

Merit Law Corporation

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April 17, 2024

VIA EMAIL

Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba R3C 0C4

Attention: Rachel McMillin

Dear Ms. McMillin:

**Re: Manitoba Hydro's Application to Review & Vary Directive 19 of Order 101/23
GSS/GSM Submission In Response to the Board's Letter of April 15, 2024**

I write on behalf of the GSS/GSM Customer Class representatives (“**GSS/GSM**”) concerning Manitoba Hydro’s Application to Review & Vary Directive 19 of Order 101/23, and specifically in response to the Board’s letter of April 15, 2024.

GSS/GSM was represented at the most recent General Rate Application (“**GRA**”) by Thomas K. Reimer and the writer of the firm Gange Collins & Associates; since the end of that GRA, Gange Collins & Associates has amicably dissolved as a firm, and Mr. Reimer, the writer and the organizations comprising the GSS/GSM customer class representatives agreed that the writer would continue to represent GSS/GSM before the PUB.

In its letter of April 15, 2024, the Board asked past interveners for submissions in response to two questions:

- 1) Do you agree that under either of Manitoba Hydro’s proposed approaches, there is no impact on 2023/24 and 2024/25 rates that have already been fixed by the Board?
- 2) If not, please explain your rationale and your recommendation on how the Board should resolve the rate impact (including denying Manitoba Hydro’s application, if applicable).

This letter is GSS/GSM’s submission in response to the Board’s questions.

Question 1: Do you agree that under either of Manitoba Hydro’s proposed approaches, there is no impact on 2023/24 and 2024/25 rates that have already been fixed by the Board?

At the outset, GSS/GSM supports taking a pragmatic approach to address this issue as the Board appears to be contemplating. GSS/GSM supports a process that results in minimal additional costs being incurred by all parties, while ensuring no party is prejudiced from taking a position contrary to any proposal made by Manitoba Hydro in relation to its componentization and related issues at a later date.

GSS/GSM agrees that under either proposal set out by Manitoba Hydro, there would be no impact on the 2023/24 and 2024/25 rates as set by the Board. While this is the case, GSS/GSM respectfully submits that the second of Manitoba Hydro's two proposed options is preferred, namely "to write off any difference in depreciation expense would increase actual depreciation expense for rate setting purposes, resulting in higher book accumulated depreciation and lower retained earnings for the test years in the next General Rate Application". GSS/GSM prefers this second option because it ensures that no deferred balance must be addressed in a future GRA, avoiding further complications in that process. It also ensures no predetermination of amounts recorded as a result of the changes in componentization for Manitoba Hydro until a more fulsome review is undertaken as part of the next GRA.

Question 2: If not, please explain your rationale and your recommendation on how the Board should resolve the rate impact (including denying Manitoba Hydro's application, if applicable).

As noted above, GSS/GSM agrees that there would be no impact on the rates already approved by the Board under either option. If the Board is inclined to deny Manitoba Hydro's requested relief, GSS/GSM respectfully submits that it would be concerned by the stated potential need for Manitoba Hydro to incur real costs to track two sets of books. While this position is untested, and generally GSS/GSM does not consider that these costs would be necessary to be incurred or material in any event, this potential should be weighed by the Board in considering whether to approve Manitoba Hydro's request. We expect that deferral of the issue to the next GRA will result in no further costs at this time, or minimal incremental costs, and will be procedurally efficient for all parties involved.

The GSS/GSM customer class representatives thank the Board for the opportunity to make submissions on these points.

Yours truly,

MERIT LAW CORPORATION

per:



ROBERT J. WALICHNOWSKI

RJW/

cc: PUB Counsel (by email)

cc: Manitoba Hydro counsel (by email)

cc: Counsel for approved interveners (by email)