

November 15, 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'S 2023/24 & 2024/25 GENERAL RATE APPLICATION**

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Please find attached Manitoba Hydro's 2023/24 & 2024/25 General Rate Application ("GRA" or "Application") filed pursuant to *The Crown Corporations Governance and Accountability Act*. The Application is also publicly available on Manitoba Hydro's website<sup>1</sup>.

Manitoba Hydro is requesting an Order of the Public Utilities Board of Manitoba ("PUB") pursuant to section 25 of *The Crown Corporations Governance and Accountability Act* and section 44 of *The Public Utilities Board Act*, for the following:

- Final approval of Orders 137/21 and 140/21, which approved, on an interim basis, a 3.6% rate increase effective January 1, 2022;
- Approval of rate schedules incorporating an overall increase in General Consumers Revenue of 3.5%, effective September 1, 2023;
- Approval of a further overall increase in General Consumers Revenue of 3.5% effective April 1, 2024;
- Final approval of the Light Emitting Diode ("LED") rates for the Area and Roadway Lighting class approved on an interim basis in Order 150/20;
- Final approval of all Surplus Energy Program ("SEP") and Curtailable Rate Program ("CRP") interim ex parte rate Orders as set forth in Tab 9 – Appendix 9.1 of the Application, as well as any additional SEP ex parte Orders issued subsequent to the filing of the Application and prior to the PUB Order in this matter; and

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<sup>1</sup> [www.hydro.mb.ca/regulatory\\_affairs/electric/gra\\_2023\\_2025/](http://www.hydro.mb.ca/regulatory_affairs/electric/gra_2023_2025/)

- Endorsement of changes to existing deferral accounts and the establishment and amortization of new regulatory deferral accounts, as discussed in Tab 4 – Appendix 4.3 of the Application.

### Phase 2 Application Materials & Minimum Filing Requirements

In December 2022, Manitoba Hydro intends on filing the following Application materials:

- **Tab 8 – Cost of Service and Rate Design & Appendices which will include:**
  - Prospective Cost of Service Study overview and results;
  - Area & Roadway Lighting Cost of Service Study;
  - Results of Survey with Industrial Customers on Rate Design and update on Time of Use Rates;
  - Class-specific rate proposals reflecting results of the Prospective Cost of Service Study and Area & Roadway Lighting Cost of Service Study;
  - Proposed rate schedules 2023/24 & 2024/25;
  - Proof of Revenue 2023/24 & 2024/25;
  - Bill Comparisons;
  - Updates on the Surplus Energy Program (“SEP”) and the Curtailable Rate Program (CRP);
  - Next steps for further engagement with customers, PUB and Interveners on new rate designs and structures;
  - Comparison of rates & rate programs across jurisdictions; and
  - Responses to MFRs 96, 97, and 98 (all related to rates and cost of service matters).
- Manitoba Hydro also requires additional time to prepare a response to MFR 58 (O&A) and MFR 94 (Capital) and expects to file these with Phase 2 of the Application.

### Scope

As discussed in Tab 2 of the Application, Manitoba Hydro is currently engaged in its first Integrated Resource Plan (“IRP”) Development Process, which will provide a long-term roadmap, to enable Manitoba Hydro to effectively plan and respond to the evolving energy landscape and its impacts on Manitoba Hydro’s customers. Manitoba Hydro has included a status update within the Application on the IRP Development Process to date for informational purposes; however, for the IRP Development Process and related engagement

to continue on its own independent path outside the GRA, MH will formally request that the PUB rule that the IRP Development Process be ruled out of scope for the GRA proceeding.

### Motion on Confidentiality

Pursuant to Rule 13(2) of *The Public Utilities Board Rules of Practice and Procedure* ("Rules"), Manitoba Hydro seeks an Order of the PUB confirming that it will receive select portions of six MFR responses and one appendix in confidence.

Manitoba Hydro has carefully and purposely assessed all the information within the Application to provide as much public information as is possible without harming or prejudicing Manitoba Hydro's competitive position. Furthermore, Manitoba Hydro's request to the PUB for confidential treatment of these limited materials is guided by and consistent with previous Orders from the PUB granting confidential treatment of the same or similar information of Manitoba Hydro.

### Grounds

The information which Manitoba Hydro seeks to be received and held in confidence by the PUB is Manitoba Hydro's commercially sensitive and confidential information. Manitoba Hydro submits that it is in the public interest for the PUB to accept this information in confidence as the disclosure of such information could reasonably be expected to significantly harm Manitoba Hydro's competitive position.

Additionally, this information is financial and commercial in nature. The information has been consistently treated as confidential by Manitoba Hydro and accepted as confidential by the PUB when such treatment has been sought by Manitoba Hydro when filed with the PUB in support of an application by Manitoba Hydro.

The limited amount of information sought to be held in strict confidence by the PUB is set out in detail below:

- **MFR 28** - This MFR contains incremental revenues and unit revenues for Keeyask by year under three sets of assumptions. Knowledge of unit revenues (actual or forecast) provides counterparties with insight into how Manitoba Hydro prices its products. Further, disclosure of revenues could lead counterparties and/or their regulators to second guess the prudence of their contracts. In the past, disclosure has caused commercial counterparties to demand to renegotiate terms sheets or withdraw from

negotiations entirely. Disclosure of such information will negatively impact Manitoba Hydro's competitive position. PUB MFR 28 contains substantially the same information as the 2021/22 Interim Rate Application PUB MFR 11. The PUB accepted Manitoba Hydro's response to PUB MFR 11 in confidence with no further access granted<sup>2</sup>.

- **MFRs 42, 84, 85 & 86** – Manitoba Hydro has entered into agreements for the firm supply of electricity with counterparties in the United States, and Canada, at negotiated, fixed prices. These contracts contain information on pricing, revenues, volumes (both energy and capacity) and other terms and conditions related to the sale or proposed sale of electricity to these counterparties which are confidential and commercially sensitive. Manitoba Hydro will be required to disclose information derived from these contracts to fully respond to these MFRs as requested by the PUB. These MFRs contain substantially the same information as MFR's 24, 79, 83 and 84 filed in the 2017/18 & 2018/19. The PUB accepted Manitoba Hydro's request in Order 112/17.
- **MFR 83** – This MFR contains Manitoba weather information that is utilized within the electric load forecast & natural gas volume forecast. Manitoba Hydro's Degree Days Heating ("DDH") data could be used to derive Manitoba energy demand (gas and electric), which may result in adverse pricing activity by counterparties when Centra and Manitoba Hydro transact in energy markets, thereby increasing costs for Manitoba ratepayers. The PUB accepted Centra's request to redact this information in Centra's 2019/20 General Rate Application in a letter dated February 26, 2019, on page 3.
- **Portions of Appendix 5.3** – This appendix includes detail on how Manitoba Hydro plans to serve its export contracts under severe drought, largely by having the market provide the energy. Having this level of detail in the public domain may be damaging to Manitoba Hydro's reputation as a reliable supplier of energy and therefore affect Manitoba Hydro's ability to enter into new export contracts. Also redacted are details on what level of imports Manitoba Hydro will rely upon in a severe drought. If potential counterparties had this detail, it may impact Manitoba Hydro's ability to negotiate bilateral contracts under future drought conditions.

Manitoba Hydro submits that the Corporation's interest in maintaining confidentiality over MFR 24, 42, 83-86 and portions of Appendix 5.3 outweighs the public interest in the disclosure of that information. As such, Manitoba Hydro requests the PUB accept this information in

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<sup>2</sup> Order 128/21 at page 14

confidence without allowing access under any terms in the event such access is requested by any party.

If the PUB rejects Manitoba Hydro's claim of confidentiality over any of these documents and/or desires to provide any party access to the documents under certain terms, in accordance with section 13(5) of the *Rules*, as the party who filed the documents seeking confidential treatment, Manitoba Hydro herein respectfully requests that the documents be withdrawn from the record of this proceeding and returned by the PUB to Manitoba Hydro.

Pursuant to Rules 5 and 22(3) of the *Rules*, Manitoba Hydro is also providing this letter and the Application to all interveners of past record to advise of Manitoba Hydro's filing of the GRA.

Should you have any questions with respect to the foregoing, please do not hesitate to contact the writer at 204-360-3257.

Yours truly,

**MANITOBA HYDRO LEGAL SERVICES**

Per:



Brent A. Czarnecki  
Senior Counsel