Services Department

1999 - 2006

- Responsible for **regulatory planning** and administration and providing **recommendations** to **senior management** on regulatory **strategy, issues** and **procedural matters**. Acted as a liaison with MPUB staff and advisors.
- **Managed** the preparation of **numerous regulatory applications, filings** and **reports** to the **MPUB**, the post-application/pre-hearing processes, the public hearing process and the interpretation and compliance with MPUB decisions from 1999 to 2006 (types of regulatory proceedings/matters include: general rate applications, commodity cost prudence reviews/pass throughs, franchise expansions & feasibility tests, natural gas broker service improvements & stakeholder engagement process, pipeline safety, integrity & construction methods, customer disconnections, acquisition of a natural gas cooperative).
- Represented the corporation as a **subject matter witness** at several MPUB **natural gas rate hearings** between 2000 and 2006 (2000 Interlake expansion, 2003/04 GRA, 2004/05 Cost of Gas, 2005/06 & 2006/07 GRA, 2007/08 & 2008/09 GRA), providing witness testimony on revenue requirements, rate base, cost of capital/return on equity, capital structure, lead-lag study, financial feasibility tests and regulatory approvals and procedural matters.
- Oversaw the development of the **Quarterly Primary Gas application** and associated processes in 2000 to adjust the cost of gas from western Canada on each gas quarter using an efficient and streamlined regulatory approval process.

CENTRA GAS MANITOBA INC.

1994 - 1999

Senior Coordinator, Regulatory Services Department

1997 - 1999

- Responsible for the **coordination** and **preparation** of **regulatory applications, filings** and **reports** to the MPUB (types of regulatory proceedings/issues include: 1998 general rate application, commodity cost prudence reviews/pass throughs, franchise expansion & feasibility test reviews, debt & equity issues, accounting policy selection, depreciation rates, intercompany cost allocations & affiliate transactions).
- Provided **direction** to **regulatory staff** and **internal clients** with respect to regulatory process and procedural matters, the preparation of responses to MPUB decisions, directives and requests and participated in the **preparation of evidence** and **witnesses** for public hearings.

Senior Financial Analyst, Financial & Accounting Services Department

1994 - 1997

- Acted as internal expert and **provided support to company witnesses** at MPUB public hearings with respect to business case and feasibility assessments as well as financing, capital structure and cost of capital/rate of return and feasibility test matters (1995 & 1997 GRA's). Developed the Centra **return on equity formula** proposal for the 1995 GRA.
- Provided advice and assisted in the **preparation of business cases** with internal management and project teams to support business expansion and growth opportunities, capital expenditures and operating decisions. Coordinated all aspects of **financial analysis** and **feasibility assessments** including the development of financial models, investment evaluation criteria and the presentation of results to internal management.

PRICE WATERHOUSE, CHARTERED ACCOUNTANTS (Winnipeg Office)

1988 - 1994

Assistant Manager, Financial Advisory Group

1990 – 1994

- Acted as **accounting & finance advisor to the MPUB** between 1990 and 1994 on several Centra Gas regulatory applications (including 1990, 1991, 1992, 1993 GRA's), a 1994 Manitoba Hydro GRA and a Stittco Utilities Manitoba (propane) 1991 GRA. Drafted numerous regulatory decisions for the MPUB during that timeframe. Provided advice on all aspects of revenue requirements including operating costs, depreciation, finance expense, income & other taxes, rate base, working capital, capital structure and cost of capital/return on equity.
- Provided extensive **consulting advice to the MPUB** and drafted regulatory decisions on **capital structure** and **cost of capital/return on equity** matters including the last comprehensive decision on the allowed capital structure and return on equity for Centra Gas in 1994.
- Prepared **business valuations**, conducted business reviews for acquisition and divestiture purposes and prepared **quantifications of losses or damages** for use in litigation proceedings.

Audit Senior, Audit & Business Advisory Group

1988 - 1990

- Provided **audit** and **business advisory services** to clients in several industries, including real estate, investment dealing and agriculture, as well as public sector clients.