
April 21, 2023

VIA EMAIL

Public Utilities Board
400-330 Portage Ave,
Winnipeg, MB R3C 0C4

Attention: Dr. Darren Christle, Executive Director & Board Secretary

Dear Dr. Christle:

**Re: Manitoba Hydro 2023/24 and 2024/25 General Rate Application
Submission re Order 42/23
Our File No. 18442 TKR**

By way of Order 42/23, the Board sought written submissions from the parties in the above-captioned matter relating to Mr. Bowman's recommendation (as adopted by MIPUG) that:

Recommendation 4: Balances in the Conawapa deferral account, the Loss on Disposal account related to discontinued operations, and the Asset Removal cost deferral account, totalling approximately \$382 million, should be written-off to income in 2022/23. The Board should ensure the necessary Orders are provided in time for this transaction to be recorded in the 2022/23 fiscal year.

The representatives of the GSS/GSM customer classes ("GSS/GSM"), by way of this letter, advise the Board that GSS/GSM supports Mr. Bowman's recommendation.

Following consultation with Mr. Madsen, GSS/GSM provides the following responses to the Board's three questions as set out in Order 42/23:

Question 1: Is it appropriate to write off Board-approved regulatory deferral accounts against 2022/23 net income?

Response: The recovery of deferral account balances, including the timing and quantum of recovery, is at the Board's discretion. GSS/GSM is aware of no regulatory, legal or practical reason that prohibits the Board's discretion to approve the recommendation.

Question 2: Are there adverse consequences (e.g., a perceived lack of regulatory certainty) to writing off a Board-approved regulatory deferral account? If so, what is the anticipated impact of those consequences?

Response: Yes, there are consequences of writing off the regulatory balances, but the consequences do not appear to be material relative to the benefits. At page 21 (PDF page 24) of Mr. Bowman's

evidence prepared for MIPUG, Mr. Bowman discusses the implications of writing of the regulatory balance and cites evidence from Manitoba Hydro which states that the write off “would have no effect on cash” and “would have minimal effect on achievement of the legislated debt:equity targets.” GSS/GSM accepts this evidence, and agrees based on the evidence that the impacts appear to have minimal impact on the debt-equity ratios and should improve net income in the future. Further, the write-off of these amounts will not result in further rate increases in the current test period.

Question 3: Should any other deferral accounts be written off completely or partially against 2022/23 net income?

Response: At this time GSS/GSM is not aware of any other deferral account balances that warrant write off for the same reasons identified by Mr. Bowman in his evidence. GSS/GSM is aware of other material deferral balances, such as those related to depreciation matters, but considers those deferral balances to be better addressed through other means as discussed in the evidence of Mr. Bowman and Mr. Madsen respectively.

If you have any questions regarding the above, please do not hesitate to contact us.

Yours truly,

GANGE COLLINS & ASSOCIATES

Per:



THOMAS K. REIMER

TKR/RJW

cc: PUB Counsel
cc: Manitoba Hydro (by email)
cc: Counsel for Approved Interveners
cc: Clients