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April 5, 2023

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 – COMMENTS FOR SECOND PREHEARING CONFERENCE

By letter of March 9, 2023, the Public Utilities Board of Manitoba (“PUB” or “Board”) confirmed that an oral prehearing conference (“PHC”) will take place on April 6, 2023, with respect to Manitoba Hydro’s 2023/24 & 2024/25 General Rate Application (“GRA”). In its letter, the PUB requested submissions from parties at the PHC on certain issues, including matters of scope for the GRA, issues parties believe could be addressed in writing only, proposed witness panels for the oral hearing and the amount of time parties require for direct evidence and cross-examination for each panel during the oral hearing.

Manitoba Hydro is providing the following comments for the Board panel and interveners’ consideration in advance of the PHC.

As part of the Application and responses to Minimum Filing Requirements, Manitoba Hydro filed over 5000 pages of evidence. This evidence has been tested and examined through two round of information requests, with Manitoba Hydro responding fulsomely to approximately 1350 Round I IRs and 650 Round II IRs. In total, Manitoba Hydro has now filed over 11,100 pages of written evidence.

Intervener evidence was filed by six consultants on April 3, 2023, on behalf of three interveners, the Consumers Coalition (“Coalition”), the Manitoba Industrial Power Users Group (“MIPUG”) and the representative for the General Service Small-General Service Medium (“GSS-GSM”) classes, totaling over 500 pages combined. The respective positions advanced by these consultants in several instances represents “argument” versus “evidence”. Further evidence is expected to be provided by Daymark Energy Advisors (“Daymark”) next week on matters within its defined scope of work set out by the PUB.

As a result of the extensive written record and fair process afforded to interveners to date, Manitoba Hydro respectfully submits that the oral hearing should be limited to issues that are most pertinent and require additional clarification for the Board panel's understanding in determining whether the rates sought to be confirmed and increased by Manitoba Hydro are just, reasonable and in the public interest.

Based on the evidentiary record to date and the arguments already advanced by the interveners' consultants, Manitoba Hydro has identified the following general themes for this GRA and is seeking confirmation from the PUB on the specific matters where the Board panel may require oral evidence to supplement the written evidence:

- Revenue Requirement, including proposed rate path, financial ratios, financial forecast scenario, operating & administrative expenses, payments to government, and debt management;
- Depreciation methodology for rate-setting and proposed regulatory deferrals/amortization periods;
- Load forecast scenario, energy supply planning, drought operations management, export revenue forecasts and changes in the export market;
- Capital plan and asset management, including system reliability and business operations capital forecasts, and customer preferences regarding the tradeoff between reliability and rate increases; and
- Cost of Service, rate design and customer impacts.

Once the Board panel determines the specific in-scope issues for the oral public hearing by way of its next procedural Order, Manitoba Hydro will finalize appropriate witness panels to speak to each of the in-scope issues and propose the sequencing of these panels. Given the robust pre-filed written evidence, Manitoba Hydro expects direct evidence for each of its witness panels to be limited to approximately thirty minutes.

At this time, and unless the Board panel orders otherwise, Manitoba Hydro expects to have its President and Chief Executive Officer respond to policy matters on the opening day of the oral hearing. Ms. Grewal's availability is limited to the morning of May 15, 2023.

Issues for Written Evidence Only

Manitoba Hydro submits that the following matters should be addressed by written submissions only (in addition to any other items which the Board has identified as appropriate for written submission only):

- **Proposed changes to the Curtailable Rate Program ("CRP") and Surplus Energy Program ("SEP")** – As part of its Application, Manitoba Hydro is proposing minor changes to the CRP and SEP and has temporarily suspended new enrollments in the SEP while it undertakes a review of the program.

Manitoba Hydro's proposed changes to the CRP and SEP are straight-forward and no significant opposition has been expressed.

- **2024 Lighting Cost of Service Study ("LCOSS24")** – no party has requested information or presented evidence related to LCOSS24.
- **Diesel Zone Rates** - With the exception of the basic monthly charge and the first block rate for Diesel General Service Customers, which are equivalent to grid rates, Manitoba Hydro has not proposed rate changes for the diesel zone as part of this GRA, and no party has presented evidence related to Diesel zone rates.

Daymark

Daymark is scheduled to provide its report to Manitoba Hydro on April 11, 2023, and once it has been reviewed to redact any Commercially Sensitive Information, it is expected to be released publicly on April 13, 2023. At this time, Manitoba Hydro is unable to comment on whether the issues reported upon by Daymark can be reviewed entirely in writing. Manitoba Hydro remains cautiously optimistic that the findings within the Daymark report can be sufficiently reviewed and addressed in writing by all parties to the proceeding especially considering the commercial sensitivities that are expected to underpin Daymark's public report. After Manitoba Hydro has had a reasonable opportunity to review Daymark's report, it will provide its position to the PUB on whether the specific matters included in the report can be sufficiently addressed by written evidence only or whether these matters should be further examined at the oral hearing.

Written Evidence of Morrison Park Advisors Inc. ("MPA") on behalf of the Coalition

Manitoba Hydro submits that the MPA Written Evidence is largely duplicative of the same general topics that are addressed by the arguments advanced by Darren Rainkie in his Written Evidence filed on behalf of the Coalition except for the tangential criticism on the Province of Manitoba's policy choices in recently promulgating Bill 36. MPA's tangential criticism of the Province of Manitoba culminates in the following recommendation which is not relevant to the PUB's determination of Manitoba Hydro's Application:

"At a minimum, the PUB may wish to consider commenting on the Government's choice of financial targets, and the lack of support for the same that arises from regulatory principles."

What is most specious of MPA's tangential criticism and related recommendation comes with its acknowledgement at page 26 of its Evidence that "Nevertheless it is a right of the legislature to make laws as it sees fit and impose them on the ratepayers of Manitoba". Indeed, it is. In addition, those same laws apply not just to ratepayers of Manitoba, but also Manitoba Hydro, the PUB and all Manitobans.

Manitoba Hydro's customers should not bear the costs of MPA's position that the PUB should advocate a particular political or legislative agenda.

Manitoba Hydro submits that the PUB should rule that the commentary made by MPA with respect to the Province of Manitoba as it relates to Bill 36 is out-of-scope for this proceeding.

Furthermore, if the PUB determines that any part of MPA's arguments is properly in-scope for the matters at issue in this proceeding, Manitoba Hydro submits that those arguments would most appropriately be addressed by all parties in written argument without additional oral evidence from MPA.

The Oral Hearing Must be Conducted as Efficiently as Possible given the Compact Timetable

No matter what specific issues are identified by the Board panel for oral hearing in its next procedural order, Manitoba Hydro submits that given the timelines associated with the remainder of this proceeding and the related costs to Manitoba Hydro customers, any oral hearing should be conducted as efficiently and effectively as possible. To this end, Manitoba Hydro submits that the following steps should be adopted by the PUB in its next procedural order with respect to the conduct of the oral hearing:

- After witnesses have been introduced and duly sworn, opportunity for direct evidence should be restricted to a brief overview of the pre-filed evidence and time-limited;
- Cross-examination should be time limited and restricted to the discrete topics identified by the PUB panel where it requires additional clarification;
- All parties should be reminded that the purpose of cross-examination is to test or challenge the evidence on the record for this proceeding (repeated confirmation of information or previous positions that are already on the public record or advancing argument is inappropriate and should not be permitted); and,
- Should any portion of the oral hearing conclude ahead of schedule, parties should be prepared to proceed to the next item on the hearing schedule without delay.

Manitoba Hydro appreciates the opportunity to provide these comments to the PUB and looks forward to answering any questions from the Board panel with respect to the foregoing at the PHC.

Yours truly,

MANITOBA HYDRO LEGAL SERVICES

Per:



Brent Czarnecki
Senior Counsel