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April 17, 2024

The Public Utilities Board of Manitoba
400 – 330 Portage Avenue
Winnipeg, MB R3C 0C4

Attention: Rachel McMillin, Associate Secretary

Dear Ms. McMillin,

Re: Consumers Coalition Response to April 15, 2024 Board Letter

We write on behalf of the Consumers Coalition in response to the Public Utilities Board's ("PUB", "Board") April 15, 2024 letter inviting Intervener comments on two specific questions relevant to Manitoba Hydro's March 22, 2024 Application to Review & Vary PUB Order 101/23.

The Consumers Coalition understands that the corporation is not seeking changes to the rates set in PUB Order 101/23 for the 2023/24 and 2024/25 years.¹ As such, the Coalition's response to the Board's first question is "yes", agreeing that "under either of Manitoba Hydro's proposed approaches, there is no impact on 2023/24 and 2024/25 rates..."

However, this should not be taken to mean that consumers' interests are appropriately balanced in these proposals, nor that their negative impacts on consumers are non-existent or negligible. To the contrary, Manitoba Hydro's preferred relief will cause significant costs to be borne by consumers in future years when the corporation seeks recovery of deferred amounts through rates.

¹ Manitoba Hydro indicated in its February 20, 2024 letter to the PUB that it "does not require and will not seek any adjustments to customer rates from the PUB in 2023/24 or 2024/25 as a result of this request." The Consumers Coalition has also reviewed the two-part request for relief found at page 5 of Manitoba Hydro's March 22, 2024 Application, which does not appear to request adjustments to customer rates. See Manitoba Hydro, "Request to Review & Vary Directive 19 of Order 101/23" (22 March 2024) at page 5 of 7 and Appendix 2, page 3 of 3.



The temporary deferral account proposed by Manitoba Hydro can reasonably be expected to increase the corporation's revenue requirement in future years by at least \$70 million.² This will be paid by future ratepayers and compounds the uncertainty of upcoming rate pressures already cited by the Board in Order 101/23.³

Conversely, the alternative relief sought by Manitoba Hydro would see the difference in depreciation expense merely written off. The depreciation expense for financial reporting and rate-setting purposes would then match, mitigating the need for parallel accounting records in perpetuity and avoiding the imposition of upward pressure on future rates. In this scenario, additional depreciation expense would become one among many puts and takes contributing to annual differences between Manitoba Hydro's projected net income from the last GRA and actual financial results reported at the next GRA.

The Consumers Coalition maintains the position set out in its March 28, 2024 letter that the alternative relief sought by Manitoba Hydro has already been provided in Directive 19(h) of Order 101/23. As explained in that submission, confirmation of the Board's February 29, 2024 correspondence accompanying a dismissal of the Application would efficiently resolve this process and provide Manitoba Hydro with sufficient audit evidence with respect to its 2023/24 financial statements.

The Consumers Coalition thanks the Board for its attention to the impacts of Manitoba Hydro's proposals on both current and future rates. Should the Board have questions regarding these submissions, please feel welcome to contact Consumers Coalition legal counsel Byron Williams (bywil@legalaid.mb.ca), Katrine Dilay (kadil@legalaid.mb.ca), and Chris Klassen (chkla@legalaid.mb.ca).

Thank you,



Katrine Dilay
Attorney
Public Interest Law Centre



Chris Klassen*
Attorney

*Chris is an independent lawyer retained by the Public Interest Law Centre in this matter.

² Manitoba Hydro estimates the impacts of its adjustments to componentization to be \$35 million for 2023/24, and provides no estimate for 2024/25. The \$70 million figure cited above would result from \$35 million being deferred in 2024/25 as well as in 2023/24, however, there is a material risk that following the completion of a full ASL depreciation study the quantum of the deferral could exceed \$70 million.

³ PUB Order 101/23 at 80.



Cc: Manitoba Hydro
PUB counsel
Approved Interveners



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