Kelly Derksen, BSc., CPA, CMA

Principal – Kelly Derksen Consulting
Phone: 204.782.4204 or Email: kderksenconsulting@gmail.com

HANDS-ON AND MULTI-FACETED EXPERTISE

IMPROVING REGULATORY & BUSINESS OUTCOMES FOR CLIENTS

QUALIFICATIONS & EXPERTISE

- Ratemaking Expert
- Regulation Strategy & Execution
- Regulation Process Management
- Quality & Process Improvement
- Experienced & Respected Witness
- Leadership Excellence

CAREER HIGHLIGHTS

- Over 30 years of Rates & Regulation experience in the Utility Industry
- A recognized authority in Utility Cost of Service and Rate Design
- Experienced, credible, respected witness – testifying in numerous public hearings
- Developed, led, and assisted in dozens of regulatory proceedings
- Committed to mentoring and sharing knowledge through collaborative style and ongoing course instruction with the CGA

PROFESSIONAL EXPERIENCE

- Independent Consultant 2018-Present
- Manitoba Hydro/Centra Gas 1999-2017
- Centra Gas 1994-1999

EDUCATION

- Chartered Professional Accountant (CMA), 2004
- BSc., (Chemistry & Mathematics) University of Manitoba, 1995

PROFILE

Kelly leverages her 30-years of **hands-on experience** and **multi-faceted expertise** in energy regulation and ratemaking for clients that participate in and are impacted by rate-regulation – including applicants, intervenors, utility customers, regulatory & government agencies. She specializes in regulation and ratemaking, with an emphasis on cost of service, and rate design. **Clients benefit from improved regulatory & business outcomes** through the following:

Providing Clients with Ratemaking Solutions Based on Traditional and Contemporary Best Practice that are Theoretically Sound, Practical, Sustainable and Clear – Kelly developed her ratemaking expertise through decades of employment with one of Canada's largest publicly owned, vertically integrated electric and natural gas utilities as well as providing independent advice to other applicants, intervenors, and regulatory tribunals. Kelly has led, developed and executed many cost-of-service and rate design studies and methodological reviews. This includes the development of extensive evidence and providing principled persuasive testimony. Along with practical experience, and continuous monitoring of the evolving utility industry, she also has deep understanding of the academic-based writings including Bonbright and Kahn, as well as the more practical detailed ratemaking manuals such as NARUC. With a deep passion and understanding of ratemaking obtained through significant hands-on utility experience uniquely enables Kelly to deliver client solutions that are workable, understandable, and that are also academically sound.

Providing Clients with Effective Regulation Strategy Advice & Workable Process Management Solutions – Leveraging from 30 years of hands-on experience-backed judgement and insight, Kelly provides strategic and tactical advice and solutions to complex regulation challenges. Kelly has successfully developed and led many interim, ex-parte, written, traditional, and unconventional regulatory processes. With the many challenges and nuances associated with achieving success in the regulatory arena, Kelly is a champion of evaluating lessons learned to achieve future success. Clients benefit from access to decades of hands-on regulatory experience to advance their goals more efficiently and effectively.

Providing Clients with Practical and Sustainable Solutions- Kelly's collaborative style as well as her strength in the translation of complex ratemaking subject matters into workable solutions that are practical with a greater potential of stakeholder acceptance.

OVERVIEW OF RATEMAKING & REGULATORY EXPERIENCE

Over three decades of hands-on experience in developing practical solutions to complex problems that comport with best practice categorized broadly as:

1. Regulation Strategy and Process Management;
2. Ratemaking; and
3. Leadership and Communication.

Regulation Strategy and Process Management

- Provided strategic and tactical advice and solutions to Executive Management for over 15 years on ratemaking and regulatory policy consistent with the strategic goals of the organization and within the context of the governing legislation and regulatory framework.
- Led, developed, and assisted in dozens of rate cases (and other regulatory processes) interfacing with external agencies and the many internal disciplines necessary to support the process. Provided advice and reports to Executive Management regarding appropriate regulatory strategies and developed a common theme and orderly plan with careful execution to achieve strategic, financial and operational deliverables.
- Provided advice to Executive Management regarding the interpretation of regulator decisions and compliance.
- Successfully led numerous traditional, unconventional, interim and ex-parte regulatory processes. This included numerous stakeholder engagement sessions, demonstrating commitment to seeking solutions to best balance multiple conflicting interests, building trust and strengthening relationships.
- With the many challenges and nuances associated with achieving success in the regulatory arena, a champion of evaluating lessons learned for the achievement of successful future outcomes; including key stakeholders in this evaluation is critical to building solid relationships, and to move forward goals more efficiently and effectively.

Ratemaking

- A deep understanding of utility ratemaking including extensive hands-on experience having developed, led, and executed dozens of studies and several cost of service and rate design methodological reviews, through continuous monitoring of the evolving utility industry, a solid understanding of the economics behind investment decisions, the physical workings of the system, a strong understanding of the legislative framework and regulatory construct by which a utility operates, and the academic-based writings of Bonbright and Kahn as well as more practical detailed ratemaking guidance provided by NARUC.
- An experienced and respected witness having represented the Corporation as a subject matter witness before the MPUB for over two decades. Provided testimony on revenue requirements, rate base, cost of service, rate design, treatment of deferral and variance accounts, expansion financial feasibility tests, terms and conditions of service, regulatory approvals and procedural matters.
- Driving force and key witness behind the 2016 electric Cost of Service Methodology Review before the MPUB to review the methodology underpinning the allocation of a $2 billion revenue requirement, $500 million of export revenue, and a $20 billion rate base among over 570,000 customers.
- Developed the 2016 electric Cost of Service Methodology Review case strategy and evidence, hundreds of information requests, led several stakeholder engagement sessions, evaluated Intervenor Expert positions, rebuttal evidence, testimony, and final arguments available on the MPUB's website: www.pubmanitoba.ca.
- Developed evidence to support several key issues such as: an overall methodology that reasonably balanced the corporation's financial goals and the public interest given significant external energy market changes subsequent to 2008 (advent of shale gas, plunge in electric and natural gas prices) coupled with significant investment in new hydraulic

infrastructure/aging infrastructure; a cohesive overall methodology associated with a largely interconnected hydro-electric utility; the influence of economics (marginal cost to service) on embedded cost to serve; and the interrelation between revenue requirement, cost of service, and rate design and potential unintended consequences (impacts to low income customers or protecting the utility's ability to collect its approved revenue requirement).

- Recognized publicly for capabilities having developed an expert level knowledge of electric cost of service over a short timeframe to support a complex regulator review and delivering testimony.
- Led and developed numerous cost allocation and rate design models to analyze the impacts and sensitivities of scenarios.
- Conducted training on rates, cost analysis, methodology, economic feasibility (service extension), revenue requirement.
- Led and prepared the development of lead-lag studies, rate base, revenue requirements on many occasions between 1998 and 2008 for Manitoba's natural gas utility.

Leadership and Communication

- Extensively interacted with a variety of styles and experience levels having led large multi-disciplinary teams with dozens of professionals and routinely presenting to Executive Management, Board of Directors, Retail Customers, Stakeholders and the Regulator.
- Successfully advanced many regulatory applications and related hearing processes, at times concurrently, accomplished through building cross-departmental co-operation, periodically with disparate in-house teams, with a genuine interpersonal style that engenders trust and commitment. For example, over a 12-month period beginning in the fall of 2006, led and developed 4 major applications including a Cost of Gas Application, a 4-Party Trench Application; a General Rate Application; and a generic competition-related application.
- Managed and mentored a team of professional accountants. By creating a collaborative atmosphere, and encouraging measured autonomy proudly developed a well-respected flexible team with strong expertise.
- Developed productive relationships with regulator staff and advisors, key stakeholders and interest groups.
- Routinely presents at regulatory workshops and industry conferences, to strengthen skills and importantly to share knowledge and experience with others.
- Strength in translating complex ratemaking subject matter, into practical, clear solutions based on traditional and contemporary best practice and the related strategy and evidence development of a regulatory case.

PROFESSIONAL EXPERIENCE

Independent Consultant in Public Utility Regulation	**2018 - Present**
Manitoba Hydro - Manager, Cost of Service & Rates	**2009 - 2017**
Manitoba Hydro - Manager, Gas Rates & Regulatory Affairs	**2006 - 2009**
Manitoba Hydro - Senior Analyst, Gas Rates	**2002 - 2006**
Manitoba Hydro - Analyst, Gas Rates	**1999 - 2002**
Centra Gas – Revenue Requirement Analyst, Regulatory Affairs	**1998 - 1999**
Centra Gas - Coordinator, Regulatory Affairs	**1995 - 1998**

RELEVANT PROJECT EXPERIENCE:

- Provided independent expert evidence and testimony on cost allocation, rate design and load forecast matters including rate policy, range of reasonableness, the interpretation of revenue to cost ratios, the interclass impacts associated with the multibillion reduction in provincial government payment relief, the interclass impacts associated with the use of current rate base to allocate net income associated with future generation and transmission investment

not yet used and useful, the interclass impact of material reductions in export revenue associated with drought, the appropriate treatment of wind, narrowing the definition of coincident peak, and the impacts of load forecast methodology changes driving significant advancement of resource need on behalf of the **Consumers Coalition** in the **Manitoba Hydro 2025/26 to 2027/28 General Rate Application** proceeding before the **Manitoba Public Utilities Board.**

- Provided independent expert evidence and testimony on cost allocation and rate design matters including the appropriateness of a range of reasonableness, the implementation of a range of reasonableness in the context of rate unbundling, class revenue to cost coverage ratios, direct assignments, design day peak, and the rate treatment of payments from government on behalf of the **Consumers Association of Canada (Manitoba)** in the **Centra Gas Manitoba Inc. 2024/25 General Rate Application** proceeding before the **Manitoba Public Utilities Board.**

- Provided independent expert evidence and testimony on cost allocation and rate design and terms and conditions of service matters which include: rate policy, range of reasonableness, Bonbright and attributes of sound ratemaking and weighting appropriateness; the treatment of significant extra-provincial revenues; the addition of multi-billion dollar generation/transmission assets, marginal cost of service; impacts by class flowing from reduced government water rental fees and provincial debt guarantee fees, and the impact of sustaining capital expenditures, as well as load forecasting and customer survey matters on behalf of the **Consumers Coalition** in the **Manitoba Hydro 2023/24 & 2024/25 General Rate Application** proceeding before the **Manitoba Public Utilities Board.**

- Conducted several reviews on the potential for cross-subsidy between the distribution and sale of natural gas at **Liberty Utilities (Gas New Brunswick) LP** for the **New Brunswick Energy & Utilities Board** for 2021, 2022 & 2023.

- Provided independent expert evidence on residential and streetlighting distribution investment policies related to four **Alberta distribution utilities (ATCO, ENMAX, EPCOR and Fortis)** on behalf of **BILD Alberta** in the **2024 Maximum Investment Levels Phase 2** proceeding before the **Alberta Utilities Commission.**

- Provide regulatory consulting services to the **British Columbia Old Age Pensioners' Organization et al** Intervenor Group in connection with numerous natural gas, thermal utility, and electric applications before the **British Columbia Utilities Commission** including:

    - **FortisBC Energy Inc. (gas):**

        - 2025 and 2026 Annual Review of Delivery Rates;
        - Regional Gas Supply Diversity Development Cost Deferral Account Recovery Application;
        - 2025 to 2027 Rate Setting Framework Application;
        - Okanagan Capacity Mitigation Project CPCN (2024);
        - 2024 Annual Review of Delivery Rates;
        - 2024 to 2027 Demand-Side Management Expenditures Plan;
        - 2023 Cost of Service Allocation & Revenue Rebalancing;
        - Interior Transmission System Transmission Integrity Management Capabilities Project CPCN;
        - 2023 Demand-Side Management Expenditures Plan
        - 2022 Long-Term Gas Resource Plan (integrated resource plan);
        - Okanagan Capacity Upgrade Project CPCN;
        - Tilbury Liquefied Natural Gas Storage Expansion Project CPCNs;
        - Biomethane Energy Recovery Charge Rate Methodology & Comprehensive Review of a Revised Renewable Gas Program; and
        - Pattullo Gas Replacement Project Certificate of Public Convenience & Necessity (CPCN).

    - **Pacific Northern Gas Ltd.**:

        - North-East Division 2025 to 2027 Revenue Requirements Application
        - West Division 2025 to 2027 Revenue Requirements Application; and
        - 2025 to 2027 Energy Conservation & Innovation Portfolio Funding Application;
        - 2024 Consolidated Resource Plan (integrated resource plan);
        - North-East Division 2023 & 2024 Revenue Requirements Application;

- West Division 2023 & 2024 Revenue Requirements Application;
- 2023 to 2024 Energy Conservation & Innovation Portfolio Funding Application;
- North-East Division 2022 Revenue Requirements Application;
- West Division 2022 Revenue Requirements Application; and
- Salvus to Galloway Gas Line Upgrade Project CPCN;

- **Creative Energy Vancouver Platforms Inc.:**

  - Senakw 2026 to 2027 Rates & Rate Design Application;
  - 2026 to 2027 Rates for Cooling at South Downtown Thermal Energy System;
  - 2024 to 2027 Rates for Heating at South Downtown Thermal Energy System;
  - New Plant Premises & Interconnection Capital Expenditure Schedule;
  - 2025 Revenue Requirements Application for the Core Steam System;
  - 2024 Revenue Requirements Application for the Core Steam System
  - 2024 Long-Term Resource Plan;
  - 2023 Revenue Requirements Application for the Core Steam System;
  - Beatty-Expo Plants Redevelopment Project Final Design;
  - Core Steam System Decarbonization Project CPCN;
  - 2021 Long-Term Resource Plan;
  - 2021 Revenue Requirements Application for the Core Steam System; and
  - 2021 Application - Thermal Energy System Heating Rates & District Cooling System Rates.

- **Corix Multiutility Services Inc.:**

  - Dockside Green District Energy System 2025 to 2028 Revenue Requirements Application;
  - UBC Neighbourhood District Energy System 2025 to 2027 Revenue Requirements Application;
  - Burnaby Mountain District Energy Utility 2024 to 2025 Revenue Requirements Application; and
  - Burnaby Mountain District Energy Utility 2020 to 2023 Revenue Requirements Application.

- **FortisBC Inc. (electric)**:

  - 2025 and 2026 Annual Review of Delivery Rates;
  - 2025 to 2027 Rate Setting Framework Application; and
  - 2023 to 2027 Demand-Side Management Expenditures Plan.

- **Nelson Hydro** - 2023 Revenue Requirements Application.
- **BC Hydro** - Enterprise Resource Planning Projects (S/4HANA & Stations SAP projects).
- **Insurance Corporation of British Columbia:**

  - 2024 Financial Allocation Methodology Review;
  - 2023 Policy Year (2023/24 & 2024/25) Revenue Requirements Application; and
  - 2021 Policy Year (2021/22 & 2022/23) Revenue Requirements Application.

- **British Columbia Utilities Commission:**

  - Review of Renewable Natural Gas Definition and Accounting;
  - Review of Thermal Energy Systems Regulatory Framework Guidelines Phase 2;
  - Inquiry into the Acquisition of Renewable Natural Gas by British Columbia Public Utilities - Phase 2; and
  - Inquiry into the Regulation of Hydrogen Energy Services.

- Provided regulatory consulting services on rate and cost allocation matters to the **Consumers Coalition** (Consumers Association of Canada (Manitoba), Aboriginal Council of Winnipeg and Harvest Manitoba) in connection with the **Manitoba Hydro 2021/22 Interim Rate Application** and associated **Review & Vary Application** before the **Manitoba Public Utilities Board**.
- Provided regulatory consulting services to the **Consumers Coalition** and **Consumers Association of Canada (Manitoba)** in connection with the **Manitoba Hydro/Centra Gas Manitoba Inc. Combined Hearing Application** - before the **Manitoba Public Utilities Board.**
- Provided independent expert evidence and advice on natural gas rate policy and cost allocation matters on behalf of the **Consumers Association of Canada (Manitoba)** in the **Centra Gas Manitoba Inc. 2022 Natural Gas Cost of Service Review** proceeding before the **Manitoba Public Utilities Board.**
- Provided independent expert advice on ratemaking policy, rate design, ancillary cost allocation matters as well as matters of natural gas competition on behalf of the **Consumers Association of Canada (Manitoba)** in connection with the **2021 Centra Gas Rate Re-Bundling Application** before the **Manitoba Public Utilities Board.**
- Conducted a review of the potential for cross-subsidy between distribution of gas and sale of gas at **Liberty Utilities (Gas New Brunswick) LP** during 2021 for the **New Brunswick Energy & Utilities Board.**
- Provided independent expert rate advice and evidence regarding marginal and load retention rates to the **Nova Scotia Utility and Review Board** regarding **Nova Scotia Power's** 2020, 2021, 2022, and 2023 Annually Adjusted Rate Applications.
- Provided independent expert evidence and testimony to the **Nova Scotia Utility and Review Board** regarding **Nova Scotia Power's 2021 Back-Up/Top-Up Rates** related to the cost to serve and pricing of intermittently served municipally owned wind generation.
- Provided advisory services to **Efficiency Manitoba** in connection with its **2020-2023 Efficiency Plan** filing to the Manitoba Public Utilities Board (MPUB), including regulatory on-boarding, regulatory filing review process design and strategic filing preparation advice.
- Independent expert witness on ratemaking policy, internal and external cost allocation, rate design, and terms and conditions of service matters before the MPUB on behalf of the **Consumers Association of Canada (Manitoba)** in the **Centra Gas 2019/20 General Rate Application** proceeding before the **Manitoba Public Utilities Board**.
- Independent expert witness on ratemaking policy, cost of service, rate design and regulatory compliance matters before MPUB on behalf of the **Consumers Coalition** in the **Manitoba Hydro 2019/20 Rate Application proceeding**.
- Conducted a review and made recommendations on the implementation of a revised **internal cost allocation methodology** related to the inter-affiliate, multi-jurisdictional allocation of corporate and shared service costs for the **Corix Group of Companies**, a leading provider of energy, water & wastewater utilities for small to medium-sized communities across North America.
- Promoted through progressively senior analytical and managerial positions in the general area of **utility ratemaking and regulation** at the **privately-owned Centra Gas**, and then **Manitoba Hydro**, a combined publicly owned vertically integrated hydro-electric utility and disaggregated natural gas utility. A selection of relevant project experience includes:

    - Reviewed zone of reasonableness policy and developed the related strategy and evidence;
    - Addressed the treatment of International Financial Reporting Standards (IFRS) within cost of service;
    - Treatment of large hydraulic generation cost measurement within embedded cost to serve;
    - Treatment of significant export revenue priced at the margin (at times 40% or more of total revenue requirement) within embedded cost to serve (effectively a matter of public policy);
    - Treatment of demand side management cost within cost to serve;
    - Economic development rates/energy intensive rates/low income rates;

- Uneconomic bi-pass (distributed solar PV); economic bi-pass;
- Costing assumptions in feasibility tests to address divergence between embedded and marginal cost to service and related service extension policy (including to support business expansion and growth opportunities);
- Allocation treatment of revenues and costs (and related rate base) associated with unique partnerships with First Nations developed to support new, multi-billion-dollar hydraulic generation;
- Wheeling tariffs—provided the underlying cost analysis and regulatory advice;
- Treatment and determination of variance accounts (cost trackers);
- Led Revenue Decoupling evidence and testimony during the 2007-08 Centra GRA;
- Evaluated the appropriateness and level of Month Basic Charges, developed evidence and led testimony;
- Evaluated the appropriateness and level of Demand Charges, developed evidence and led testimony;
- Fixed rate alternatives (within and outside of regulated utility);
- Successfully developed a solution for and executed the disposal of $100 million in gas costs (nearly 40% of total asset investment) accumulated during the natural gas market conditions in early 2001, and the accumulation of $46 million in gas costs during the 2013/2014 record cold winter;
- Rate unbundling to support service unbundling flowing from natural gas market restructuring to facilitate competition;
- Analysis and research assessing a competition-related role of the utility in the provision of gas supply application;
- Successfully developed a treatment for costs incurred to facilitate competition; and
- Developed codes of conduct between regulated and unregulated utility affiliates.