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July 8, 2022

THE PUBLIC UTILITIES BOARD OF MANITOBA  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

ATTENTION: Dr. D. Christle, Board Secretary and Executive Director

Dear Dr. Christle:

**RE: Manitoba Hydro Responses to Information Requests on Combined GRA Proposal**

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Enclosed please find Manitoba Hydro's responses to the information requests of the Public Utilities Board of Manitoba provided in Order 63/22, in accordance with the extension granted in Order 67/22.

Should you have any questions with respect to this submission, please contact the writer at 204-360-3257.

Yours truly,

**MANITOBA HYDRO LEGAL SERVICES DIVISION**

Per:

A handwritten signature in blue ink, appearing to read 'Brent A. Czarnecki', written over a horizontal line.

**BRENT A. CZARNECKI**  
Barrister & Solicitor

**REFERENCE:**

April 11, 2022 Letter p.5

**PREAMBLE TO IR (IF ANY):**

In its April 11, 2022 letter, Manitoba Hydro presented historical costs for prior electric and gas GRAs:

“The cost of last electric and gas GRA are shown in the table below. It is in the best interest of all parties involved to find efficiencies to lower the costs of the GRA processes.”

	2017/18 Electric GRA	2019/20 Gas GRA
External*	\$9,639,965	\$1,965,164
Internal Labour	\$4,419,048	\$1,963,094
Other**	\$1,088,685	\$474,296
<b>Total</b>	<b>\$15,147,698</b>	<b>\$4,402,554</b>

\*(PUB Advisor, PUB Independent Expert Consultants and Intervener Costs)

\*\* (Professional & consulting fees, meals, printing, advertising, etc.)

In its May 10, 2022 Submission, CAC/Consumers Coalition questioned Manitoba Hydro/Centra Gas’ selection of the 2017/18 Electric GRA and 2019/20 Gas GRA as inappropriate benchmarks of representative regulatory costs:

*Any objective review of these regulatory costs would conclude that the primary drivers of the cost of the 2018/19 Electric GRA was the radical approach taken by Manitoba Hydro to fundamentally change its financial plan and propose 7.9% annual rate increases for customers, as well as the Government OIC 92/2017 which assigned the PUB the review of Manitoba Hydro’s capital expenditures, including the major capital projects. On the Gas side, the cost of the 2019/20 GRA was attributable to Centra’s failure to file a Gas GRA for over six years.*

*While a review of regulatory costs is beyond the scope of this submission, using more comparable benchmarks of the cost of Manitoba Hydro and Centra GRAs (such as the 2014/15 & 2015/16 Electric GRA and the 2013/14 Gas GRA for example) and considering that the normal convention for routine GRAs is for a two-year test year (with the costs being*

*amortized into customers rates over two years) would produce substantially lower “normalized annual” cost of Electric and Gas GRA’s.*

**QUESTION:**

a) Please fill out the table below for electric general rate applications and interim rate applications:

<b>Electric Proceedings</b>	<b>2014/15 Interim Confirmation &amp; 2015/16 GRA</b>	<b>2016/17 Interim</b>	<b>2017/18 Interim &amp; 2018/19 GRA</b>	<b>2019/20 GRA</b>	<b>2021/22 Interim</b>
External (PUB Advisors, independent experts, Interveners)					
Internal Labour					
Other (Professional & Consulting Fees, meals, printing, etc.)					
<b>Total</b>					

b) Please provide a breakdown of the Professional and Consulting Fees in the 2017/18 Interim & 2018/19 electric GRA.

c) For the Professional & Consulting Fees in the 2017/18 Interim & 2018/19 electric GRA shown in the above table, please indicate the amounts that were incurred irrespective of whether Manitoba Hydro filed a GRA. For example, were any costs included in the Professional & Consulting Fees which were part of Manitoba Hydro’s internal review of its financial measures and targets by KPMG, or its internal review of its asset management processes by UMS?

d) Please fill out the table below for gas general rate applications:

<b>Gas Proceedings</b>	<b>2013/14 GRA</b>	<b>2019/20 GRA</b>
External (PUB Advisors, independent experts, Interveners)		
Internal Labour		
Other (Professional & Consulting Fees, meals, printing, etc.)		
<b>Total</b>		

e) For the internal labour costs in the 2017/18 Interim & 2018/19 electric GRA and 2019/20 gas GRA shown in the above tables, please indicate the amounts that were incurred irrespective of whether Manitoba Hydro filed those GRAs.

**RESPONSE:**

a) Please see the following table for a breakdown of the requested proceedings. Please see the response to PUB/MH I-2 a) for further breakdown of the costs of the Independent Expert Consultants costs for the 2017/18 & 2018/19 General Rate Application.

Electric Proceedings (in \$000s)	2014/15 Interim & 2015/16 GRA	2016/17 Interim	2017/18 & 2018/19 GRA <sup>1</sup>	2019/20 GRA	2021/22 Interim <sup>2</sup>
<b><u>PUB Advisors</u></b>					
Fillmore Riley	662	195	1,570	246	312
Cathcart Advisors Inc.	319	138	622	219	-
Ryall Engineering Ltd.	40	57	549	75	69
LAB Consulting Inc.	330	91	72	-	-
Independent Expert Consultants	-	-	4,659	-	-
Other	2	11	-	-	-
<b>Total PUB Advisors Costs</b>	<b>1,352</b>	<b>492</b>	<b>7,472</b>	<b>540</b>	<b>382</b>
<b><u>Intervener Costs</u></b>					
<b>Consumers Coalition</b>					
Legal Counsel (Public Interest Law Center)	86	11	178	39	70
Consultants (W. Harper)	49	13	102	15	-
Consultant (La Capra)	51	-	-	-	-
Consultant (Depreciation)	23	-	-	-	-
Consultants (METSCO)	-	-	126	-	-
Consultant (Morrison Park Advisors)	-	-	134	-	-
Consultant (Simpson)	-	-	21	-	-
Consultant (Compton)	-	-	10	-	-
Consumers Panel	-	-	1	-	-
Consultant (Gotham)	-	-	16	-	-
Consultants (D. Rainkie /K. Derksen)	-	-	-	131	54
CAC Disbursements	9	-	28	-	-
<b>CONSUMERS COALITION Total</b>	<b>218</b>	<b>24</b>	<b>616</b>	<b>186</b>	<b>124</b>
<b>Manitoba Industrial Power Users Group (MIPUG)</b>					
Legal Counsel (TDS Law)	-	-	-	39	-
Consultants (Intergroup)	-	-	-	70	-
<b>MIPUG Total<sup>3&amp;4</sup></b>			<b>495</b>	<b>109</b>	<b>TBD</b>
<b>Green Action Centre (GAC)</b>					
Legal Counsel (Gange, Collins, Holloway)	59	-	130	-	-
Consultant (Roger Colton)	47	-	-	-	-
Consultant (Resource Insight Inc.)	1	-	130	-	-
Disbursements	5	-	-	-	-
<b>GAC Total<sup>3</sup></b>	<b>108</b>		<b>256</b>		
<b>Manitoba Keewatinowi Okimakanak (MKO)</b>					
Legal Counsel (George J. Orle Q.C. Legal Corp. )	73	21	115		
Legal Counsel (Jerch Law)			7	33	
<b>MKO Total</b>	<b>73</b>	<b>21</b>	<b>122</b>	<b>33</b>	<b>TBD</b>
<b>Manitoba Metis Federation (MMF)</b>					
Legal Counsel (Darcy & Deacon)	84	-	-	-	-
Consultants (Matwichuk)	5	-	-	-	-
Consultants (Oppenheim)	46	-	-	-	-
Disbursements	3	-	-	-	-
<b>MMF Total</b>	<b>137</b>				
<b>Assembly of Manitoba Chiefs (AMC)</b>					
Legal Counsel (Olthuis Kleer Townshend LLP)	-	-	109	27	-
Consultants (Raphals/Helios)	-	-	45	7	-
<b>AMC Total</b>			<b>154</b>	<b>35</b>	<b>TBD</b>
<b>Business Council of Manitoba (BCM)</b>					
Legal Counsel (Taylor McCaffery LLP)	-	-	152	-	-
<b>BCM Total<sup>3</sup></b>			<b>150</b>		
<b>GSS/GSM &amp; Keystone Agricultural Producers</b>					
Legal Counsel (Hill, Solkalski, Walsh, Olson)	-	-	105	-	-
Consultant (London Economics International)	-	-	269	-	-
<b>GSS/GSM &amp; KAP Total</b>			<b>374</b>		
<b>Total Intervener Costs</b>	<b>536</b>	<b>45</b>	<b>2,166</b>	<b>363</b>	<b>124</b>
<b><u>MH Internal Costs</u></b>					
Internal Labour ST	2,279	283	4,156	631	364
Internal Labour OT	230	24	263	69	20
Professional & Consulting	255		746	96	
<b>Total MH Internal Costs</b>	<b>2,764</b>	<b>307</b>	<b>5,165</b>	<b>796</b>	<b>384</b>
Other <sup>5</sup>	270	5	345	46	54
<b>Grand Total</b>	<b>4,922</b>	<b>849</b>	<b>15,148</b>	<b>1,745</b>	<b>944</b>

<sup>1</sup>The costs associated with the review of Manitoba Hydro’s Application to Review & Vary Order 59/18 have been combined with the costs of the 2017/18 & 2018/19 GRA.

<sup>2</sup> Reflects costs to March 31, 2022. The costs associated with the Consumer Coalition’s Application for a Status Update Process have been combined with the 2021/22 Interim Rate Application. Coalition’s costs reflect the costs it has requested for both of these processes.

<sup>3</sup>Intervener costs by party reflect cost awards approved by the PUB. Where total costs for the Intervener are lower than the cost award by the PUB, it is due to GST being recorded in a separate ledger.

<sup>4</sup>Cost by party not available for MIPUG for the 2017/18 & 2018/19 GRA.

<sup>5</sup>Other costs include publication of public notices, meals, printing of proceeding materials, transcripts, etc.

- b) Please see the following table for a breakdown of Professional & Consulting fees for the 2017/18 Interim & 2018/19 GRA process.

(in \$000s)	<b>2017/18 Interim &amp; 2018/19 GRA</b>	<b>Purpose</b>
MLT AIKINS LLP	455	External legal counsel retained by Manitoba Hydro for capital related matters related to the PUB’s mandate for OIC 00092/17.
FASKEN MARTINEAU DUMOULIN LLP	171	External legal counsel retained by Manitoba Hydro for cross-examination of Intervener expert witnesses.
THE CENTRE FOR SPATIAL ECONOMICS	53	Consulting firm retained by Manitoba Hydro to provide expertise in the field of provincial and regional econometric modeling and forecasting.
CONCENTRIC ENERGY ADVISORS, INC.	47	Consulting firm retained by Manitoba Hydro for their financial and regulatory expertise in the field of utility regulation.
PRA INC	20	Consulting firm retained in response to PUB Directive #5 of Order 73/15 to provide support during the 2017 GRA review process related to bill affordability.
<b>Total</b>	<b>746</b>	

- c) All of the Professional & Consulting fees incurred by Manitoba Hydro in the response to part b) were for the purposes of the 2017/18 & 2018/19 GRA. The costs for work undertaken on the Financial Target Review by KPMG and the work undertaken by UMS were tracked separately from this proceeding.

d) Please see the following table for a breakdown of the requested proceedings.

Gas Proceedings (in \$000s)	2013/14 GRA	2019/20 GRA
<b><u>PUB Advisors</u></b>		
Fillmore Riley	121	540
Cathcart Advisors Inc.	131	303
Ryall Engineering Ltd.	129	408
Other	24	-
<b>Total PUB Advisors</b>	<b>405</b>	<b>1,252</b>
<b><u>Intervener Costs</u></b>		
<b>Consumers Association of Canada (CAC)</b>		
CAC Legal Counsel (Darcy & Deacon/DD West LLP)	133	125
CAC Consultants (Oppenheim)	34	-
CAC Consultants (McCormick)	21	-
CAC Consultants (Stauf)	70	-
CAC Consultants (D. Rainkie & K. Derksen)	-	269
CAC Consultants (METSCO)	-	60
CAC Consultants (DeWolfe)	-	28
<b>CAC Total</b>	<b>258</b>	<b>480</b>
<b>Industrial Gas Users Group (IGU)</b>		
IGU Legal Counsel (TDS Law)	-	98
IGU Consultants (Intergroup)	-	119
IGU Consultants (Labonte)	-	17
<b>IGU Total</b>		<b>233</b>
<b>Total Intervener Costs</b>	<b>515</b>	<b>1,428</b>
<b><u>MH Internal Costs</u></b>		
Internal Labour ST	1,182	1,844
Internal Labour OT	44	119
Professional Consulting	3	215
<b>Total MH Internal Costs</b>	<b>1,229</b>	<b>2,178</b>
Other <sup>1</sup>	106	259
<b>Grand Total</b>	<b>2,564</b>	<b>4,616</b>

<sup>1</sup>Other costs include publication of public notices, meals, printing of proceeding materials, transcripts, etc.

e) In addition to supporting regulatory processes, Manitoba Hydro staff across the enterprise are responsible for a variety of activities designed to bring value to customers, including the provision of safe and reliable electric and gas services and ensuring the financial health of the utility. As such, the straight time labour hours recorded for these regulatory processes would have been incurred by Manitoba Hydro regardless. However, to the extent that efficiencies that can be gained in the regulatory processes allowing for other work to be completed by existing staff, will help control

operating and administrative costs for Manitoba Hydro, which is beneficial for customers.

The overtime labour costs shown in the tables in parts a) and d) are incremental and entirely related to these regulatory processes.



**REFERENCE:**

Order in Council 00092/17 p.6

**PREAMBLE TO IR (IF ANY):**

Order in Council 00092/17 states:

- a) *The Public Utilities Board (the “PUB”) is assigned the duty of considering capital expenditures by The Manitoba Hydro-Electric Board (“Manitoba Hydro”) as a factor in reaching a decision regarding rates for services under Part IV of The Crown Corporations Public Review and Accountability Act to support setting rates for services in a manner that balances the interests of ratepayers and the financial health of Manitoba Hydro.*
- b) *For the purpose of the PUB’s consideration of capital expenditures as a factor in the next review of Manitoba Hydro rates for services, Manitoba Hydro shall provide to the PUB the following information:*
  - a. *Capital Expenditure: existing records related to planned capital expenditures, such as details on new, current committed, and proposed, planned or forecast major capital expenditures and base/sustaining capital expenditures, including copies of contracts, current and previous cost estimates, cost overrun justifications, schedule change justifications, current and future scheduled capital expenditure commitments and forecasts;*
  - b. *Explanatory: existing records related to project justification, such as capital project justification forms, cost-benefit analyses, business case and other supporting information related to Manitoba Hydro capital expenditures identified by the PUB, including Asset Condition Assessments for previous, current and proposed major capital expenditures and base/sustaining capital expenditures;*
  - c. *Revenue and other: existing records related to revenues and income, such as any correspondence, agreements, term sheets, export contracts, externally commissioned or internally created reports, studies or analyses, including forecasts (capital, capital structure, financial, export, import, load and power resource).*

**QUESTION:**

- a) Please provide the external costs incurred in the 2017/18 Interim & 2018/19 GRA to fulfill the PUB’s mandate of Order in Council 00092/17 to consider capital expenditures. If Manitoba Hydro has not separately categorized these costs, please provide, in aggregate, the external costs related to the following PUB independent expert consultants and intervener expert consultants:
- MGF Project Services
  - Amplitude Consultants Pty Ltd
  - Klohn Crippen Berger
  - Daymark Energy Advisors (specific to the review of the Birtle Transmission Line and SaskPower Corporation energy sale)
  - Midgard Consulting Inc.
  - METSCO
- b) Please provide the professional (including legal) and consulting costs incurred by Manitoba Hydro in the 2017/18 Interim & 2018/19 GRA related to the fulfillment of the PUB’s mandate of Order in Council 00092/17 to consider capital expenditures.
- c) Please provide an estimate of internal labour costs incurred by Manitoba Hydro in the 2017/18 Interim & 2018/19 GRA related to the fulfillment of the PUB’s mandate of Order in Council 00092/17 to consider capital expenditures.

**RESPONSE:**

- a) Please see the following table for a breakdown by IEC for the 2017/18 Interim & 2018/19 GRA.

Independent External Consultant (in \$000s)	2017/18 Interim & 2018/19 GRA
MGF Project Services	\$2,900
Amplitude Consultants Pty Ltd	\$58
Klohn Crippen Berger	\$186
Daymark Energy Advisors	\$85 (USD)
Midgard Consulting Inc.	\$99
METSCO	\$126

Manitoba Hydro notes that METSCO was engaged by the Consumers Coalition for the 2017/18 & 2018/19 GRA to review both Manitoba Hydro's Major Capital projects and Business Operations Capital. The Consumers Association of Canada (Manitoba) also engaged METSCO as part of Centra's 2019/20 General Rate Application process, which did not include a similar OIC to consider capital expenditures. In Manitoba Hydro's view, METSCO's work was not solely incurred to fulfill the PUB's mandate set out in Order in Council 00092/17.

- b) Please see Manitoba Hydro's response to PUB/MH I-1 b) for a breakdown of the professional and consulting fees incurred for the 2017 GRA. The costs associated with the engagement of MLT AIKINS LLP are associated with the OIC.
  
- c) Manitoba Hydro did not separately track the costs of internal labour related to the fulfillment of the PUB's mandate of Order in Council 00092/17 to consider capital expenditures. Manitoba Hydro acknowledges that the review of capital expenditures in accordance with the OIC increased the total labour costs for this GRA; however, Manitoba Hydro notes that staff responsible for the major capital projects and asset management have been involved in previous GRA proceedings. For example, in the 2015 Electric GRA, Manitoba Hydro filed an Asset Condition Assessment Report as part of its Application in response to a PUB directive, and had a Planning & Operations Panel testify at the hearing, including staff responsible for the Major Capital Projects and Business Operations Capital Activities. As such, it would not have been possible to estimate the time staff would have spent on the GRA as a result of the OIC, and time that would have been spent on the GRA in the normal course if the OIC had not been issued.

**REFERENCE:**

April 11, 2022 Letter p.5; 2019/20 Manitoba Hydro GRA PUB/MH I-10U; 2017/18 & 2018/19 GRA PUB/MH I-1; 2014/15 & 2015/16 GRA PUB/MH 1-27

**PREAMBLE TO IR (IF ANY):**

In the 2019/20 GRA, PUB/MH I-10U shows the additions to regulatory deferral accounts, with the 2017/18 actual additions to the Regulatory Costs deferral as \$10,136,000.

In the 2017/18 Interim & 2018/19 GRA, PUB/MH I-1 shows the additions to regulatory deferral accounts, with the 2014/15, 2015/16, and 2016/17 actual additions to the Regulatory Costs deferral as \$1,038,000, \$3,949,000, and \$3,664,000, respectively.

In the 2014/15 Interim & 2015/16 GRA, PUB/MH 1-27 shows MH deferred regulatory costs of \$2,622,000 in 2012/13 and \$2,572,000 in 2013/14.

**QUESTION:**

- a) Please indicate how the external costs, internal labour costs, and other costs indicated in the table on page 5 of Manitoba Hydro's April 11, 2022 letter are recorded in the financial accounts of Manitoba Hydro and recovered in rates.
- b) Please confirm whether Manitoba Hydro defers and amortizes the cost of regulatory proceedings, separately indicating this for: SEP applications, CRP applications, cost of service study reviews, GRAs, and interim rate applications. For each of those proceedings which Manitoba Hydro defers and amortizes the regulatory costs, please indicate the amortization period.

**RESPONSE:**

- a) Manitoba Hydro defers and amortizes the incremental costs associated with a regulatory proceeding (e.g. PUB advisors, intervener advisors, independent external consultants, internal overtime labour, meals, printing, etc.). These costs are recovered

in rates through the depreciation and amortization component of the revenue requirement.

Manitoba Hydro expenses its internal straight time labour costs as these costs are not deemed incremental to Manitoba Hydro's regular expenses. The internal straight time labour costs are recovered in rates through the O&A component of revenue requirement. Please also see Manitoba Hydro's response to PUB/MH I-1 e).

b)

- The costs associated with GRAs, Cost of Gas and interim rate applications are deferred and generally amortized over the period corresponding to the number of test years included in the Application.
- The incremental costs associated with Cost of Service Methodology Reviews are deferred and amortized over a period of 5 years, as these processes are less frequent in nature.
- Manitoba Hydro does not incur external consulting, overtime, or other hearing related costs associated with its SEP, CRP, Primary Gas or Franchise Applications, which are routine applications reviewed by the PUB on an interim ex-parte basis.
  - Manitoba Hydro is billed costs for PUB advisors for the review of its Primary Gas applications, which Manitoba Hydro expenses in the year incurred.
  - Manitoba Hydro is billed for "other electric regulatory matters" and "other gas regulatory matters", which may include services provided by PUB Advisors on SEP, CRP or Franchise Applications. Charges associated with "other regulatory matters" are deferred and amortized over 12 months.

**REFERENCE:**

April 11, 2022 Letter p.5; 2019/20 Manitoba Hydro GRA PUB/MH I-10U; 2017/18 & 2018/19 GRA PUB/MH I-1; 2014/15 & 2015/16 GRA PUB/MH 1-27

**PREAMBLE TO IR (IF ANY):**

In the 2019/20 GRA, PUB/MH I-10U shows the additions to regulatory deferral accounts, with the 2017/18 actual additions to the Regulatory Costs deferral as \$10,136,000. In the 2017/18 Interim & 2018/19 GRA, PUB/MH I-1 shows the additions to regulatory deferral accounts, with the 2014/15, 2015/16, and 2016/17 actual additions to the Regulatory Costs deferral as \$1,038,000, \$3,949,000, and \$3,664,000, respectively. In the 2014/15 Interim & 2015/16 GRA, PUB/MH 1-27 shows MH deferred regulatory costs of \$2,622,000 in 2012/13 and \$2,572,000 in 2013/14.

**QUESTION:**

- c) If Manitoba Hydro does not defer and amortize the internal labour for regulatory proceedings, please explain how such costs are recovered in rates.
- d) Please provide a continuity schedule of regulatory costs in a similar format to the table below showing the opening balance, additions by regulatory proceeding, amortization by regulatory proceeding, and closing balance of the Manitoba Hydro Regulatory Costs deferral account for the years 2014/15 to 2021/22.

<b>Regulatory Costs Deferral Account</b>								
Fiscal Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Opening Balance								
<b>Additions:</b>								
2014/15 Interim Confirmation & 2015/16 GRA								
2017/18 Interim & 2018/19 GRA								
2019/20 GRA								
Other PUB								
Other non-PUB Proceedings								
<b>Total Additions</b>								
<b>Amortization</b>								
2014/15 Interim Confirmation & 2015/16 GRA								
2017/18 Interim & 2018/19 GRA								
2019/20 GRA								
Other PUB								
Other non-PUB Proceedings								
<b>Total Amortization</b>								
Ending Balance								

e) Please confirm whether Manitoba Hydro defers and amortizes the external costs, internal labour costs, and other costs (professional and consulting, printing, meals, etc.) incurred for other regulatory proceedings such as the Clean Environment Commission, Canada Energy Regulator (formerly National Energy Board), MISO, and other regulators

and whether these costs are included in the Regulatory Costs deferral account. If confirmed, explain how these costs are recorded in the financial accounts and recovered in rates (i.e. in the Regulatory Costs account, plant in service accounts, or other mechanisms).

- f) Please reconcile the \$10,136,000 addition to Regulatory Costs deferral account in 2017/18 with the GRA costs provided in the table on page 5 of Manitoba Hydro's April 11, 2022 letter.

**RESPONSE:**

- c) Please see Manitoba Hydro's response to PUB/MH I-3a)
- d) Please see the following table for a continuity schedule of regulatory costs including opening balance, additions, amortization and closing balance by regulatory proceeding for the years 2014/15 to 2021/22.

Regulatory Costs Deferral Account (in thousands of dollars)								
Fiscal Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Opening Balance	102	1,113	3,822	5,410	14,026	11,574	6,987	2,245
<b>Additions:</b>								
2014/15 Interim Confirmation & 2015/16 GRA	483	2,143	(4)	-	-	-	-	-
2016 Cost of Service Review	218	1,044	2,942	119	-	-	-	-
2016/17 Interim Rate Application	-	458	106	-	-	-	-	-
2017/18 Interim & 2018/19 GRA	-	-	76	9,558	899	133	218	28
2019/20 GRA	-	-	-	-	720	393	-	-
2021/22 Interim Application & Status Update	-	-	-	-	-	-	-	576
Other PUB	337	218	830	459	255	455	343	324
Other Non PUB Proceedings	-	86	(4)	-	-	-	-	-
<b>Total Additions</b>	<b>1,038</b>	<b>3,949</b>	<b>3,946</b>	<b>10,136</b>	<b>1,874</b>	<b>981</b>	<b>561</b>	<b>928</b>
<b>Amortization</b>								
2014/15 Interim Confirmation & 2015/16 GRA	-	(1,039)	(1,583)	-	-	-	-	-
2016 Cost of Service Review	-	-	(271)	(861)	(870)	(870)	(870)	(580)
2016/17 Interim Rate Application	-	-	(141)	(282)	(141)	-	-	-
2017/18 Interim & 2018/19 GRA	-	-	-	-	(2,841)	(3,503)	(3,788)	(780)
2019/20 GRA	-	-	-	-	-	(864)	(250)	-
2021/22 Interim Application & Status Update	-	-	-	-	-	-	-	(129)
Other PUB	(27)	(195)	(295)	(369)	(474)	(331)	(395)	(227)
Other Non PUB Proceedings	-	(6)	(68)	(8)	-	-	-	-
<b>Total Amortization</b>	<b>(27)</b>	<b>(1,240)</b>	<b>(2,358)</b>	<b>(1,520)</b>	<b>(4,326)</b>	<b>(5,568)</b>	<b>(5,303)</b>	<b>(1,716)</b>
<b>Ending Balance</b>	<b>1,113</b>	<b>3,822</b>	<b>5,410</b>	<b>14,026</b>	<b>11,574</b>	<b>6,987</b>	<b>2,245</b>	<b>1,457</b>



- e) Costs related to other regulatory proceedings required to obtain licensing and for the construction of assets are capitalized in property, plant and equipment and recovered in rates through depreciation. Based on a high-level review of the regulatory costs deferral account, no other regulatory proceeding costs were identified.
- f) The 2017/18 regulatory additions totaling \$10,136 thousand included costs related to the 2016 Cost of Service Review (\$119 thousand), the 2017/18 GRA (\$9,558 thousand) and other PUB items (\$459 thousand). The table from April 11, 2022 letter p. 5 includes the total costs for the 2017/18 Electric GRA which is comprised of both operating and capital costs. See table below for breakdown.

**2017/18 Regulatory Deferral Additions**

2016 Cost of Service Review	119
2017/18 Interim & 2018/19 GRA	9,558
Other PUB	459
<b>Total</b>	<b>10,136</b>

**2017/18 Electric GRA per April 11, 2022 Letter p.5**

2016/17 Regulatory Additions - 2017/18 Interim & 2018/19	76
2017/18 Regulatory Additions - 2017/18 Interim & 2018/19	9,558
2018/19 Regulatory Additions - 2017/18 Interim & 2018/19	899
2019/20 Regulatory Additions - 2017/18 Interim & 2018/19	133
2020/21 Regulatory Additions - 2017/18 Interim & 2018/19	218
2021/22 Regulatory Additions - 2017/18 Interim & 2018/19	28
Total Costs Capitalized 2017/18 GRA	10,912
Total Costs Expensed 2017/18 GRA	4,236
<b>Total 2017/18 GRA per April 11, 2022 Letter p.5</b>	<b>15,148</b>

**REFERENCE:**

2019/20 Centra GRA Schedules 6.5.1 to 6.5.8

**QUESTION:**

- a) Please indicate how the external costs, internal labour, and other costs indicated in the table on page 5 of Manitoba Hydro's April 11, 2022 letter are recorded in the financial accounts of Centra and recovered in rates.
- b) Please confirm whether Centra defers and amortizes the cost of regulatory proceedings, separately indicating this for: quarterly gas rate applications, franchise applications, cost of gas applications, cost of service study reviews, GRAs, and interim rate applications. For each of those proceedings which Centra defers and amortizes the regulatory costs, please indicate the amortization period.

**RESPONSE:**

- a) Please see the response to PUB/MH I-3 a).
- b) Please see the response to PUB/MH I-3 b).

**REFERENCE:**

2019/20 Centra GRA Schedules 6.5.1 to 6.5.8

**QUESTION:**

- c) If Centra does not defer and amortize the internal labour for regulatory proceedings, please explain why not.
- d) Please provide a continuity schedule showing the opening and closing balances, additions, and amortizations of the Centra Regulatory Costs deferral account for 2012/13 to 2021/22.
- e) Please confirm whether Centra defers and amortizes the external costs, internal labour costs, and other costs (professional and consulting, printing, meals, etc.) incurred for other regulatory proceedings such as the Clean Environment Commission and Canada Energy Regulator (formerly National Energy Board) and other regulators and whether these costs are included in the Regulatory Costs deferral account. If confirmed, explain how these costs are recorded in the financial accounts and recovered in rates (i.e. in the Regulatory Costs account, plant in service accounts, or other mechanisms).

**RESPONSE:**

- c) Please see the response to PUB/MH I-3 a).
- d) Please see the following table for a continuity schedule of regulatory costs including opening balance, additions, amortization and closing balance by regulatory proceeding for the years 2012/13 to 2021/22.

Regulatory Costs Deferral Account (in thousands of dollars)										
Fiscal Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Opening Balance	835	734	993	1,353	1,463	1,360	1,068	2,051	2,329	750
<b>Additions:</b>										
2011/12 Cost of Gas	40	-	-	-	-	-	-	-	-	-
2013/14 Gas General Rate Application	72	695	-	-	-	-	-	-	-	-
2015 Cost of Gas & Non-Primary Gas Rate Riders Effective November 1, 2014	-	-	-	686	58	-	-	-	-	-
2019/20 General Rate Application	-	-	-	-	-	-	876	1,540	139	-
2021 Cost of Service Methodology Review	-	-	-	-	-	-	-	-	132	267
Other PUB	374	-	282	25	152	228	365	150	167	214
Other Non-PUB Proceedings	-	-	658	31	414	205	325	344	1	-
<b>Total Additions</b>	<b>486</b>	<b>695</b>	<b>940</b>	<b>742</b>	<b>624</b>	<b>433</b>	<b>1,566</b>	<b>2,034</b>	<b>439</b>	<b>481</b>
<b>Amortization</b>										
2011/12 Cost of Gas	(314)	-	-	-	-	-	-	-	-	-
2013/14 Gas General Rate Application	-	(221)	(409)	(136)	-	-	-	-	-	-
2015 Cost of Gas & Non-Primary Gas Rate Riders Effective November 1, 2014	-	-	-	(110)	(399)	(235)	-	-	-	-
2019/20 General Rate Application	-	-	-	-	-	-	-	(1,019)	(1,536)	-
2021 Cost of Service Methodology Review	-	-	-	-	-	-	-	-	-	-
Other PUB	(273)	(215)	(155)	(292)	(221)	(232)	(233)	(330)	(110)	(182)
Other Non-PUB Proceedings	-	-	(16)	(94)	(107)	(258)	(350)	(407)	(372)	(107)
<b>Total Amortization</b>	<b>(587)</b>	<b>(436)</b>	<b>(580)</b>	<b>(632)</b>	<b>(727)</b>	<b>(725)</b>	<b>(583)</b>	<b>(1,756)</b>	<b>(2,018)</b>	<b>(289)</b>
Ending Balance	734	993	1,353	1,463	1,360	1,068	2,051	2,329	750	942

e) Costs related to other regulatory activities required to obtain licensing for the construction of assets are capitalized in property, plant and equipment and recovered in rates through depreciation. Incremental costs associated with other regulatory proceedings, not associated with a capital project, are deferred and amortized through the regulatory costs deferral account.

**REFERENCE:**

2017/18 Interim & 2018/19 Manitoba Hydro GRA PUB/MH I-15; 2019/20 Centra GRA Appendix 5.9 Figure 5.5

**QUESTION:**

- a) Please provide the Manitoba Hydro O&A costs for Rate and Regulatory Affairs for each year from 2015/16 to 2021/22.
- b) Please provide the Centra O&A costs for Rate and Regulatory Affairs for each year from 2015/16 to 2021/22.

**RESPONSE:**

- a) The table below includes Manitoba Hydro’s total O&A costs for electric and gas activities associated with the staff that work in the Rates and Regulatory division.

**O&A Costs – Rates and Regulatory Division**

**Manitoba Hydro**  
**OPERATING & ADMINISTRATIVE COSTS**  
**RATES AND REGULATORY DIVISION**  
 (\$000'S)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Rates & Regulatory Division	\$ 2 862	\$ 2 687	\$ 2 365	\$ 2 122	\$ 2 361	\$ 2 167	\$ 2 449

- b) The table below includes Centra’s O&A program costs associated with Rates and Regulatory division, including labour for staff in areas throughout the Corporation working on gas rates and regulatory activities.

**O&A Program Costs – Rate and Regulatory Affairs**

**MANITOBA HYDRO  
CENTRA GAS PROGRAM COSTS  
RATE & REGULATORY  
(\$000's)**

	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Actual
Rate & Regulatory	\$ 1 221	\$ 964	\$ 846	\$ 1 348	\$ 1 894	\$ 1 061	\$ 1 123

**REFERENCE:**

April 11, 2022, Letter p.1

**QUESTION:**

Please identify which other utilities in Canada file joint rate applications for the gas and electric utilities and explain the nature of these applications.

**RESPONSE:**

Manitoba Hydro is aware of the following examples of joint processes in British Columbia.

FortisBC Inc & FortisBC Energy

The British Columbia Utilities Commission (“BCUC”) has conducted a combined electric and natural gas regulatory proceeding for FortisBC Inc. (“FBC”) and FortisBC Energy Inc. (“FEI”) in order to promote efficiencies in examining common issues and to reduce a duplication of efforts.

In June and July 2013, Fortis Inc. filed separate Multi-Year Performance Based Ratemaking Plans for the period 2014 through 2018 for its natural gas subsidiary, FEI, and electric subsidiary, FBC. The BCUC appointed two separate panels for each application, but after reviewing the applications the panels determined there was sufficient commonality to warrant combining aspects of the two proceedings in the interest of procedural efficiency<sup>1</sup>. The BCUC combined its panels with members from the electric panel joining the gas panel and vice versa. The BCUC ultimately considered the two applications in two phases, a joint review of common issues and a secondary phase in which issues specific to each utility were considered independently.<sup>2</sup>

In 2019, FEI and FBC filed their first combined Multi-Year Rate Plan for the period of 2020-2024<sup>3</sup>, which included information on common matters for both companies, as well as

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<sup>1</sup> BCUC Procedural Conference Transcripts, September 5, 2013, pages 1-2. [DOC 35603 09-05-2013 FEI-PHC-Vol-1.pdf \(bcuc.com\)](#)

<sup>2</sup> [BCUC Order G-151-13, October 4, 2013. Doc 35695; and BCUC Order G-15013, October 4, 2013, Doc 35697](#)

<sup>3</sup> [FortisBC 2020-2024 Application](#)

information specific to FEI and FBC on each matter. Six interveners actively participated in this process, with one intervener participating on FBC matters only, and a single BCUC panel being assigned to the proceeding.<sup>4</sup> The BCUC's review was completed entirely by written process without an oral hearing.

BC Hydro & FortisBC Energy Inc.

In October 2021, the BCUC initiated a joint process to review energy scenarios from BC Hydro and FortisBC Energy Inc. and the resulting interdependent long-term implications on British Columbia's primary electric and natural gas utilities. In its letter to the utilities, the BCUC noted the following:

*"... the British Columbia Utilities Commission (BCUC) is considering a joint review of BC Hydro and FEI's load forecasts and the models underlying those forecasts. This will enable the BCUC to better understand the estimated impact of the corresponding changing energy usage patterns on resource requirements and, ultimately customer rates<sup>5</sup>."*

This example highlights one of the noted benefits of Manitoba Hydro's combined proposal that following completion of Manitoba Hydro's Integrated Resource Plan, a joint application and hearing will better enable a more fulsome discussion of how the evolving energy landscape could impact the supply and demand of electricity and natural gas in the province, and how policy decisions impacting one segment may have a corresponding impact on the other segment, and ultimately customer electricity and natural gas rates.

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<sup>4</sup> BCUC Decision and Orders G-165-20 and G-166-20, June 22, 2020. [Doc 58466](#) at page 4.

<sup>5</sup> BCUC letter of October 15, 2021 to BC Hydro and FEI on Extended Load Research Request



**REFERENCE:**

April 11, 2022, Letter p.8

**PREAMBLE TO IR (IF ANY):**

“Resource constraints by all parties prohibit conducting concurrent individual proceedings.”

**QUESTION:**

Please provide details of the consultations Manitoba Hydro has had with the other parties where the parties articulated that they could not conduct concurrent individual proceedings.

**RESPONSE:**

Manitoba Hydro did not consult with other parties on resourcing for concurrent proceedings. Rather, in coming to this conclusion Manitoba Hydro reflected upon recent experience in concurrent processes such as Centra’s Rate Re-bundling Application and the Consumer Coalition’s Application for a Status Update Process, as well as Manitoba Hydro’s 2021/22 Interim Rate Application and Centra’s 2021 Cost of Service Methodology Review.

Manitoba Hydro also considered that many of the interveners have limited staffing and financial resources and utilize the same consultants and legal counsel for both natural gas and electric proceedings, as well as Manitoba Hydro’s own resource constraints in managing individual concurrent proceedings. For example, in 2014, Manitoba Hydro filed an interim rate application at the same time as the Needs For and Alternatives To (“NFAT”) process that was underway. In its Application for Intervener Status, the Consumers Association of Canada (Manitoba) (“CAC”) noted that it was having difficulty retaining consultants for the interim rate application process, as the consultants often retained by CAC were already engaged in the NFAT review.

**REFERENCE:**

May 24, 2022 Letter pp.2,4

**PREAMBLE TO IR (IF ANY):**

On page 2, Manitoba Hydro states: “With endorsement from the PUB for a combined rate application, Manitoba Hydro would file its combined Electric & Gas Revenue Requirement by November 15, 2022...”

On page 4, Manitoba Hydro states: “Manitoba Hydro reiterates that it recognizes that the first time through any new process will present challenges and that the scope of a combined process, especially for the first attempt, will be more involved than a single electric and gas GRA.”

**QUESTION:**

Provide an indicative schedule for the combined GRA proceeding as envisioned by Manitoba Hydro and Centra, including indicative dates for the application filings, information requests, intervener evidence, oral hearing, argument, PUB decisions, and effectivity dates for rate changes.

**RESPONSE:**

Please see the following timetable for both Phase 1 (Combined Revenue Requirement & Electric Rates and Cost of Service) and Phase 2 (Gas Rates, Cost of Service & Cost of Gas) processes, which provides an example of how a combined electric and gas proceeding could be conducted for illustrative purposes.

<b>Procedural Step</b>	<b>Phase 1 Dates</b>	<b>Phase 2 Dates</b>
Minimum Filing Requirements to Manitoba Hydro	Mid- September 2022	
Phase 1: MH Files Combined Revenue Requirement Materials	Tuesday, November 15, 2022	
1 <sup>st</sup> Procedural Conference	Early December 2022	
Phase 1: MH files Electric Rates & Cost of Service Materials	Thursday, December 15, 2022	
Round I & Round II Information Requests of Manitoba Hydro	Early January 2023 to late March 2023	
Intervener Evidence & Information Requests of Intervener Evidence	Through April 2023	
2 <sup>nd</sup> Procedural Conference (determine topics to be addressed in writing versus oral hearing)	End of April/early May	
MH to file Phase 2 of its Application: Gas Rates, Cost of Service & Cost of Gas		April/May 2023
1 <sup>st</sup> Procedural Conference		Late May 2023
MH Rebuttal Evidence	Early-mid May 2023	
GRA Oral Hearing Commences (if required)	Mid-late May	
PUB Order for Phase 1	June 2023	
Round I & II Information Request of Centra		June and July 2023
Intervener Evidence & Information Requests of Intervener Evidence		August 2023
Centra Pre-Hearing Update*		End of August
2 <sup>nd</sup> Procedural Conference (determine topics to be addressed in writing versus oral hearing)		Early September 2023
Phase 2 Oral Hearing Commences (if required)		Mid-September 2023
Implementation of natural gas rate change		November 1, 2023

\*Centra's Pre-hearing Update would reflect any changes directed by the PUB in its Phase 1 Order to Centra's Revenue Requirement.