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MANITOBA PUBLIC UTILITIES BOARD

Re: CENTRA GAS MANITOBA INC.
 2007/08 & 2008/09 GENERAL RATE APPLICATION
 AND REVIEW OF NATURAL GAS COMPETITIVE LANDSCAPE
 PRE-HEARING

Before Board Panel:

Graham Lane - Board Chairman
Eric Jorgensen - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
February 7th, 2007
Volume I
Pages 1 to 40

APPEARANCES

1
2 R.F. Peters) Board Counsel
3
4 Marla Murphy) Centra Gas
5 Brent Czornecki)
6
7 Nola Ruzycki) Energy Saving (Manitoba)
8) L.P.
9
10 Brian Meronek) CAC/MSOS
11
12 Karen Melnychuk) Municipal Gas & Direct
13 Energy
14
15 Kenton Lobe) RCM/TREE
16 Peter Miller)
17
18 Chris Hayhurst) Coke Fertilizer
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1 --- Upon commencing at 9:17 a.m.

2

3 THE CHAIRPERSON: Good morning, Ladies
4 and Gentlemen. Just needs a cold day to remind us how
5 fortunate we are to have a well functioning utility.

6 If I could have your attention, I'll call
7 this pre-hearing conference to order.

8 My name is Graham Lane and for those who
9 do not know I'm the Chairman of the Public Utilities
10 Board. I'm joined today by fellow Board Member Eric
11 Jorgensen. Len Evans will join us on the Panel for the
12 Hearing but he's out of town right now and is unable to
13 join us.

14 Centra Gas Manitoba Inc. has filed Volume
15 I of 2007/08 and 2008/09 General Rate Applications with
16 the Board. Centra has further indicated that it plans to
17 file Volume II of its GRA Information with the Board and
18 interested parties later this month.

19 Additionally, as the Board has indicated
20 in prior orders, it is now an appropriate time to review
21 the natural gas landscape in Manitoba. Centra has
22 indicated a preference to file its submissions on the
23 landscape issues concurrent with filings in the GRA
24 process, though Centra proposes to deal with the
25 landscape process parallel but distinct from the GRA

1 process.

2 At this pre-hearing conference, the Board
3 wants to hear from other interested parties on the
4 processes and issues of both the GRA and the landscape
5 issues.

6 Prior to turning to Board counsel Bob
7 Peters for his introduction, I want to advise that Board
8 Staff that will assist in the Hearing will be Hollis
9 Singh, Associate Board Secretary, and Gerry Gaudreau,
10 Board Secretary.

11 Mr. Peters will not only introduce the
12 Board Advisors, but will also review the two (2) matters
13 before the Board and propose a process for this morning.

14 The intent is to allow all interested
15 parties an opportunity to express positions as to the
16 issues to be addressed with respect to both the GRA and
17 the natural gas landscape.

18 Mr. Peters...?

19 MR. BOB PETERS: Thank you. Thank you
20 and good morning, Mr. Chairman, Board Member Jorgensen,
21 Ladies and Gentlemen.

22 For the record, my name is Bob Peters and
23 I appear this morning as counsel to the Board. Also
24 assisting the Board are on my left, Mr. Roger Cathcart
25 from Price Waterhouse Coopers and Mr. Brady Ryall,

1 Professional Engineer from Energy Consultants
2 Internationalw on my right.

3 As you noted, Mr. Chairman, this morning's
4 proceedings is the pre-hearing conference related to
5 Centra's 2007/08 and 2008/09 General Rate Application, or
6 GRA. Centra's Volume I filing outlining Centra's revenue
7 requirement for each of those two (2) fiscal years was
8 filed on January 19th, 2007.

9 Centra forecasts a revenue deficiency of
10 approximately \$10.4 million for 2007/08 and it requesting
11 a 2 percent rate increase effective May 1st, 2007, but
12 not to be implemented until August 1st, 2007, if I've
13 correctly understood their filing.

14 Centra then forecasts a further revenue
15 deficiency of \$5.3 million for the 2008/09 fiscal period
16 and requests an additional 1 percent rate increase
17 effective May 1st, 2008.

18 The GRA also seeks approval of the 2006/07
19 gas costs, the disposition of the March 31st, 2007, Gas
20 Cost Deferral Account balances through rate riders, and
21 final approval of interim orders issued by the Board
22 since the 2006/07 Cost of Gas Hearing that relatively
23 recently resulted in Board Order 175 of 06.

24 Late this month February proposed -- or,
25 sorry, in this month of February Centra is proposing to

1 file its Volume II material that will include the
2 proposals and information related to cost of gas, cost
3 allocation and rate design, terms and conditions of
4 service, and responses to previous Board directives.
5 Centra indicates that it will also provide updated
6 forecast market prices prior to the start of the hearing
7 which in its timetable is proposed for early June 2007.

8 As for the second matter that you noted,
9 Mr. Chairman, that being the Natural Gas Landscape
10 Review, that was discussed in Board Order 175 of '06.
11 Centra also proposes to file its submission on this topic
12 in conjunction with the Volume II material for the GRA
13 again late this month.

14 Centra states that its submission will be
15 made on the understanding that all other parties wishing
16 to participate in the landscape matters will also file
17 their evidence on the same date. Parties today are
18 invited to comment on that proposed process in their
19 submissions.

20 Although the landscape evidence is
21 proposed by Centra to be filed concurrent with Volume II
22 GRA material, Centra does not want the landscape review
23 evidence and process to be considered a part of the GRA.
24 Centra's view is that the landscape issues will have
25 sufficient concern that all parties should bear the

1 burden of proof alike; that is to say, different from a
2 GRA where the burden of proof rests on Centra as the
3 Applicant.

4 The intent of this morning's pre-hearing
5 conference is primarily three-fold.

6 First, to allow the Board to consider all
7 interested parties' applications for Intervenor status,
8 for either or both the GRA hearing process and the
9 Natural Gas Landscape Review process. Such applications
10 are to specify the extent of the planned participation,
11 whether any witnesses will be called, and whether a cost
12 award will be sought. In the event that a cost award
13 will be sought, parties are reminded to complete the
14 preliminary budgets and provide them to the Board.

15 Secondly, in this pre-hearing conference
16 the Board wants to hear from interested parties and
17 prospective Intervenors with respect to the proposed
18 timetable. To that end I have circulated -- and I have
19 some extra copies of the January 24th, I call it a
20 revised draft timeline, which contains the starting dates
21 of June the 5th and also two (2) weeks later for the --
22 for the landscape hearing.

23 There has also been a circulation of the
24 proposed timetables that are in draft form circulated
25 yesterday by CAC/MSOS counsel, and parties can look at

1 those and speak to those today as well.

2 The third matter before this Board at the
3 pre-hearing conference relates to the scope and the
4 issues to be canvassed in respect of Manitoba's natural
5 gas landscape. The last time the Board examined the
6 natural gas landscape in depth Order 15 of 98 was issued
7 -- and I've just circulated the -- the cover page as well
8 as a couple of pages that contained the five (5) or six
9 (6) or seven (7) main issues that were explored in that
10 hearing.

11 In addition to that order there is section
12 in the public notice for today's matters that lists
13 eleven (11) issues to be considered. And I can indicate
14 that TREE/RCM has also circulated page 27 and 28 from
15 Board Order 135 of 05 and I suspect they will want to
16 speak to that this morning as well.

17 Parties are invited to address the matter
18 of the necessary scope for the Natural Gas Landscape
19 Review from their perspective, perhaps adding to or
20 revising the issues that are in the various lists.

21 Mr. Chairman, in order to provide an
22 orderly process this morning, I suggest the Board ask the
23 parties present to address the General Rate Application
24 matter first. And after hearing from all parties on the
25 General Rate Application matter, the parties can then be

1 canvassed again to address the Natural Gas Landscape
2 Review matter.

3 In terms of the parties present today I
4 have prepared a -- a bit of a score card and, unless my
5 vision is failing me, that is truly Mr. Brian Meronek
6 across the room representing CAC/MSOS. I understand Mr.
7 Saxberg is vacationing, so he's called upon his junior to
8 assist him today.

9 The second party that I -- I see has filed
10 intervention application is the Communications Energy
11 Paperworkers Union Local 681. And earlier this morning I
12 did not see Mr. Boyd present but I know he -- I believe
13 he authored the application for intervention status.

14 The third application came from Coral
15 Energy Canada Limited, and I understand they will not be
16 in attendance but their Intervenor request form has been
17 filed.

18 Fourthly, Direct Energy is present through
19 Ms. Melnychuk. And if I again understand correctly,
20 Municipal Gas will be re-branding in a few short weeks to
21 switch over to the name of Direct Energy.

22 The fifth application for intervention
23 status came from Energy Savings Manitoba Limited
24 Partnership, which I think is also a new -- a new brand
25 name, if I can. And Ms. Ruzycki is here to speak to

1 those matters.

2 The sixth application for intervention
3 status came from Coke Fertilizer Canada Limited, located
4 in Brandon. Mr. Hayhurst is here and I welcome him here.
5 I think this is his first opportunity to come to the
6 Board. If I understood correctly, it was approximately
7 September 2nd of last year, '06, when Coke Fertilizer
8 Canada Limited purchased the former Simplot facility.

9 The seventh Intervenor application,
10 ironically enough, is from Simplot Canada (II) Limited.
11 And on -- after speaking to Mr. Hayhurst this morning and
12 checking the Intervenor status form, it relates, I
13 believe, more particularly to the Simplot interests in
14 Portage La Prairie and it does also have their Boise,
15 Idaho personnel listed as well.

16 And eighthly, according to my use of the
17 alphabet, Time to Respect Earth's Ecosystems Inc. and
18 Resource Conservation Manitoba, or TREE/RCM, has applied
19 to intervene. And present today, Dr. Miller is present.
20 He is joined by the Chair of the RCM Board, Mr. Lobe.
21 And I think Mr. McQuaker is trying to keep a little lower
22 profile but he's also with us today, and I'm not sure if
23 he'll be speaking.

24 Having said that, Mr. Chairman, and
25 provided I've not missed anybody, once we hear from those

1 parties it would be appropriate to then canvass with
2 Centra their views on the GRA interventions and then
3 start the process perhaps over again and deal with the
4 landscape review issues.

5 Subject to any questions you might have of
6 me now or as we go through this, Mr. Chairman, those
7 conclude my opening comments.

8 THE CHAIRPERSON: Thank you, Mr. Peters.
9 In the interest of economy I think what we'll do is we'll
10 call on each party to introduce themselves, indicate who
11 they represent, indicate whether or not they're seeking
12 costs, some indication on preliminary budget; and at that
13 time we'll just move on and you can talk about the GRA,
14 the gas landscape and finally, if you've got any comments
15 to do with the rules of order or the time table.

16 So that's fine. And then we'll conclude
17 by going back to Ms. Murphy and get Centra's comments.

18 So we'll start off with Mr. Meronek for
19 CAC/MSOS. Good morning, sir.

20 MR. BRIAN MERONEK: Good morning, Mr.
21 Chairman. I take it that -- that your first order is to
22 overrule what Mr. Peters was recommending?

23 THE CHAIRPERSON: Yes.

24 MR. BRIAN MERONEK: Good morning, Mr.
25 Chairman, Mr. Jorgensen. I have the distinct pleasure of

1 appearing here before you this morning instead of Mr.
2 Saxberg, who has even a greater pleasure being in -- in
3 some sunny clime. But he will be, for all intents and
4 purposes, having visual contact with respect to the
5 Hearing coming up.

6 I would start off by offering a bit of an
7 apology. Logistically I was brought in at the last
8 moment. I was out of town last week as was Mr. Saxberg
9 so we were kind of communicating on the phone and trying
10 to get things organized.

11 So I apologize for the late submission of
12 the Intervenor Request Form which I was led to believe
13 was received by everybody. But much to my chagrin this
14 morning, apparently none of the other parties had
15 received it. I guess it's on the system. I'm going to
16 sanction my secretary when I get back but I will not fire
17 her this time.

18 Having said that, I would like to begin by
19 saying that -- that as most of you are well aware, we
20 have been representing CAC and MSOS for nineteen (19)
21 years actually. Twenty (20) -- it'll be twenty (20)
22 years next year and I expect that an early opportunity
23 the Board will issue gold watches to us.

24 Certainly CAC and MSOS have been here
25 before the Board even longer than that. We have been

1 involved in every GRA application over the years on
2 behalf of our constituents and propose to be intricately
3 involved this time.

4 I might say that in terms of issues, the
5 Board -- I've looked at the Board's Order of 175/06 and
6 it's fairly comprehensive in terms of the matters that
7 are before the Board with respect to the GRA. I have
8 nothing further to add in that regard other than to say
9 that until the experts -- or consultants that we look --
10 engage look at it, we won't know if there's any --
11 anything else to add. But having said that, our focus
12 will be on matters of substance and trying to be focussed
13 as opposed to using a shotgun approach.

14 In that regard, we plan to either engage
15 the services of Steven Johnson or Mark Stuft. We're not
16 at this point in time final in our -- our decision making
17 process as -- with respect to who we're going to engage.
18 But it will be one of those two (2) consultants.

19 With respect to the competitive
20 landscaping proceeding, again, the Board has been
21 comprehensive. It's a fairly prodigious list that the
22 Board has -- has outlined and we will be engaging the --
23 an expert to speak to the matter.

24 I agree with Centra that -- that it's
25 essentially a generic hearing where all parties have an

1 equal opportunity to put forth their proposals for the
2 assistance of the Board. So I concur in that regard and
3 have no issue with respect to Centra filing first and
4 using the usual protocol with respect to GRA and other
5 matters.

6 Having said that, I -- I understand from
7 Mr. Saxberg that he has had some nascent discussions with
8 representatives of Hydro with respect to the possibility
9 of some joint or collaboration with respect to an expert
10 in the interest of expediency and -- and perhaps saving
11 costs. I don't know where those discussions are at but
12 as soon as Mr. Saxberg gets back next week, we'll
13 crystalize that.

14 In the event that that doesn't work we
15 have put down an expert by the name of Roger Higgins
16 (phonetic) who's a former Board Member of the Ontario
17 Energy Board; a consultant who is well conversant in
18 competitive issues. As a matter of fact we used him for
19 a like hearing in Alberta.

20 So depending upon where things go vis-a-
21 vis Centra and us, if that doesn't -- if that doesn't
22 come to fruition then Roger Higgins will be a discreet
23 expert called on behalf of CAC/MSOS.

24 In terms of budget, again, because of the
25 logistical issu -- problem, we haven't been able to

1 formulate a budget. I can guarantee it'll be
2 parsimonious and the -- it will be prepared next week
3 when Mr. Saxberg returns. And of course we will be
4 seeking costs. I understand that our clients are even
5 more impecunious than they were last time.

6 With that -- oh, with respect to the -- to
7 the issues on the competitive landscaping, it -- it is a
8 fairly comprehensive list and I -- we're going to address
9 such matters as we think are pertinent in that regard.
10 And I think that the issue list is -- is general enough
11 to incorporate subsets but just to -- to give the Board a
12 head's up we will be perhaps canvassing maybe an innovate
13 approach in that -- to the whole issue of the -- of the
14 competitive landscape in terms of perhaps the role of
15 Centra being an independent procurer of gas on behalf of
16 the consumers, based upon their wants and needs.

17 So that's probably a subset of one of the
18 issues but it's -- it's something that we're going to be
19 looking at as a -- as a potential innovative option or
20 possibility.

21 The only other matter that I would raise
22 at this point in time and it's certainly -- most things
23 are outside the realm of my expertise but this is even
24 well beyond the pale. I've been advised by one of the
25 consultants that the schedules that have been submitted

1 in electronic form by -- by Centra are in PDF format. As
2 such our experts or consultants cannot marry the -- the -
3 - or test any assumptions with respect to the
4 spreadsheets electronically without reproducing the
5 spreadsheets and we would request of Centra that the
6 schedules and tables be supplied in Excel format so that
7 the tables are linked one to the other.

8 That's my understanding that that's a
9 minimum requirement in other jurisdictions and I -- I
10 don't imagine it would be a -- a technical issue but if
11 it is then Centra can speak to that and perhaps there
12 might be a way to -- to resolve it. But it would
13 certainly save time, money, and -- and be certainly more
14 efficacious from our perspective to be able to have that
15 -- that material supplied in Excel format.

16 I think that's all I have to say for the
17 moment unless there are any questions, Mr. Chairman?

18 THE CHAIRPERSON: Do you have any problem
19 with the suggested timetable?

20 MR. BRIAN MERONEK: Oh, that's -- no, not
21 with mine. Mine works perfectly. Oh, yes, sorry, that's
22 -- we received the timetable, certainly the amended one
23 when -- again when we were both out of time and I've had
24 to do some quick amending of it.

25 I -- there -- there are two (2) components

1 to it, Mr. Chairman. One (1) is while I recognize the --
2 the exigencies of wanting to have both of the hearings
3 back to back, they -- they are as Mr. Peters has pointed
4 out and I think Centra will agree are discreet hearings
5 so one follows the other.

6 The way Centra had it -- I -- I don't
7 attribute any blame, I just -- it's just a matter of
8 fact, that Centra has put the landscaping schedule in the
9 mix going along the same path as the GRA which in my view
10 is just not doable. Speaking with my colleagues to the
11 right, I think they'll concur -- they'll speak for
12 themselves -- but -- but to have engage somebody and have
13 evidence by -- by three (3) weeks is just not doable.

14 It is a prodigious task. I think we ought
15 to remind ourselves that we ought not to sacrifice doing
16 a good job by worshipping at the alter of expediency.
17 And -- and it's -- it's a daunting -- well, it's an
18 impossible task for us. We haven't even engaged an
19 expert yet.

20 As I analyse the -- the proceedings, the -
21 - the -- if you look at them discreetly the competitive
22 landscape proceeding doesn't start till June 18th, so
23 there's plenty of time from our perspective to accomplish
24 everything.

25 So what we have done is move the

1 landscaping evidence for all parties to April 16. Now if
2 somebody wants to submit their evidence in advance, you
3 know, they can knock themselves out. But it -- to me
4 that's the most -- that's the most important component
5 and it requires the most work effort and -- and analysis.

6 So what we have done is move the date to
7 April 16 giving parties two (2) weeks to -- to supply
8 information requests and the other parties -- and the
9 parties who are requiring to respond to the information
10 request have given them two (2) weeks and then there is
11 three (3) weeks for rebuttal evidence.

12 If the -- if the -- the filing of
13 information requests and the responding timeframes are
14 too tight, we -- we still have time. I mean because we
15 don't have -- we've got two (2) weeks before the hearing
16 starts with respect to the competitive landscape.

17 So that is crucial from our perspective
18 and I think if the Board wants to have a -- an
19 intelligent and comprehensive analysis done and
20 assistance done, with respect to this -- this important
21 aspect, then there has to be more time allocated.

22 With respect to the GRA component, I have
23 -- I didn't have any problems with the -- with the
24 schedule, save and except for the fact that for the first
25 time I think in history, a second round of information

1 requests has not been included for a GRA. I understand
2 for last -- for the cost of gas there wasn't one.

3 But from my perspective and historically
4 speaking, it's essential to have a second round.
5 Essentially because the -- you'll have to recognize that
6 the Intervenors and other parties who are looking at the
7 application for the first time are asking questions to
8 try to understand the -- the issues and the -- and the
9 details. And when questions are asked, then questions
10 come -- answers come back in the form of information
11 request responses which invariably require clarification
12 in some -- some way, shape or form and beg more
13 questions.

14 So without that -- without that fallback
15 position, the parties are left in a position of -- of not
16 knowing precisely the answers that would otherwise then
17 have to be asked at the hearing which would prolong the
18 hearing and be much more inefficient.

19 Invariably the second round information
20 requests are more focussed and are restricted to
21 clarification on the first round. It's not another
22 opportunity to ask a fresh round of information requests.

23 So to me that's vital, again. And I've
24 included that in the -- in the proposal and with enough
25 time again to allow for a week between the time that the

1 last substantive aspect of the hearing as to be -- pre-
2 hearing is to be responded and that being the Intervenors
3 responding to GRA information requests on May 28.

4 The one thing I would note is that Centra
5 did not incorporate rebuttal evidence in the GRA. I
6 don't know if that was an omission or whether that was
7 something that Centra is wanting to -- to dispense with,
8 but that's something that -- that Centra can speak to.

9 So I would heartily and -- and
10 vociferously request that these proposals be endorsed by
11 the Board or if tinkering is required, fine, but
12 substantively speaking it's imperative that the
13 competitive landscaping proceeding be stretched out in
14 order to give all parties an appropriate amount of time
15 to do a decent job for the Board.

16 Thank you, Mr. Chairman.

17 THE CHAIRPERSON: Thank you, sir. I
18 don't see Mr. Boyd from CPU Local 681 here. I have new
19 glasses so it's possible that it's a deficiency on my
20 part.

21 Now I understand from Mr. Peters that
22 Coral Energy has filed the form but it's not present. So
23 I do see Ms. Melnychuk for Direct Energy.

24 Ms. Melnychuk...?

25 MS. KAREN MELNYCHUK: Thank you, Mr.

1 Chairman. Good morning. As Mr. Peters indicated earlier
2 I'm here representing Municipal Gas and Direct Energy and
3 over the course of the new few weeks we will be re-
4 branding to Direct Energy; just to acknowledge that.

5 You asked for comments in regards to the
6 GRA and in our Intervenor application request form, we
7 did indicate that we would be monitoring the GRA and
8 participating as needed. We have not fully reviewed the
9 material as of yet but will be doing so in the next
10 little while, but we should be in full attendance at the
11 GRA.

12 In regards to the review of the marketing
13 landscape, as part of our Intervenor request form we did
14 indicate that we would be submitting evidence and that we
15 would be bringing forward a witness panel as well for
16 that review.

17 Some of the issues that we will be
18 addressing include the role of the default supplier; the
19 benefits of retail choice; removing barriers for brokers,
20 and that would include removing minimum MDQ requirements
21 with the Utility; allowing for monthly enrolments;
22 revisiting the evergreen (phonetic) of gas contracts; and
23 a few other topics under that heading.

24 In regards to the timetable that was
25 circulated, Direct Energy and Municipal Gas are in full

1 support of Mr. Meronek's revised time table, that he
2 provided us this morning. We're in agreement that trying
3 to put together the evidence for the end of February on
4 the market review is a very tight timeline. And for us
5 to do a thorough and complete job and to ensure that we
6 don't spend too much time at the Hearing, we would like
7 to extend it as well to the April 16th proposed date that
8 Mr. Meronek put forward this morning.

9 I believe that's it.

10 THE CHAIRPERSON: Thank you. Ms.
11 Ruzycki, Energy Savings...?

12 MS. NOLA RUZYCKI: Good morning, Mr.
13 Chair and Members, ladies and gentlemen. I'd like to
14 thank you actually first. Last time, in November, when I
15 was here, I thought it was cold but I -- I think you've
16 actually beaten yourselves this time. I walked a total
17 of two (2) blocks and just about froze, but I am thawing
18 out now.

19 With respect to the Hearing, Energy
20 Savings (Manitoba) L.P. is also a new entity, as
21 mentioned, and we will be participating in both the
22 General Rate Application and the landscape review. And I
23 would echo the comments of Ms. Melnychuk that the issues
24 that she has addressed are the same issues we would like
25 to address, as well as the comprehensive list that was

1 attached, I believe the ten (10) items on the list. As
2 far as witnesses, we will be calling witnesses, and we
3 will be submitting documents.

4 The timelines as well, we would be in
5 agreement, are very tight as they are and the contents of
6 the submissions would be cursory at best. So we would
7 agree with the new timelines.

8 And I believe that is it for us, as well.

9 THE CHAIRPERSON: Thank you. Coke
10 Fertilizer, Mr. Hayhurst...?

11 MR. CHRIS HAYHURST: Good morning --

12 THE CHAIRPERSON: Good morning.

13 MR. CHRIS HAYHURST: -- Mr. Chair, Mr.
14 Jorgensen.

15 THE CHAIRPERSON: I hope you're not
16 feeling the cold.

17 MR. CHRIS HAYHURST: No. We're a little
18 used to it.

19 THE CHAIRPERSON: You're acclimatized,
20 hey?

21 MR. CHRIS HAYHURST: I'm acclimatized.
22 I've actually spent quite a few years with Simplot prior
23 to the Coke takeover in September.

24 I apologize, we have not had much time to
25 review the information as well. We -- there have been

1 some hiccups in receiving information. Some of our old
2 information has gone to Boise rather than coming to the
3 new site.

4 Just as a background, we were purchased by
5 Coke Industries; September 2nd was the takeover date.
6 Coke Industries is a privately held company owned by
7 Charles Coke, based out of Wichita, Kansas. As far as
8 our actual plant operations, we have not seen changes and
9 do not expect to see many changes. Our operating rates
10 will stay the same as they have in the past.

11 We have discussed with our Centra Gas
12 representative to determine the impact of the Rate
13 Application on our plant and to this point we haven't
14 been able to receive a response. The expectation is that
15 we'll receive it in a few weeks near the 23rd. So we are
16 kind of in a learning process and are not entirely sure
17 what our efforts will be but once we know, we'll pass
18 that information along to the Board.

19 And I'm -- I guess that's it for us.

20 THE CHAIRPERSON: Thank you, and welcome.

21 MR. CHRIS HAYHURST: Thank you.

22 THE CHAIRPERSON: Simplot is not here,
23 correct, Mr. Peters?

24 MR. BOB PETERS: Yes, that is correct,
25 they've filed information from Mr. Gretener of the

1 Bennett Jones firm in Calgary and have provided their
2 forms through him.

3 THE CHAIRPERSON: Very good. Okay. And
4 TREE/RCM definitely are.

5 Dr. Miller...?

6 DR. PETER MILLER: Yes, I'll ask Kenton
7 Lobe to -- to start off. Perhaps I should also add that
8 Patricia Fitzpatrick is with Randall McQuaker in the back
9 and she is another Board Member of RCM as well as a
10 colleague at the University of Winnipeg.

11 So perhaps, Kenton, you can begin?

12 MR. KENTON LOBE: Good morning, Mr.
13 Chair, Mr. Jorgensen, other participants here.

14 My name's Kenton Lobe, president of
15 Resource Conservation Manitoba or RCM. I'm accompanied
16 here today as Peter just mentioned by our Board Secretary
17 Patricia Fitzpatrick, Randall McQuaker, our Executive
18 Director, and of course Peter Miller from Time to Respect
19 Earth's Ecosystems or TREE.

20 We'd like to express our keen interest in
21 these proceedings and our appreciation of the opportunity
22 to participate once again with TREE before the PUB.

23 RCM is a centre for applied sustainable.
24 We're committed in very practical hands-on ways to
25 encouraging practices that make our society and economy

1 more sustainable. Our programs and policy areas have to
2 do with climate change, waste reduction, sustainable
3 transportation, and resource efficiency.

4 As a nonprofit board we also seek to
5 contribute constructively to important issues of public
6 policy from a perspective of ecological and social
7 sustainability. We hope the current PUB proceeding will
8 provide a further opportunity to do that.

9 We consider the exercise of rate setting
10 and the development of conservation programs for energy,
11 certainly including natural gas, to be key pieces of the
12 sustainability puzzle.

13 As in previous interventions, Mr.
14 Chairman, RCM will entrust the management of intervention
15 to Peter Miller on our behalf. We're also currently
16 exploring whether legal assistance might become available
17 to support our efforts. And we wish to re-engage our
18 consultant from the 2005 hearings, Mr. Steven Weiss of
19 the Northwest Energy Coalition.

20 We intend to seek an award of costs for
21 his professional assistance and I'll let Peter comment
22 further on these matters.

23 DR. PETER MILLER: Thanks, Kenton. Yes,
24 I -- I see here a -- a document that was faxed on January
25 24th and this is the first time I've -- I've seen it. It

1 includes the draft timetable and -- and so on. I did the
2 newspaper notice of the filing. And I phoned Centra
3 about, you know, sending an electronic copy of a
4 timetable but I hadn't received it until -- until today,
5 this morning, so I'm -- I'm a little behind in -- in
6 things.

7 One of the things we're behind in is
8 when we have sought costs in the past and you've
9 commented on how cost effective we were and so on and
10 partly that's because of my volunteer efforts in this
11 respect, but there may be a limit to that and so we are
12 looking at the -- the prospects of legal assistance to
13 carry this forward.

14 We did -- did create a budget last night;
15 basically taking an old one and -- and updating it. I --
16 I would say that's very tentative until we have a chance
17 to review that with our professional assistants in this.

18 So as Kenton said we will be seeking costs
19 and that is a -- a tentative budget but we would
20 probably have to confirm that with our -- our
21 professional assistants.

22 As for the timetable, I think just looking
23 quickly at this, the CAC one would be the preferable one
24 from our standpoint. We basically don't have the -- the
25 landscape issues at the center of our focus. We reserve

1 the right to comment on anything that comes before the --
2 the Board but -- so we're -- we're not too concerned
3 about the -- that matter.

4 But the dates for the GRA seem to be a
5 little preferable. Steven Weiss has indicated that he's
6 busy between March 29th and April 14th, I believe the
7 dates are. So the CAC schedule would -- would better
8 accommodate him in that respect.

9 You have a statement of our concerns, a
10 brief one on the application that was distributed this
11 morning -- let me see, where is that?

12 We are interested in conservation and
13 environmental issues and that should be reflected both in
14 the demand side management programming and in rates, we
15 contend, and perhaps in other areas.

16 In the previous hearing, GRA, you issued
17 two (2) Board Orders and the second one contains a
18 succinct summary of the advice of Steven Weiss, and I
19 believe that's been circulated along with our Intervenor
20 request form.

21 Basically it's an attempt to implement the
22 notion of full cost accounting. And he -- we used the
23 Pembina Institute last time to provide some figures for
24 that and then Steven Weiss incorporated them into a -- a
25 proposal for determining the marginal value of gas to

1 consumers; that's what the MVGC is.

2 And it's essentially the cost of gas that
3 the market has that, you know, through the -- the
4 determination of the regular rate hearing, plus various
5 externalities. And that, we contend, should perform --
6 be the basis for an inverted rate structure and
7 determining a cost effective demand side management and
8 other matters.

9 Mr. Weiss also proposed a decoupling
10 mechanism such that if, say, a warm winter like last
11 winter, less gas is consumed, which means that Centra
12 recovers less of its distribution costs. Or a colder
13 one, as perhaps this is turning out to be, I don't know
14 what it is on average, there -- there might -- they might
15 collect an excess of distribution costs.

16 In other words, it's quite variable, their
17 cost recovery for their fixed costs. And decoupling is a
18 proposal to get a steadier flow of the fixed costs by
19 reducing the rates in a high volume winter and raising
20 the rates in a low volume winter, and that has the effect
21 of levelizing the costs a bit for the consumer as well.

22 So we think that's a worthy proposal in
23 addition to the others.

24 So that, I hope, gives you a sense of the
25 areas of our concern.

1 THE CHAIRPERSON: Thank you, gentlemen.
2 Okay. Ms. Murphy, it's over to you. And Centra, if you
3 wouldn't mind commenting on Intervenor related matters,
4 the timetable, the question that Mr. Meronek raised with
5 respect to rebuttal evidence and, if you wouldn't mind,
6 if you would, this matter of the Excel spreadsheets.

7 MS. MARLA MURPHY: Thank you, Mr.
8 Chairman. Good morning, Mr. Chairman, Mr. Jorgensen,
9 ladies and gentlemen.

10 I have quite a panel with me today, a
11 number of them have been shooting little comments my way
12 and if we could have a minute or two (2) to have a look
13 at Mr. Meronek's time table, that would be helpful.

14 THE CHAIRPERSON: Okay.

15 MS. MARLA MURPHY: We didn't have the
16 benefit of receiving it yesterday and I don't know
17 whether that's his secretary or mine. But in any event,
18 I haven't had an opportunity to look at it yet. So if we
19 could have a couple minutes just to discuss that, maybe
20 we could take a quick break.

21 THE CHAIRPERSON: Okay. We'll be back at
22 10:10.

23

24 --- Upon recessing at 10:00 a.m.

25 --- Upon resuming at 10:19 a.m.

1 THE CHAIRPERSON: Okay, Ms. Murphy,
2 whenever you're ready.

3 MS. MARLA MURPHY: Thank you, Mr.
4 Chairman. I thought I would start by just running
5 through the Intervenor intervention applications just to
6 indicate our position on the record in respect of those.

7 Following Mr. Peters scorecard with
8 respect to the intervention of CAC/MSOS into both the GRA
9 and competitive landscape portions of the proceedings, we
10 don't have any objection to their intervention in either
11 case. I guess we'll reserve the right to comment on any
12 budget that's ultimately submitted once it's received
13 and, of course, to make submissions with respect to any
14 cost application at the end of the proceeding.

15 With respect to CEPU, I understand them to
16 be intervening in respect of both matters. We have no
17 objection to that. With respect to Coral Energy Canada,
18 we have no objection to their intervention which I
19 believe is focussed on the landscape review.

20 With respect to Direct Energy or Municipal
21 -- I'm sorry, Municipal Gas, now Direct Energy, we have
22 no objection to their intervention in either the GRA or
23 the landscape review.

24 Similarly with the New Energy Savings
25 (Manitoba) Limited partnership, we have no objections.

1 Coke Fertilizer Canada Limited. I guess
2 we can take the opportunity to welcome them into our
3 process and -- and to indicate that we don't have any
4 objection to their intervention.

5 Simplot Canada (II) Limited. We have no
6 objections to their intervention.

7 And with respect to TREE and RCM, again,
8 we have no objection to the intervention. In either
9 case I understand them to be focussing more on the
10 General Rate Application that the landscape review and
11 their budget as was preliminary filed appears reasonable.
12 I understand that may be updated and that we would again
13 reserve the right to comment on any updates to the budget
14 and ultimately to respond to any submission for costs at
15 the end of the day.

16 With respect to the other matters that
17 were raised this morning, Mr. Meronek raised the question
18 of the schedules to Centra's material being filed in
19 Excel format and that's not a new issue. Mr. Meronek may
20 have forgotten but we've discussed it on many occasions.
21 It's been asked for on many occasions. Centra has always
22 objected to that being submitted in that form and we
23 continue to maintain that objection. We do that for a
24 number of reasons.

25 First of all, those schedules are the

1 outputs of models which are in some cases very complex.
2 They're large models. They are also in some cases
3 proprietary; particularly the cost allocation one comes
4 to mind. That's not something that Centra would be --
5 would be in a position to share.

6 They also contain working notes and
7 references for the people who prepare that work, that
8 makes their process and their ability to present evidence
9 to this Board more efficient. And if we had to remove
10 all of that, it would take away a lot of the usefulness
11 of those schedules from Centra's perspective.

12 From a practical perspective, in terms of
13 the suggestion that that creates efficiencies, we again
14 do not agree with that position. What Mr. Meronek is
15 suggesting is that his experts would change cells in
16 those models and present us with a new schedule.

17 We would then be left with the task of
18 searching through thousands of numbers and notes to
19 determine what was changed in order to respond to the
20 contentions that come out of that. So it doesn't create
21 efficiencies. In fact it -- it makes much more work from
22 Centra's perspective.

23 The practice in the past, which I think
24 from our perspective has worked quite well, has been that
25 the interrogatory process is used to ask that we run the

1 models in the -- changing the assumptions that they
2 request and we provide them with an updated one that
3 we're then able to speak intelligently to.

4 With respect to the timetable, as I said,
5 we hadn't had an opportunity to fully consider that.
6 There are some concerns. I note that most of the
7 Intervenors indicated that they agreed with CAC's
8 timetable and I think that the -- the piece that they're
9 agreeing with is the filing of the competitive landscape
10 evidence on April 16th.

11 And from our perspective, we don't have an
12 objection to that date being moved. What we need to do
13 is to consider what that does to the remainder of the
14 timetable.

15 Looking very quickly and trying to combine
16 sort of side 'A' and side 'B' of Mr. Meronek's schedule,
17 you need to marry those two (2) to figure out what
18 happens and there's some real concerns from our
19 perspective in the -- particularly the two (2) week
20 period that comes to mind instantly is between April 17th
21 and April 30th.

22 And if you look at both sides of those
23 sheets and put that together, we'd be in a position where
24 we would be receiving evidence from potentially four (4)
25 to six (6) Intervenors on the competitive landscape

1 process and being expected to review that material and to
2 pose information requests.

3 At the same time, we would be receiving
4 and reviewing Intervenor evidence on the GRA from at
5 least two (2) Intervenors, perhaps more, and be expected
6 to digest that and also pose information requests on
7 that. And contingent -- or coincident with that in Mr.
8 Meronek's schedule is a second round of information
9 request. So he'd be looking for the very same people at
10 Centra to be responding to a second round of information
11 requests.

12 And it is simply not possible for us to do
13 all of that in a two (2) week window. It is difficult
14 enough to answer a round of information requests in two
15 (2) weeks. We generally have three (3) weeks to do that.
16 So to add all of those extra pieces into that is not
17 workable from our perspective. So we do need some time
18 to consider that.

19 With respect to the suggestion of a second
20 round of information requests, I should note for the
21 Board that the last General Rate Application, there was a
22 second round of information requests only with respect to
23 Volume I. The Volume II filing which contains the cost
24 allocation and the gas supply information had only one
25 (1) round at that time. So there is some practice in

1 Meronek has suggested and assume that it all gets filed
2 on the same date, June 5th, obviously isn't workable
3 because it -- it becomes the first day of the hearing.
4 So that's something we need to consider a bit.

5 So what I'd like to suggest, Mr. Chairman,
6 is that perhaps you could offer some guidance to counsel
7 in respect of the date for the filing of the competitive
8 landscape evidence and the Board's views on whether or
9 not there ought to be a second round information
10 requests. And at that point, perhaps counsel can work
11 cooperatively and come up with a schedule that will allow
12 us the time to sort of further review whether or not
13 there's issues with the CAC timetable.

14 Thank you.

15 THE CHAIRPERSON: Thank you, Ms. Murphy.
16 Our inclination basically is to rely on Mr. Peters to
17 work with all of you to arrive at a consensus.

18 Mr. Meronek, did you want to add something
19 to this?

20 MR. BRIAN MERONEK: Yes, Mr. Chairman.
21 With respect to the request in terms of the Excel format,
22 I -- I'm not -- I'm not in a position to be able to
23 debate that -- the technical aspects of it. What I would
24 request then is that we just hike that -- I'll go back,
25 talk to my technical people, the consultants; if we want

1 to bring a motion, we'll do that.

2 It's my understanding that -- that the
3 Excel format is done in other jurisdictions including
4 Alberta. So I don't understand why there would be
5 difficulty here and not in Alberta.

6 But if I could just rather than you make a
7 determination today or Monday, let me go back and see
8 what -- what the technical difficulties are from our
9 perspective in response to Centra. And then we'll either
10 bring a motion or just say -- or we won't because I'll
11 have to file the motion evidence. I can't just speak to
12 it.

13 THE CHAIRPERSON: In your inquiring to
14 that, you might want to consider asking your person to --
15 to have a direct conversation with Centra. They might be
16 able to better understand their issues.

17 MR. BRIAN MERONEK: That's a good point.

18 THE CHAIRPERSON: Okay. Mr. Peters, what
19 we'll do is call on you then to work with your colleagues
20 from the various parties to arrive at a new consensus
21 with respect to the timetable.

22 And with that, we'll bring this Hearing to
23 a close and we will provide our order arising out of the
24 pre-hearing conference in a timely fashion after we hear
25 back from Mr. Peters. We'll talk about the Intervenors,

1 the timetables and all of the various matters that have
2 been raised today.

3 Thank you everyone, for attending.

4

5 --- Upon adjourning at 10:25 a.m.

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7 Certified Correct,

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Wendy Warnock

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