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**200 – 393 PORTAGE AVE
WINNIPEG, MANITOBA
R3B 3H6**

TEL: 204.985.8540

FAX: 204.985.8544



E-MAIL: centre@pilc.mb.ca

Writer's direct line: (204) 985-8533
Email: bwilliams@pilc.mb.ca

August 27, 2018

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

Attention: Kurt Simonsen, Associate Secretary

Dear Mr. Simonsen:

**Re: Manitoba Hydro Post-Hearing Process Matters and
Potential Benchmarks**

Overview

On behalf of Winnipeg Harvest and CAC Manitoba (the Consumers Coalition), we would like to thank you for the opportunity to comment on the process used by the Public Utilities Board (PUB) in the 2017/2018 & 2018/2019 General Rate Application (GRA) as well as to offer comments on process considerations for the 2019/20 GRA.¹

While responding to the specific areas identified by the PUB, our client also wishes to offer its views on the broader role the Board has played in informing and protecting Manitoban ratepayers while providing an evidence based forum that seeks to balance the interests of ratepayers and the Crown monopoly.

A Forum Manitobans can “Test and Trust”

Despite the significant stresses currently being experienced by Manitoba Hydro due to market disruptions, self-inflicted wounds and choices made by the Provincial Government during the NFAT period, it is important not to lose sight of the critical role the PUB has played in informing and protecting Manitoba ratepayers and Manitoba Hydro.

Over the past decade and as compared to both Manitoba Hydro and the Province of Manitoba, it has been the PUB that Manitobans have relied on to provide them with a forthright assessment of the risks and opportunities that Hydro's plans have imposed on Manitobans. It also has been the PUB that has candidly assessed shortcomings in Hydro's operations and identified opportunities for Hydro to mitigate ongoing risks through integrated resource planning and better day to day management. Important PUB contributions have included:

¹ In its letter of July 20, 2018, the PUB indicated that it was “initiating a post-hearing process consistent with the Board's commitment to a continuous improvement process” and that it welcomed “all parties in the GRA process to provide written comments, criticisms, and constructive suggestions of a general or specific nature . . .”

- flagging significant concerns with the reliability of Manitoba Hydro's forecasts of domestic load, export market prices and capital expenditures as the Crown monopoly was ramping up for its “decade of investment” (ongoing GRAs since 2008 as well as the NFAT);
- identifying significant concerns with the business cases for Bipole III, Keeyask and Conawapa culminating in the NFAT report which set out material flaws in the Keeyask business case and recommended winding down Conawapa (GRAs from 2008 to the NFAT as well as the NFAT);
- highlighting serious challenges with Hydro's management of its day to day (sustaining capital) expenditures dating back to 2008 (ongoing); and
- identifying the failure of Manitoba Hydro to undertake modern integrated resource planning and shortcomings in its DSM programming vision leading to missed opportunities to defer major capital projects such as Keeyask (both the NFAT and the immediately preceding GRA)

In short, the PUB has provided Manitobans with an evidence based, transparent process in which stakeholders can **test** whether Manitoba Hydro's proposed expenditures are reasonable and prudent and where Manitobans can **trust** that decisions are being made based upon the evidence presented to the independent tribunal. CAC Manitoba advises that consumer organizations from jurisdictions such as Saskatchewan, Alberta and some of the Atlantic provinces have commented favourably on the Manitoba regulatory system. Key elements of the PUB process include:

- an evidence based quasi-judicial process that provides fair discovery as well as the opportunity to fully test Hydro's case both through cross examination and competing evidence;
- an intervenor funding process that enables the hiring of quality experts to test Hydro's case and to share their experience from other jurisdictions while also obliging intervenors to demonstrate the value of their contribution to the process in order to justify cost awards;
- PUB staff that have well developed expertise both with the principles of ratemaking and the realities of Manitoba Hydro;
- opportunities for the public to view and to participate in the process; and,
- process flexibility that can be tailored to specific cases.

The process leading to *Order 59/18* maintained the signature elements which underlay historic PUB success. Some of the significant achievements in the most recent GRA include:

- the enhancement of Minimum Filing Requirements leading to improvement in Hydro filings;
- the engagement by Manitoba Hydro ratepayers with the PUB in unprecedented numbers with the filing of over 2300 written consumer comments, presentations by individuals, businesses and municipal governments and a stake holder panel involving rural and urban consumers. Those Manitobans sent a powerful message that they wish to be engaged with as part of the decision making process rather than imposed upon by the Hydro monopoly which is intended to serve them;
- enhanced participation by First Nation stakeholders as well as small and medium sized business;
- significant learning for Manitobans and process participants regarding the implications for Manitoba Hydro's access to capital of the relationship between the financial markets, the Province and Hydro including the pre-eminent role of the market as compared to debt rating agencies;
- increased insight into the asset management process, what good practice looks like and how Hydro's efforts compare; and
- better insight into the drivers of the cost over-runs being experienced by Keeyask including future risk factors.

Moving from a Monopoly Mindset to a Consumer Service Mindset - Key Opportunities for Future Improvements

While our clients will offer a more detailed analysis of potential process opportunities in the sections which follow, they would identify the following key challenges or opportunities as we look to future proceedings:

- the importance of establishing a regularized hearing process for Manitoba ratepayers (residential and business) and the need to address the challenges of Manitoba Hydro (unlike Manitoba Public Insurance) in achieving a regular hearing schedule that will provide annual or bi-annual certainty in terms of a regulatory calendar and rate changes;
- the importance of improved mechanisms to ensure Hydro's compliance with PUB orders that recognizes both the value of accountability and the legitimate role of intervenors in a dialogue regarding compliance;
- opportunities to move from a monopoly mindset to a consumer driven mindset, including the need for further consideration of how Manitoba Hydro should engage with stakeholders and consumers between rate applications on important issues such as

risk tolerances, trade-offs between current and future ratepayers as well as trade-offs related to rates, capital expenditures and quality of service;

- consideration of future refinement of how the PUB aggregates, analyzes and shares consumer comments as well as opportunities for the PUB to reinforce confidence in the regulatory process by reporting back to consumers who engage with it;
- an examination of how to maximize the effectiveness of non GRA hearing processes whether through technical conferences, working groups or otherwise including consideration of how the work product of these processes is best incorporated into the rate setting process;
- opportunities to learn from the approach of Manitoba Public Insurance in the treatment of confidential documents; and,
- mitigation of the costs to stakeholders which are not currently recovered in the regulatory cost process and are assumed either by clients or legal teams and analysts. While these costs are not likely to be significant in the overall Hydro context, they can be very material to under-resourced intervenors.

A Choice for Manitoba Hydro

In the aftermath of *Order 59/18*, two very different pathways are open to Manitoba Hydro. Manitoba Hydro can demonstrate self-awareness in examining its own contribution to its current challenges or it can strike out at its regulator and at stakeholders.

Under pathway 1, Manitoba Hydro can take the opportunity to learn from the regulatory process and from the fierce desire of Manitobans to be engaged with rather than imposed upon. Pathway 1 leads to an ongoing two-way dialogue with ratepayers and stakeholders focused on listening and mutual learning. Under pathway 2, Manitoba Hydro can try to circumscribe the authority of the PUB and the role of Intervenors.

In the immediate aftermath of *Order 59/18*, there is considerable evidence that Hydro is pursuing pathway 2. That evidence includes:

- Hydro's review and vary application;
- Hydro's status of directives filing (August 1, 2018) in which the corporation appears to suggest that involvement of intervenors in the compliance process amounts to "red-tape" and is not appropriate, necessary or efficient; and
- Hydro's leave to appeal application that challenges the Board's jurisdiction to provide any directives with respect to business operations capital;

The Consumers Coalition is of the strong view that pathway 1 is the better alternative.

The Rate Setting Cycle

In commenting on the rate setting process, our clients will offer preliminary thoughts on key elements of the current or potential future rate setting cycle. Although not all elements are currently undertaken by Manitoba Hydro, our review of the literature and consultations with clients and experts suggests the following key elements:

- **Stakeholder Engagement (should occur prior to, during and between applications)**
 - Pre-application, and post-application but pre-hearing, consultation with interested parties (initial and follow-up)
 - Pre-application, and post-application but pre-hearing, consultation with public (initial and follow-up)
 - Alternative regulatory processes (technical conferences & workshops etc.)
- **Case Strategy & Planning**
 - Pre-application planning/scoping (preliminary issues list)
 - Development of applicant minimum filing requirements (MFR's)
- **Evidence Preparation**
 - Interim rate applications
 - General rate applications
 - Minimum filing requirements
- **Pre-hearing Process Management**
 - Pre-hearing conferences (PHC) and PHC Orders
 - Information requests of applicant (2 rounds)
 - Intervenor evidence
 - Information requests of intervenor evidence
 - Rebuttal evidence of applicant
 - Receipt of written public comments
- **Hearing Process**
 - Oral hearing – applicant evidence & cross examination
 - Oral hearing – intervenor evidence & cross examination
 - Oral hearing – presentations by presenters and receipt of written public comments
 - Oral hearing – final argument
- **PUB Decision & Applicant Compliance**
 - PUB Orders
 - Applicant compliance filings
 - Post Order compliance meetings
 - Post Order directives meetings
 - Reporting on the status of directives by applicant
 - Filing of directives by applicant
 - PUB confirmation of adequacy of directives

Process Considerations for the Next GRA filing:

a) Ongoing consultation and feedback with interested parties and the public should be integral parts of the regulatory process

Historically, pre-application consultation with interested parties (intervenor and other stakeholder groups) and the public has been sporadic in Manitoba regulatory processes. To the extent that discussions have occurred, they have primarily been after the applicant has already determined its course of action and might better be described as “selling” the application rather than “true-consultation”.

Looking forward, there is a real opportunity to re-imagine Hydro's engagement related to rate setting given the newly appointed Manitoba Hydro Electric Board, a transition to a new Chief Executive Officer and the planned technical conference on a Minimum Retained Earnings Test (MRET).

With a need to respond creatively in the face of deteriorating financial metrics due to major capital project investments, a consumer driven rather than monopoly imposed approach would be consistent with Hydro's high-level foundational principles – “Respectful engagement with communities and stakeholders”. It also would align with the strategic priority of the PUB to “Effective communication and relationships with stakeholders” as well as the PUB strategy priority to “enhance public notification and education, and seek new methods to facilitate participation in the PUB process”.

In the context of the pending technical conference, a renewed approach to engagement might consider - what means are available to seek meaningful input on risk tolerance guidelines from both stakeholders and Manitoba ratepayers?

In the broader context of preparing for a General Rate Application, consideration could be given to areas in which consumer input might be valuable in developing a rate application. Those areas might include trade-offs between current and future ratepayers as well as trade-offs related to rates, capital expenditures and quality of service. Over time, they might involve a discussion with ratepayers regarding the implications of significant market disruptions that are being experienced throughout North America and alternative ways to respond to those disruptions.

Given Hydro's on-going challenges with integrated resource planning and the pending arrival of Efficiency Manitoba, they may involve multi-party dialogue including Hydro, the PUB, Efficiency Manitoba, stakeholders and ratepayers.

An additional issue raised is how to promote and incorporate consumer comment during the course of a hearing. Written comments may be promoted by guaranteeing to consumers that while their comments will be placed on the public record, their identifying information will not be. Oral presentations may be promoted by showing more flexibility in terms of when

consumers may register for the hearing as well as by having more flexible hearing times including outside regular business hours.

In hearings with heavy consumer participation, stakeholders, ratepayers and Manitoba Hydro also would benefit from documents or workshops (similar to what the PUB proposed for the last hearing) synthesizing the major themes identified in consumer comments. An example of this is the 2300 Voices document prepared by the Consumers Coalition during the last GRA.

Recommendation 1: A conversation between PUB advisors, stakeholders and Hydro about priority topics for engagement and how best to engage with stakeholders and ratepayers is recommended. The PUB should convey to Manitoba Hydro its expectation that Manitoba Hydro will develop for the next GRA a proactive consumer engagement strategy with a goal to enhancing the ongoing dialogue with ratepayers and stakeholders. The PUB may wish to discuss with Efficiency Manitoba how the broader goal of stakeholder and community engagement may be efficiently facilitated.

Recommendation 2: The PUB should make consumer registration for oral presentations more accessible by setting presentation hours outside of regular business hours and by permitting registration during the course of the hearing which would allow consumers to become more knowledgeable about the issues before deciding whether to register. In hearings with heavy consumer commentary, the PUB should consider aggregating the information obtained to identify major themes. Written comments should be encouraged by guaranteeing anonymity to consumers.

b) Alternative regulatory processes should be continued and improved

Based in particular on its experience with PUB led technical conferences for MPI and its understanding of processes in other jurisdictions, the Coalition is of the view that technical conferences are a useful tool by which to increase mutual learning and to identify areas both of common understanding and disagreement. The Consumers Coalition cannot make the same observation with regard to Hydro led technical conferences.

In the period between applications, technical conferences, workshops and working groups can be a useful means to enhance understanding of complex issues and narrow the issues which need to be taken to a future General Rate Application.

However, participation in these processes is burdensome on small non-government organizations and their advisors. For example, for CAC Manitoba given its very small staff complement, participation in a technical conference means a foregone opportunity for funded participation in other activities. Intervenors would benefit from regular intervenor funding for these processes with consideration both to legal and analyst costs as well as the opportunity costs associated with actual client participation. Again, while these costs might appear small from the perspective of Hydro, they can be life and death for organizations with modest revenue streams and many competing demands.

As well, express consideration needs to be given for each conference, workshop and working group regarding how the insights from the process will be incorporated into the next general rate application.²

Recommendation 3: The PUB explore enhanced use of technical conferences workshops and advisory groups. To maximize efficiency and openness those forums should not be led by Manitoba Hydro and should allow for the recovery of reasonable costs incurred both by intervenor advisors and the intervenors. Outside the hearing processes should expressly address how they will be incorporated into the rate setting dialogue.

c) Pre-application planning/scoping & Development of applicant MFR's

The PUB appears to be aiming toward a new pre-hearing process consisting of the development of a Preliminary Issues List (PIL) and applicant Minimum Filing Requirements (MFR's) prior to the filing of an application.

The intent of this new process is to streamline the regulatory process, obtain consensus on issues within the scope of the next GRA and ultimately to allocate areas of responsibility to intervenors after the PHC - in order to ensure an effective and efficient process and avoid duplication of effort.

This theory behind this new process is generally consistent with the PUB strategic priority of "Excellence in the provision of regulatory decisions" and strategies to 1) "Develop a more streamlined and effective pre-hearing and hearing process" 2) "Implement processes to receive information from utilities on a timely basis" and 3) "Implement processes to improve the efficiency of hearings, including guidelines for providing required information and setting out a hierarchy of the importance of information".

However, Centra in its submission regarding the preliminary issues list for the next Gas GRA,³ argues that the new PUB PIL process is "premature, inefficient, and procedurally unfair". Centra claims the new process "inappropriately fetters the right of Centra to make the Application as it deems fit".

It appears that Centra is arguing that the PUB should return to its previous process of addressing all procedural matters at a pre-hearing conference (including scope, issues identification, intervenor application/budgets and how the PUB should hear the application) – after an application has been filed – and that the issues list and hearing process for any application should follow the rule of "proportional discovery".

The Consumers Coalition sees value in the exercise undertaken by the PUB in seeking insight into potential process improvements and at least cataloguing initial perspectives on key issues for future proceedings. This should enable intervenors, Hydro and the PUB to draw on process insights while the lessons are still fresh as well as offer advice on a preliminary basis to Hydro

² On this point, please see the August 15, 2018 submissions of the Consumers Coalition on the pending Hydro technical conference.

³ Centra letter of August 16, 2018.

on issues the PUB considers important.

However, there are four important additional observations of the Consumers Coalition regarding the new pre-hearing process:

- it is time consuming and expensive for intervenors to draft both process recommendation letters and issues list letters. While we expect the demands of process recommendation letters will diminish over time, the issues related to the scope of the hearing and the issues list are of utmost importance to our client as well as to other intervenors and Hydro. As a result, we would expect this to be a heavy time demand going forward;
- there will invariably be duplication involved in terms of issue identification because any issues list developed on a preliminary basis will need to respond to the application. Any application brought forward by Manitoba Hydro must necessarily respond to the circumstances of the corporation as the Hydro Board see fit which may entail an issue that was excluded from the original list being included as circumstances evolve;
- in a rate setting process guided by ongoing engagement between Hydro and ratepayers between applications (which is not currently the case), the issue list may evolve based on those discussions; and,
- it is unclear whether there will be any cost savings emerging from the development of a preliminary issue list immediately after one hearing because the value of having greater and earlier PUB guidance may be trumped by the cost of having to revisit the issues list when the actual application is filed and as the consumer engagement process of Hydro is modernized.

In terms of MFRs, the Consumers Coalition found value in the MFRs filed which in their view set an appropriate baseline for future proceedings by incorporating significant historical information (the baseline MFR). The Consumers Coalition believes that any future MFRs should provide an express link to the historical information from the most recent GRA (ie the baseline MFR) while focusing only on information for future years.

Recommendation 4: The Consumers Coalition would recommend that the PUB continue to invite comments on process improvements in the aftermath of the hearing as well as invite advice from PUB advisors and intervenors on proposed key issues for the next hearing. However, recognizing the issues list will necessary evolve based on consumer engagement (which is not yet occurring) as well as the natural evolution of Hydro's application, these recommendations could be taken by Manitoba Hydro as an input for its approach to the application with the actual preliminary issues list flowing from the dialogue as it evolves after the application. Put another way, while Hydro could be provided advice on key issues, the actual hearing issues list should await engagement and the Hydro application.

Recommendation 5: The Consumers Coalition would recommend that with the established baseline GRA being filed in the most recent GRA that future MFRs focus on future years not included in the baseline MFR while incorporating a link to the baseline MFR.

d) Regularizing the regulatory calendar - Interim rate applications & multiple test-year filings

In Orders 59/18 and 90/18, the PUB sent a powerful message to Manitoba Hydro of the importance for consumers and regulators of:

- regular review of Hydro's rates especially given current rate pressures and operational challenges;
- a full hearing process as compared to an interim rate process; and,
- the value of a regular regulatory cycle for ratepayers and for stakeholders.

Given the frequency with which Hydro has employed interim rate applications as well as the evident concerns of both stakeholders and the PUB with the practice, there may value in providing additional clarity within the PUB rules regarding the process. While s. 24 of *The PUB Rules of Practice* sets out criteria for a an interim, *ex parte* order, it does not offer criteria or a process for determining whether an interim order application should be considered.

Regulated Crowns like MPI have established a regular cycle for the review of rates with every ratepayer knowing when their annual rate change will take place. Independent tribunals such as the CRTC post a calendar of their outlook for regulatory events.

Recommendation 6 - The PUB consider consider varying s. 24 of *The Rules of Practice* to set out the criteria for hearing an interim rate application. Consideration also could be given to having a two-step procedure for considering interim rate applications similar to the review and vary procedure in Section 36 of *the Rules of Practice & Procedure*. The first step would be to make submissions on the need for an interim rate application without the full application material being required – and then an application would only proceed if the PUB determines the criteria (emergency) have been met.

Recommendation 7 - Manitoba Hydro should be directed to meet with counsel for the PUB and for stakeholders with a view to developing either consensus or options for a rolling two year regulatory calendar for Hydro aimed at providing clarity for ratepayers and the PUB in terms of potential applications and hearings.

e) Improving Discovery and the General Rate Application

As noted earlier, Manitoba has been well served by the PUB process in terms of the quality of the evidence, the transparency of the process and the opportunities for consumer engagement. However, there are ongoing challenges with:

- the absence of access to confidential information (with MPI having a superior process);
- inconsistent updating of materials during the hearing with substantial latitude given to

- Hydro in terms of what is updated; and
- costs being incurred by intervenors which are not fully recovered (see the commentary on Intervenor costs under part h).

Recommendation 8 – That the PUB adopt a similar confidentiality process for Hydro matters that is employed for MPI matters including a similar undertaking.

Recommendation 9 – That as part of the pre-hearing process, the PUB designate a standard set of information that should be updated during the second round information process so that parties are working with consistent information rather than some information that is updated and some that it not.

f) Post Order directives meetings, Reporting on the status of directives & PUB confirmation of adequacy of directives

The PUB has in the last MPI and Hydro GRA Orders directed the filing of a status report on outstanding directives. The PUB also invited Hydro to comment on the process for feedback and clarification on PUB directives (Directive 37 of Order 59/18).

Hydro's response to Directive 37 was filed with the PUB on August 1, 2018. In essence, Hydro suggested that:

- the PUB provide directives in its GRA Order that are general in nature and not address administrative details such as timelines for completion;
- Hydro meet with the PUB *ex parte* (within 30 days of the Order) and provide comments on the timing for completion of directives considering other resource commitments and cost. If necessary, this meeting could be used to facilitate discussion to clarify the scope of directives;
- the PUB would then issue a second Directives Order which would address administrative details and provide clarification of scope as necessary;
- within 30 days of the *ex parte* Order, parties may file a review and vary application for any of the directives;
- there should be a formal “close-out” mechanism where the PUB issues an Order or other correspondence to communicate the directives that are considered closed;
- a periodic review of the status of directives should be established.

As justification for its exclusion of intervenors from this process, Hydro claims that the intent of its proposed process is to improve the implementation, delivery and quality of responses to PUB directives without adding “red tape” and “associated costs” to the process. Hydro does not address the facts that:

- frequently Intervenor and their experts are the very party that has recommended a particular directive in the first place; and,
- the PUB often builds Intervenor participation right into the directive (ie Manitoba Public

Insurance Dynamic Capital Adequacy Test, Asset Liability Management and Capital Maintenance Provision technical conferences, upcoming MH MRET technical conference).

From the perspective of the Consumers Coalition. Intervenors have a significant role to play in:

- clarifying the scope of a PUB directive (which they may have had a hand in recommending);
- suggesting alternative approaches and resources that are necessary to satisfying a directive;
- assisting the PUB and Hydro in determining the priority and timing of various directives with respect future regulatory processes; and,
- assisting in determining if the intent of a particular directive has been satisfied for rate-setting purposes.

Our comments on MH's proposed directive process are:

- the recommendation to meet in timely fashion after a GRA Order is issued (within 30 days) to review and reach consensus on the intent, scope, priority and timing of PUB directives is appropriate and could be a significant enhancement of the process
- Intervenors or their experts should have involvement in this meeting with the PUB having final determination of scope/timing of a directive if a consensus of interested parties is not attainable;
- the PUB should develop a formal close-out process for directives so that all parties have confidence in their understanding of those directives that are closed, open or on-going; and
- instead of *ad hoc* review of the status of directives, the PUB should specify reporting of the status of directives at regular intervals (ie annually) and make provision for written comment on the status update.

Recommendation 11 - The PUB develop guidelines for the compliance process including post-order compliance and directives review, compliance reporting at regular intervals and notice of compliance filing deadlines, the role and participation of intervenors in the compliance/directives process, as well as funding for intervenor participation.

h) Intervenor funding

The Consumers Coalition seeks a regulatory process driven to a greater degree by engagement with the public and stakeholders. While there may short term costs in developing a consumer driven rather than a monopoly driven process, the long term benefits in terms of improved results are likely to be considerable.

However, it must be recognized that stakeholder participation faces significant barriers in terms of:

- the opportunity costs that forego by participating in regulatory processes;
- cash flow challenges; and;
- uncertainties related to the role and funding of intervenors in the 1) pre-application engagement 2) pre-application scoping 3) post-order compliance and directives and 4) alternate regulatory processes.

We note that an external “short-term” priority for 2017/18 in the PUB Strategic Plan was to **“Develop and implement a process to deal with the granting of status and the funding of intervenors in PUB processes”**. Our understanding is that PUB staff have ask for input on this issue from various interested parties but to date has not released any adjustments to its previous cost award guidelines.

Recommendation 12: If the PUB’s direction is to increase intervenor participation in these processes, there is a need for updated guidelines on the role and funding of intervenors relating to:

- the eligibility of intervenor organizations for reasonable costs over and above expert and legal costs (e.g. staff costs);
- eligibility for i) pre-application engagement ii) pre-application scoping iii) post-order compliance and directives and iv) alternate regulatory processes; and
- interim cost awards for Intervenors.

Preliminary Comments on Performance Indicators

In its letter of July 20, 2018, the PUB indicated that it will consider performance measurements in future GRA’s and invited parties to provide comments on specific areas where MH’s performance should be measured against a baseline, even if such a baseline currently does not exist.

The PUB has also included MH performance measurement on the preliminary list of issues (the C- List) that may be deferred from the 2019/20 GRA to future applications or the subject of another process.

At a high level, the normal business planning process involves:

- reviewing & documenting vision, mission and values;
- conducting a SWOT analysis of the external environment and internal capabilities;
- developing goals, objectives and strategies. and
- developing Key Performance Indicators (KPI’s) to measure the progress towards goals and objectives.

In Tab 2 of the 2015 GRA, Hydro presented its full Corporate Strategic Plan (CSP) and dedicated a significant portion of this tab of the evidence to a narrative explaining how the rate increase was consistent with the CSP. In Tab 2 of the 2017 GRA, this information was for the

most part removed from the tab and the narrative was mainly concentrated on financial sustainability.

It is not clear if MH currently has a CSP in the same form and level of detail (goals, objectives and strategies) that it previously had. The CSP appears to be largely replaced with four high-level strategic priorities⁴ and four high-level foundational principles.⁵

As noted above, KPI's usually flow from the business planning process with a number of KPI's being captured for each goal of the business plan. From a review of the recently released MH 2017/18 annual report, MH has approximately nineteen measures and targets in six areas.⁶ These measures or KPI's are for the most part consistent with the KPI's that have been measured in the prior MH CSP's and annual reports for a number of years.

In the respectful view of the Consumers Coalition, it would be premature for Intervenor to provide lists of KPI's at this point in time without any context around the current status of Hydro's CSP. In its view, the most effective and efficient way for the PUB to review the use of KPI's for rate-setting purposes would be to seek clarification from MH on the status of its CSP and KPI's. After that clarification is received from Hydro, comments could be sought from Intervenor on whether or not the MH KPI's are appropriate for use for rate-setting purposes and whether additional KPI's are necessary for rate-setting purposes.

Yours truly,



BYRON WILLIAMS
DIRECTOR

BW/ab

cc: Board Counsel
Manitoba Hydro
Approved Intervenor

4 1) Financial Sustainability; 2) Deliver an excellent customer experience; 3) Engage employees in our transformation; and, 4) Respect & support Indigenous peoples in all aspects of our business.

5 1) Safety; 2) Environmental leadership; 3) Respectful engagement with communities and stakeholders; and, 4) Respect for others.

6 p. 20 and 21. 1) Safety; 2) Deliver an excellent customer experience; 3) Restore financial sustainability; 4) Workforce management & Indigenous relations; 5) Environmental leadership; and, 6) Demand side management.