

M A N I T O B A) **Order No. 26/16**
)
THE PUBLIC UTILITIES BOARD ACT) **February 26, 2016**

BEFORE: Marilyn Kapitany, B.Sc. (Hon), M.Sc., Acting Chair
Régis Gosselin, B ès Arts, MBA, CPA, CGA, Chair

**PROCEDURAL ORDER IN RESPECT OF MANITOBA HYDRO'S
COST OF SERVICE STUDY METHODOLOGY REVIEW**

TABLE OF CONTENTS

1.0	Executive Summary	3
2.0	Procedural History.....	4
3.0	Submissions Regarding Scoping, Intervener Participation and Hearing Process	7
4.0	Board Findings.....	15
5.0	IT IS ORDERED THAT:	25

1.0 Executive Summary

This procedural Order relates to the Public Utilities Board's (Board) review of Manitoba Hydro's Cost of Service Study Methodology. By this Order, the Board:

- (a) Grants Intervener status to the following entities:
 - (i) City of Winnipeg;
 - (ii) Consumer Coalition;
 - (iii) Green Action Centre;
 - (iv) Manitoba Industrial Power Users Group;
 - (v) City of Winnipeg;
 - (vi) Manitoba Keewatinowi Okimakanak Inc;
 - (vii) Manitoba Métis Federation; and
 - (viii) General Service Small / General Service Medium Representative;
- (b) Establishes the scope of the hearing, dealing both with issues in scope and the issues that are out of scope and;
- (c) Establishes a process and a tentative timetable for the hearing.

2.0 Procedural History

Manitoba Hydro's last General Rate Application was heard in 2015 and dealt with the 2013/14 and 2015/16 fiscal years. In a January 27, 2015 procedural direction to Manitoba Hydro, the Board stated that:

Additionally the Cost of Service Study Methodology review, which was to be conducted after MH's last GRA, has still not been filed by MH and approved by the Board. The Board expects this Cost of Service Study Methodology to be filed and reviewed by the Board before the GRA for any revised rates in MH's 2016/17 fiscal year.

On November 20, 2015, Manitoba Hydro filed an application for interim rates effective April 1, 2016.

On December 4, 2015, Manitoba Hydro filed its Cost of Service Study Methodology submission, including Prospective Cost of Service Study PCOSS14 and a report by Christensen Associates Energy Consulting, LLC with recommendations regarding Manitoba Hydro's Cost of Service Study Methodology.

By letter dated December 8, 2015, the Board directed Manitoba Hydro to provide a copy of, or link to, the submission to past Interveners of Record and to answer Minimum Filing Requirements previously requested by the Board. In that letter, the Board also asked past Interveners of record to provide any additional Minimum Filing Requirements requested by them for the Board's consideration.

The Board received proposed Minimum Filing Requirements from the City of Winnipeg, the Consumer Coalition, and MIPUG in December 2015.

Manitoba Hydro filed responses to the Minimum Filing Requirements requested by the Board on December 18, 2015.

By way of letter dated January 22, 2016, the Board advised that in addition to reviewing Manitoba Hydro's Cost of Service Methodology, the Board would also review several rate-related matters, namely:

- Manitoba Hydro's policies and plans on rate rebalancing that may arise from the outcome of the COSS review;
- Rate design matters such as adjustments to the Basic Monthly Charge, energy charge and demand charges;
- Rate design considerations for such matters as Industrial Time of Use Rates and Residential Conservation Rates; and
- Manitoba Hydro's Terms and Conditions of Service including Service Extension Policies.

In its January 22, 2016 letter, the Board directed any parties wishing to intervene in the Cost of Service Methodology Review to file an Application for Intervener Status and budget request by February 5, 2015, and advised that for purposes of this hearing only, the Board was prepared to determine awards of costs to Interveners without regard to the sufficiency of financial resources of the prospective Intervener. The Board further advised that for purposes of understanding the views and positions of Manitoba Hydro's General Service Small (GSS) and General Service Medium (GSM) customers, it had approved the law firm of Hill Sokalski Walsh Olson LLP as legal counsel for these customer classes.

In its letter, the Board further directed Manitoba Hydro to answer the Minimum Filing Requirements proposed by the Consumer Coalition and by MIPUG. With respect to the City of Winnipeg's proposed request for Manitoba Hydro to make an electronic model of its Cost of Service Study available, the Board directed Manitoba Hydro to make available a rudimentary working model and provide training on how to use that model.

Lastly, the Board directed Interveners to, by February 10, 2015, provide detailed written submissions answering at least the following questions:

- (a) How has your client engaged its stakeholders in support of your client's intervention application?

- (b) How, and on what topics, has your client collaborated with other prospective interveners?
- (c) What is your client's initial position with respect to Manitoba Hydro's Cost of Service Study Methodology?
- (d) What is your client's initial position with respect to the Rate Related Matters as listed above?
- (e) On a preliminary basis, what aspects of Manitoba Hydro's PCOSS 14 (Amended) does your client agree with and why?
- (f) On a preliminary basis, what aspects of Manitoba Hydro's PCOSS 14 (Amended) does your client disagree with and why?
- (g) On what specific issues is expert evidence being planned and why?
- (h) How many rounds of Information Requests of Manitoba Hydro are requested in light of the MFR Responses?
- (i) The Board intends to conduct the oral evidentiary portion of this hearing in using a concurrent evidence process, possibly facilitated by a neutral facilitator. How does your client suggest such concurrent evidence be heard?

On February 5, 2015, Manitoba Hydro provided written process submissions.

On February 10, 2015, the Board received written submissions from the Consumer Coalition, the Green Action Centre, MIPUG and the City of Winnipeg. In addition, Manitoba Keewatinowi Okimakanak Inc. and the Manitoba Métis Federation filed Applications for Intervener status on February 11 and February 12, 2016, respectively. Neither of those two parties filed written submissions.

On February 12, 2016, the Board conducted an oral Pre-Hearing Conference in this matter.

3.0 Submissions Regarding Scoping, Intervener Participation and Hearing Process

Manitoba Hydro

In its correspondence of February 5, 2016, Manitoba Hydro suggested that the highly technical and complex subject matter of this review does not lend itself to a hearing with a traditional discovery process of filing and responding to written Information Requests followed by the direct examination and cross-examination of witnesses. Instead, Manitoba Hydro proposed a process involving a series of facilitated technical workshops at which all parties could ask questions of the utility and either obtain answers immediately or through undertakings to be answered at a later date. Following the final of three planned workshops, the appointed facilitator would then prepare a draft report, with an opportunity to provide comments for each party involved in the hearing process. The facilitator would then render a final report to the Board, and Interveners and Manitoba Hydro would file written final submissions.

With respect to the scope of cost of service matters, Manitoba Hydro submitted, at the February 12, 2016 Pre-Hearing Conference, that the scope should be limited to the areas of largest impact in terms of the allocation of costs to customer classes. Specifically, Manitoba Hydro suggested focusing on generation and transmission costs and the treatment of exports, stating that this would include approximately 75 percent of Manitoba Hydro's \$1.7 billion revenue requirement. By way of a written list, filed as Manitoba Hydro Exhibit #6, Manitoba Hydro enumerated a number of proposed sub-issues within these major categories.

With respect to the four rate-related matters identified by the Board in its January 22, 2016 correspondence, Manitoba Hydro submitted that rate-rebalancing and rate design considerations should be deferred to the next General Rate Application, as Manitoba Hydro is currently involved in consultations with respect to ratepayer affordability, which will impact these issues. In light of the Province of Manitoba's direction to Manitoba Hydro, as set out in Manitoba's Climate Change and Green Economy Action Plan

released in December 2015, to develop a conservation rate proposal, Manitoba Hydro further submitted that conservation rates should not be considered in the Cost of Service Methodology Review. With respect to the proposal for industrial Time-of-Use rates, Manitoba Hydro suggested that the proposal only be considered in the current review if there is sufficient time; otherwise it should be left to the next General Rate Application as well.

With respect to the Board's proposed review of Manitoba Hydro's Terms and Conditions of Service and Service Extension Policy, Manitoba Hydro submitted that the approval of these is outside the jurisdiction of the Board pursuant to subsection 49.1 of *The Manitoba Hydro Act*. However, Manitoba Hydro agreed to make the policies available to the Board for review as part of the Cost of Service Study hearing.

Manitoba Hydro expressed concern about the Board's stated intention to assess Intervener cost requests without regard to the criteria stated in Rule 43(c) of the Board's Rules of Practice and Procedure. In particular, Manitoba Hydro expressed the view that it was inappropriate for the City of Winnipeg to receive costs, stating that this would result in ratepayers funding a government intervention. Similarly, Manitoba Hydro submitted that MIPUG members were protecting their own business interests, which is one of the considerations in determining whether or not a cost award is warranted.

With respect to the Intervention of the General Service Small / General Service Medium classes, Manitoba Hydro stated that it was highly unusual that an intervention was being approved without an identified client to instruct counsel. As such, Manitoba Hydro indicated the Board should satisfy itself that there are class members that are representing the interests of the class.

Consumer Coalition

The Consumer Coalition is a coalition of the Consumers' Association of Canada (Manitoba) Inc. (CAC) and Winnipeg Harvest. CAC has long represented residential consumers at Board regulatory proceedings. At this General Rate Application, CAC

seeks to jointly intervene with Winnipeg Harvest. Winnipeg Harvest is a non-profit, community based organization providing food assistance to low-income individuals.

The Consumer Coalition proposed Bill Harper of Econalysis as an expert consultant for the hearing. While the Consumer Coalition indicated it was too early in the process to address specific issues in which intervenor evidence would be led, it expected to have Mr. Harper address the definition of the export class, the allocation of net export revenue, the allocation of U.S. interconnection costs, the functionalization of the Dorsey and Riel converter stations, the impacts of an inclining rate structure, and the prospective treatment of Bipole III.

The Consumer Coalition provided examples of concerns likely shared with the Green Action Centre and MIPUG, namely the weighting of energy by time period, whether sufficient transmission has been functionalized into generation, whether ancillary services are driven by peak load, how distribution plant is allocated among classes, and the classification of distribution between demand and customer components.

According to the Consumer Coalition, the Cost of Service Methodology Review deals with important issues but is not extraordinarily complex. As such, the Consumer Coalition did not see the need to adopt Manitoba Hydro's proposed workshop process, and expressed several concerns with respect to a workshop process. The Consumer Coalition provided three different process models. Model A would involve all disputes being the subject to concurrent evidence, with cross-examination to follow. Model B would involve only designated issues being subject to concurrent evidence, with the remaining issues being subject to regular evidence followed by cross-examination. Model C would consist of regular oral evidence followed by cross-examination, after which the Board would convene a concurrent evidence panel with respect to designated issues only.

Green Action Centre (GAC)

The Green Action Centre (GAC) is a non-profit, non-governmental organization, based in Winnipeg and serving Manitoba. Its mandate is to promote greener living through environmental education and by encouraging practical green solutions for households, workplaces, schools and communities. GAC sees its policy role as keeping abreast of and contributing to the discussions about how to create a more sustainable society, searching for best practices, and advocating positions and solutions on available forums on the basis of our understanding of sustainability principles and practices.

GAC is proposing to use Paul Chernick of Resource Insight as an expert consultant for the proceeding.

GAC intends to review all aspects of Manitoba Hydro's cost of service, rate design and service extension recommendations. GAC supports the review of the four rate-related matters identified by the Board for review. GAC suggested that in a number of instances (such as demand-side management), there are different interpretations as to cost of service and different perspectives between parties. As such, the Board should not limit issues to a specific party. However, as part of its February 10, 2016 written submission, GAC identified a number of issues in which it disagreed with Manitoba Hydro's methodology. This includes the inclusion of a capacity component in the generation energy allocator, the apportionment of the distribution classification between the demand and customer categories, and the discounting of distribution costs for the General Service Large customer class.

GAC submitted that regardless of which process is chosen for the hearing, there has to be a way for Intervener consultants to obtain access to the required information, either through Information Requests or through a shared model. As such, GAC favours a fairly traditional discovery process for the first part of the hearing, followed by concurrent evidence. GAC also suggested that the Board could seek input from Interveners with respect to a draft final Order prior to the document being finalized and issued.

Manitoba Industrial Power Users Group (MIPUG)

The Manitoba Industrial Power Users Group (MIPUG) represents the largest industrial users of electricity in the Province of Manitoba and has intervened at most electric regulatory hearings before the Board in the recent past. MIPUG indicated that it provides the only representation before the Board of customers falling into the General Service Large >30kV categories.

MIPUG indicates that it would like to ensure a principled, defensible and industry-standard cost analysis. MIPUG identified a number of issues for specific consideration in this hearing, including the elimination of allocations not reflective of costs, the differential reliability attributed to different rate classes, the allocation of fixed costs to opportunity export sales, the treatment of net export revenue, the treatment of various transmission assets, the allocation of distribution costs between classes, and the allocation of demand-side management (DSM) expenses. MIPUG also would like to review the General Service Large 30-100 kV class to determine whether or not it is homogenous or whether it should be split into more than one class. MIPUG proposes to use consultants from Intergroup as experts for this hearing.

MIPUG expressed frustration about the minimum filing requirements it requested not having been filed to date and stated that it was premature for MIPUG to take a substantive position at this time.

MIPUG is supportive of the four rate-related matters being considered in this hearing, and submitted that the Board had already ruled on this issue in its January 22, 2016 letter, necessitating a review and variance if any of those issues were to be now considered out of scope. However, MIPUG submitted that policy issues should be considered distinctly from actual cost of service issues.

MIPUG rejected Manitoba Hydro's workshop-based process, stating that it did not think that approach would be more cost-effective than a regular hearing. In MIPUG's submission, there would have to be a mechanism to ensure that valid Information

Requests and valid questions are actually answered by Manitoba Hydro. However, MIPUG did indicate that other jurisdictions include a negotiation process, and that there was no reason why the parties could not attempt to negotiate a resolution of disputed Information Requests in this proceeding. MIPUG was principally open to a concurrent evidence process but stated that there are number of issues that would have to be worked out first.

City of Winnipeg

The City of Winnipeg (City) is the single largest consumer of electricity in the Province of Manitoba in the Area and Roadway Lighting class, and intends to review Manitoba Hydro's overall cost of service methodology (with an emphasis on Area and Roadway Lighting rates) as well as Manitoba Hydro's evidence as to the quantity of luminaires attributed to the City. The City further intends to review Time-of-Use rates, indicating that it has a number of properties in the affected rate classes. Lastly, the City intends to review options to mitigate the upward pressure on rates.

The City proposed to retain John Todd of Elenchus Research Associates as an expert witness for the Cost of Service Review.

With respect to scoping, the City took the position that it should not be up to Manitoba Hydro to set out what the issues are. Rather, it should be up to the Interveners to determine the scope of the review. In the City's submission, there could be an adversarial relationship between Interveners, which means that issues may be relevant to Interveners even if they are not relevant to Manitoba Hydro.

The City indicated that it was concerned about Manitoba Hydro's process proposal involving workshops instead of a formal hearing, and submitted that a discovery process was required leading up the hearing. In the City's view, it would be a waste of time to have the parties trying to determine what the case is about in front of the Board's Panel Members.

With respect to its entitlement to costs at the hearing, the City took the position that approximately half of the population of Manitoba lives in Winnipeg, and that in addition to speaking for local taxpayers, the City would also speak on behalf of other customers in the Area and Roadway Lighting Class, i.e., other municipalities and the Province of Manitoba.

Manitoba Keewatinowi Okimakanak Inc. (MKO)

Manitoba Keewatinowi Okimakanak Inc. (MKO) represents approximately 65,000 treaty First Nation citizens in northern Manitoba. It is a nonprofit advocacy organization governed by the elected chiefs of the 30 First Nations in northern Manitoba. MKO has previously intervened in Manitoba Hydro General Rate Applications.

MKO intends to focus on the removal of mitigation costs and embedded taxes from rates paid by hydro-affected First Nations communities, and would like to explore the option of creating a separate rate class of hydro-affected customers. MKO also stated that it would like to focus on the idea of moving from a policy of equal rates paid by customers to equal costs incurred by customers, whereby MKO customers, all of whom live in areas not serviced by natural gas, would pay the same heating costs as customers living in areas where natural gas is available. To that extent, MKO intends to address the establishment of an equivalent-to-gas rate for the heating portion of electricity bills.

MKO also expressed an intention to examine the allocation of net export revenue to customers in the Diesel zone. MKO plans to utilize Dale Hildebrandt of Desiderata Energy as an expert consultant for purposes of its intervention.

Manitoba Métis Federation (MMF)

The Manitoba Métis Federation (MMF) is a relatively recent intervener that participated in the Board's NFAT Review and Manitoba Hydro's most recent General Rate Application. The MMF represents the interests of Manitoba's Métis community, which involves both residential and small business customers.

The MMF advised that it was seeking permission to participate in the Cost of Service Review on a watching brief, as it has not participated in any of the previous Cost of Service hearings held by the Board. As part of the watching brief, the MMF would like to have junior counsel attend the hearing, review all relevant documentation, ask questions of panels and witnesses and, where appropriate, prepare and file written argument.

To date, the MMF has not proposed any expert to assist it in its intervention, although it suggested that there would be a benefit to having a consultant to assist it. The MMF expressed a willingness to collaborate with other Interveners.

The MMF did not take a position with respect to scoping and process issues.

General Service Small / General Service Medium Classes

Counsel appointed by the Board to represent the General Service Small (GSM) and General Service Medium (GSM) rate class advised that he had discussions with the Canadian Manufacturers and Exporters Group of Manitoba, the Manitoba Hotels Association, and the Restaurant and Food Services Association, as well as an additional group that expressed interest in an intervention. As such, Counsel expected to have a group of three or four associations to bring the perspective of these two customer classes to the hearing. Counsel was also in discussions with a potential expert consultant to assist this group. In the interim, Counsel advised he was not in a position to speak to specific scoping issues.

Regarding process, counsel for the GSS/GSM class customers indicated that a concurrent evidence process could be workable but expressed hesitation about Manitoba Hydro's suggested workshop process, noting that one round of Information Requests and cross-examination would be preferable.

4.0 Board Findings

Hearing Scope

Cost of Service Matters

This hearing represents the first review of Manitoba Hydro's cost of service methodology in almost a decade. As such, it is the Board's intention to conduct a comprehensive review and not limit the issues for consideration. As such, all of the cost of service issues specifically suggested by Manitoba Hydro for inclusion, as well as the issues referenced by prospective Interveners, will be in scope, as will other cost of service-related issues that may surface during the review process. This includes the consideration of distribution, demand-side management, and other future assets. However, as set out below, some of these issues may be limited to written submissions at a future Pre-Hearing Conference and not become subject to oral evidence and cross-examination.

The Board notes that with Bipole III and Keeyask coming into service in the next few years, the relative values of each functionalized asset group could be impacted significantly. This will give rise to several important issues. Firstly, a decision will be required as to whether Bipole III should be functionalized as generation or transmission. Secondly with Keeyask in service, and additional exports being made especially in the early years of operation, different rate classes may be affected in different proportions. As such, it is the Board's intention to consider the treatment of both of these assets (as well as the Dorsey and Riel converter stations) in this hearing.

With respect to the Area and Roadway Lighting class, the costs allocated to that class are in scope for this hearing. However, for greater certainty, the number of luminaires in the City of Winnipeg, which is an area of on-going dispute between the City of Winnipeg and Manitoba Hydro and currently subject to a Board Directive, is out of scope.

Rate-Related Matters

The Board accepts Manitoba Hydro's submission that of the rate-related matters identified in the Board's January 22, 2016 letter, rate rebalancing, time-of-use rates, and conservation rates should be excluded from the scope of this hearing and be dealt with at the next General Rate Application. The outcome of this Cost of Service Methodology Review will permit Manitoba Hydro to address any rate rebalancing requirements at such a hearing. The Board is further of the view that the existing proposal for industrial Time-of-Use rates is best addressed at the same time as any proposal for conservation rates that Manitoba Hydro is required to advance pursuant to Provincial policy. To the extent the Board's January 22, 2016 letter constitutes a determination that these issues would be in scope, the Board hereby reviews and varies that determination.

However, the Board intends to examine the components of the basic monthly charge, and the split between energy charges and demand charges as part of this hearing, as these relates directly to cost of service study issues. The Board further intends to review Manitoba Hydro's Terms and Conditions of Service and Service Extension Policy, which Manitoba Hydro has agreed to file.

Hearing Process

The Board finds merit in a departure from the usual hearing process involving two rounds of written Information Requests followed by sequential oral testimony subject to cross-examination. However, the Board does not consider it feasible to dispense with a written discovery process entirely and considers it important that cross-examination be permitted on key issues. The Board has accordingly determined the following process for the Cost of Service Methodology Review:

1. Manitoba Hydro is to complete the filing of outstanding Minimum Filing Requirements related to the issues now determined to be in-scope.
2. The Board and Interveners will be able to issue one round of written Information Requests to Manitoba Hydro.

3. Following the receipt of answers to Information Requests, Manitoba Hydro is to hold a facilitated workshop at which parties will be able to ask any clarifying questions related to answers to Information Requests or Manitoba Hydro's filing.
4. If Manitoba Hydro is not in a position to provide satisfactory answers at the workshop, Manitoba Hydro is to provide Undertakings to be answered in writing.
5. Following responses to Undertakings, Interveners are to file their evidence by way of a written report.
6. Following the receipt of Intervener evidence, a second facilitated workshop will take place at which parties, including Manitoba Hydro, will be able to ask questions related to Intervener evidence. For greater certainty, there will be no written Information Requests on the Interveners' evidence. If Interveners cannot provide satisfactory answers at the workshop, they are to provide Undertakings to be answered in writing.
7. Following the receipt of answers to Intervener Undertakings, the Board will hold a second Pre-Hearing Conference. This Pre-Hearing Conference will give rise to an order by which:
 - (a) The Board will identify designated issues that will be subject to oral evidence provided by way of one or more concurrent evidence sessions, followed by cross-examination.
 - (b) Any issues not designated for oral evidence will be subject to written submissions from the parties.
8. Written submissions on non-designated issues will be due prior to the concurrent evidence session(s).

9. Following the concurrent evidence session(s), Interveners and Manitoba Hydro will be able to file written final submissions relating to issues designated for oral evidence.
10. The Board will reserve time for optional oral closing submissions if required.

By way of **Appendix “A”** to this Order, the Board establishes a tentative timetable for the review that may be revised subject to input from the parties. Board counsel is to host a meeting of representatives of all Parties to either confirm the tentative timetable or propose alternative timetable(s) for Board approval.

Access to Electronic Model

In its letter of January 22, 2016, the Board directed Manitoba Hydro to:

...work cooperatively with approved Interveners and their consultants to make available a rudimentary working [cost of service] model that does not disclose Manitoba Hydro’s proprietary information.

...

At the Pre-Hearing Conference, the Board further expects Manitoba Hydro to advise as to the date when it anticipates Interveners to receive access to the electronic model ... and when Manitoba Hydro is planning to host an information/training session with Interveners as to how to use the model.

Following the Pre-Hearing Conference, the Board advised Manitoba Hydro, by letter dated February 18, 2016, that the Board continued to require Manitoba Hydro to make a rudimentary model available to approved Interveners and the Board’s own technical advisors. The Board directed that the model should be unprotected with all formulas intact and visible, so that parties involved in the hearing can change assumptions as required. The Board further directed that Manitoba Hydro should meet with Interveners and their consultants as necessary to explain the use of the model and to ensure that disputes surrounding the use of the model will be limited to the parties’ assumptions and not alleged misunderstandings as to how the model operates. Additionally, a protocol on

explaining what changes were made to the model inputs should be developed among the parties to assist all parties in understanding how any output was derived.

In its February 18, 2016 letter, the Board stated that should Manitoba Hydro be unwilling or unable to disseminate a working model (ideally one that is spreadsheet-based) within the timeframe required by this hearing, it would be the Board's intention to retain Daymark Energy Advisors ("Daymark") to construct a model that will be made available to all parties, the cost of which would form a regulatory cost charged back to the Utility. In such a case, it would be the Board's expectation that Manitoba Hydro staff be available to Daymark and fully cooperate to provide input, test and answer any relevant questions in order to ensure that the completed model is accurate and acceptable to Manitoba Hydro. Only the newly created model would be used by all Parties, including Manitoba Hydro, to file evidence in this proceeding.

On February 22, 2016, the Board received a letter from Manitoba Hydro stating that Manitoba Hydro was prepared to make a model available within three business days after the Board's Order dealing with hearing scope and Intervener status. However, Manitoba Hydro wanted the release of the model to be subject to three conditions, namely:

- The model will be only used by experts for the purposes of the Cost of Service Study Methodology Review being conducted by the Board, and for no other purpose;
- The model will only be distributed to persons or parties who are participating in the Cost of Service Study Methodology Review; and
- The protocol detailed below will be utilized for the provisions of Cost of Service scenarios on the evidentiary record.

The protocol suggested by Manitoba Hydro would see Manitoba Hydro performing all scenario runs intended to be placed on the evidentiary record. Manitoba Hydro

proposed that to initiate the required scenario runs, a meeting at Manitoba Hydro should be held with intervenor experts and the Board-appointed facilitator to define scenarios, following which Manitoba Hydro would perform the scenario runs and subsequently make the electronic model runs available for review.

The Board asked all proposed Interveners to comment on Manitoba Hydro's suggestion and received written responses from the Consumer Coalition, the Green Action Centre, MIPUG, the City of Winnipeg, and MKO. All parties were unanimous that intervenors should be permitted to perform their own scenario runs to place on the record, stating that any concerns could be addressed by collaborating and sharing results with Manitoba Hydro. The Green Action Centre further suggested that any potential input errors in a Microsoft Excel model could be identified through built-in comparison features. The City of Winnipeg further suggested that Interveners should identify any changes made to the model with respect to specific scenario runs.

All proposed Interveners were unanimous in agreeing to the use of the model being limited to this specific hearing but stating that the entire Intervener team (including consultants and lawyers) needed access.

On February 24, 2016, Manitoba Hydro sent a letter to the Board reiterating that it was of the view that the integrity of the modelling would best be protected if Manitoba Hydro were to conduct the scenario runs, and that the Utility did not want to be placed in a position where it had to check unrestricted Intervener scenario runs.

The Board considers it important that Interveners be allowed to perform their own scenario runs and will not face a potential bottleneck by having to rely on Manitoba Hydro to provide outputs to be placed on the record. The Board therefore directs the following process:

1. Manitoba Hydro is to make its model available to Board advisors and Interveners within three business days from the release of this Order.

2. Daymark will have one week to review the model and propose any suggested changes to Manitoba Hydro. During that time, Manitoba Hydro is directed to work cooperatively with Daymark to answer any questions with respect to the model and resolve any differences in opinion regarding potential changes to the model. Intervener consultants are at liberty to communicate with Daymark to discuss the model and suggest any changes.
3. Following this one-week review period, a final version of the model will be made available to all Interveners on the express understanding that:
 - (a) The use of the model is to be limited to this Cost of Service Study Methodology Review; and
 - (b) The model must not be disseminated to parties or individuals other than the people working on this Cost of Service Study Methodology Review;
4. Prior to filing any further scenario runs not currently before the Board on the record, Manitoba Hydro is to submit the scenario runs to Daymark for review and comment. If any disagreement with respect to a specific scenario run arises that cannot be resolved between Manitoba Hydro and Daymark, the scenario run may be filed on the record together with a description of the disagreement and the respective position of each of Manitoba Hydro and Daymark.
5. Interveners will be permitted to submit their own scenario runs into evidence but are directed to:
 - (a) Share these scenario runs with Manitoba Hydro as early as possible and work cooperatively with Manitoba Hydro to resolve any technical disputes regarding the changes made to the model to prepare such scenario runs;
 - (b) Submit their scenario runs to Daymark for review and comment prior to filing them on the record; and

- (c) As part of their evidentiary filing, identify any changes that have been made in the model, either by way of an appendix to their evidentiary brief or by way of a separate filing.

Intervener Status

The Board is approving Intervener status for all of the parties that applied for it. However, the scope of the parties' intervention is as set out below.

Although the Board indicated, in its January 22, 2016 letter, that it would not take into account the financial resources of the approved Interveners for purposes of a cost award in this hearing, the Board reminds all approved Interveners that cost awards are not made as of right, and each Intervener will still have to demonstrate how it met the remaining criteria for Intervener cost awards set out in Part IV of the Board's Rules of Practice and Procedure.

Each approved Intervener that intends to seek costs is to file a budget with the Board by no later than Tuesday, March 1, 2016.

The Board is prepared to consider interim payments on Intervener invoices rendered on a monthly basis, subject to a 25% holdback until the end of the hearing. Interveners are reminded that a full cost application is required at the end of the hearing process.

Consumer Coalition, Green Action Centre and Manitoba Industrial Power Users Group

The Consumer Coalition, Green Action Centre and Manitoba Industrial Power Users Group are approved to intervene on all issues that arise in this proceeding. The Board is principally prepared to approve the expert consultants proposed by each of these Interveners, subject to the budget considerations as set out above.

City of Winnipeg

The City of Winnipeg is approved to intervene with respect to cost of service issues affecting the Area and Roadway Lighting class, excluding the number of luminaires issue. However, with respect to issues affecting the General Service classes, the Board expects the City and its Consultant to collaborate with the Intervener having been appointed to represent the General Service Small / General Service Medium classes and is not prepared to approve an independent intervention by the City of Winnipeg on those customer class issues.

Manitoba Keewatinowi Okimakanak Inc.

Manitoba Keewatinowi Okimakanak Inc. is approved to intervene with respect to the allocation of net export revenues to the Diesel class. MKO is also approved to intervene for purposes of determining the level of embedded mitigation costs and direct and indirect taxes in the Residential and General Service classes. However, MKO is not approved to intervene with respect to rate rebalancing matters, which have been ruled to be out of scope for this hearing. As such, MKO is also not approved to intervene with respect to the creation of a separate “hydro-affected customer” class or the determination of rates based on equal heating costs rather than equal rates.

The Board is principally prepared to approve MKO’s proposed expert consultant for purposes of issues ruled to be in scope for this proceeding.

Manitoba Métis Federation

The Manitoba Métis Federation is approved to intervene for purposes of a watching brief on this matter. However, to the extent that the interests represented by the Manitoba Métis Federation overlap with the interests represented by the Consumer Coalition and the Green Action Centre (with respect to Residential rural customers), MKO (with respect to gas-unavailable customers) or the Intervener representing the General Service Small and General Service Medium classes, the Board expects the

Manitoba Métis Federation to collaborate with those Interveners to minimize any duplication of effort and costs.

In light of the Manitoba Métis Federation's intervention in this proceeding being limited to a watching brief, the Board is not prepared to approve a separate expert consultant for this Intervener in the current proceeding. Rather, to the extent that the MMF requires any technical expertise on issues affecting the classes notionally represented by this Intervener, the MMF is to collaborate with the other Interveners in this proceeding, who confirmed, at the Pre-Hearing Conference, they were prepared to provide such collaboration.

General Service Small / General Service Medium Class

The Board already has appointed legal counsel to represent the interest of the General Service Small and General Service Medium classes. The Board expects an update from counsel for this Intervener by Tuesday, March 1, 2016 that should set out:

- Whether a client or coalition of clients have agreed to instruct counsel and represent the interests of these rate classes; and
- A tentative budget for the intervention.

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

5.0 IT IS ORDERED THAT:

1. Intervener status is granted to the following parties with respect to the specific issues outlined for each Intervener in the body of this Order:
 - (a) Consumer Coalition;
 - (b) Green Action Centre;
 - (c) Manitoba Industrial Power Users Group;
 - (d) City of Winnipeg;
 - (e) Manitoba Keewatinowi Okimakanak Inc.;
 - (f) Manitoba Métis Federation; and
 - (g) General Service Small / General Service Medium Representative
2. The hearing process outlined in the body of this Order is established for purposes of this hearing.
3. The tentative timetable attached as Appendix "A" to this Order is established for this hearing.
4. The following protocol is established for the dissemination and use of Manitoba Hydro's electronic Cost of Service model:
 - (a) Manitoba Hydro is to make its model available to Board advisors and Interveners within three business days from the release of this Order.
 - (b) Daymark will have one week to review the model and propose any suggested changes to Manitoba Hydro. During that time, Manitoba Hydro is directed to work cooperatively with Daymark to answer any questions with respect to the model and resolve any differences in opinion regarding

potential changes to the model. Intervener consultants are at liberty to communicate with Daymark to discuss the model and suggest any changes.

- (c) Following this one-week review period, a final version of the model will be made available to all Interveners on the express understanding that:
 - (i) The use of the model is to be limited to this Cost of Service Study Methodology Review; and
 - (ii) The model must not be disseminated to parties or individuals other than the people working on this Cost of Service Study Methodology Review;
- (d) Prior to filing any further scenario runs not currently before the Board on the record, Manitoba Hydro is to submit the scenario runs to Daymark for review and comment. If any disagreement with respect to a specific scenario run arises that cannot be resolved between Manitoba Hydro and Daymark, the scenario run may be filed on the record together with a description of the disagreement and the respective position of each of Manitoba Hydro and Daymark.
- (e) Interveners will be permitted to submit their own scenario runs into evidence but are directed to:
 - (i) Share these scenario runs with Manitoba Hydro as early as possible and work cooperatively with Manitoba Hydro to resolve any technical disputes regarding the changes made to the model to prepare such scenario runs;
 - (ii) Submit their scenario runs to Daymark for review and comment prior to filing them on the record; and

- (iii) As part of their evidentiary filing, identify any changes that have been made in the model, either by way of an appendix to their evidentiary brief or by way of a separate filing.

THE PUBLIC UTILITIES BOARD

"MARILYN KAPITANY, B.Sc. (Hon), M.Sc."

Acting Chair

"DARREN CHRISTLE"

Secretary

Certified a true copy of Order No. 26/16
issued by The Public Utilities Board

Secretary

APPENDIX “A” – TENTATIVE HEARING SCHEDULE

Step in the Hearing	Due Date (No Later Than)
Filing of Outstanding Minimum Filing Requirements	Monday, February 29, 2016
Intervener Budget Submissions	Tuesday, March 1, 2016
Information Requests to Manitoba Hydro	Monday, March 14, 2016
Responses to Information Requests	Thursday, April 7, 2016
Workshop Date – Manitoba Hydro	Monday, April 18, 2016
Responses to Undertakings from Manitoba Hydro Workshop	Friday, April 29, 2016
Intervener Evidence Due	Friday, May 13, 2016
Workshop Date – Interveners	Wednesday, May 25, 2016
Responses to Undertakings from Intervener Workshop	Tuesday, June 7, 2016
2 nd Pre-Hearing Conference – to Scope Issues for Concurrent Oral Evidence and Written Submissions	Monday, June 13, 2016
Written Submissions Due on Issues not Subject to Concurrent Oral Evidence	Tuesday, June 21, 2016
Concurrent Evidence	Week of June 27, 2016
Intervener Written Submissions Due on Issues Subject to Concurrent Oral Evidence	Friday, July 15, 2016
Manitoba Hydro Written Submissions Due on Issues Subject to Concurrent Oral Evidence	Wednesday, July 20, 2016
Optional Oral Closing Submissions	Monday, July 25, 2016