

Written Submission of CAC Concerning Tabs 8 and 9 of Centra's GRA

CAC offers the following comments concerning Centra's Gas Supply and Costs (**Tab 8**) and Storage and Transportation Portfolio April 2020 (**Tab 9**):

1. CAC engaged the services of an experienced consultant, Richard DeWolf, to review this aspect of Centra's application. Mr. DeWolf is a recognized expert in these areas of gas utility regulation (see CV attached to his evidence) and has been retained in the past by Centra and the PUB to provide expert advice on such matters.
2. CAC filed the written evidence of Mr. DeWolf and has also filed the Answers to IRs posed to Mr. DeWolf by the PUB.
3. Mr. DeWolf found in part that Centra:

“has acted in a prudent and responsible manner in its Gas Supply Management and the contracting of upstream capacity and in the proposed Storage and Transportation Portfolio”
4. CAC endorses Mr. DeWolf's assessment.
5. Mr. DeWolf in his evidence also recommended that, in future filings relating to these matters, Centra, in advance of entering into gas supply, storage and transportation arrangements, obtain the advice and report of a third-party consultant to assist and confirm the propitiousness of such arrangements or contracts.
6. Without in any way minimizing or critiquing the expertise of Centra in these matters, such recommendation, as pointed out by Mr. DeWolf has certain obvious benefits, such as:
 - a. any assessment made by Intervenors' consultants or by the PUB are performed after the fact and in hindsight, which assessment is both incomplete (of necessity) and limited. For example, the regulator and the consumer will never have a complete real time

understanding of all the inputs and outputs of any negotiations and/or options.

- b. it is becoming increasingly more difficult for Intervenors to be able to engage consultants, who (i) do not work for utilities or who are otherwise conflicted; and/or (ii) who are willing to accept less than commercial rates to perform the required services or accept the risk of a disallowance.
7. Moreover, in CAC's experience, the usual objection of Centra is that it knows its business better than anyone and an outside consultant cannot possibly know the inner workings of the utility.
8. Furthermore, with the attrition rate occurring at Manitoba Hydro, the expertise that Centra does possess may not last over time.
9. Lastly, given the significant cost implications to rate payers, a third-party confirmation adds a valuable cross reference to Centra's commitments. Centra would be choosing and contracting with the consultant, so the sanctity of the information would remain intact.

CAC recommends Mr. DeWolf's evidence and adopts it as CAC's position.