

1 **REFERENCE:**

2 Evidence of Gil Labonte, page 4 of 9, paragraph 8, line 1

3 **PREAMBLE:**

4 In reference i) Mr. Labonte states that “FFC executes the following daily to minimize
5 account imbalance fees for its T-Service Clients ...”

6 Centra seeks to understand how FFC is positioned to stay within tolerances and minimize
7 or avoid imbalances on the part of its T-Service customers, and the nature of the
8 contractual arrangements between FFC and its T-Service customers in Manitoba.

9 **QUESTION:**

- 10 a) In the past five (5) years, has Centra assessed balancing fees to any of FFC’s T-
11 Service customers in Manitoba? If yes, please provide copies of the invoices that
12 would include all of the relevant details, with customer name; address/location; and
13 contact information redacted.
- 14 b) Please confirm that FFC does not directly contract for TCPL Mainline Firm
15 Transportation (FT) to provide service to its T-Service customers in Manitoba? If not
16 confirmed, please explain in detail.
- 17 c) Does FFC have access to TCPL Mainline FT held by its T-Service customers?
- 18 d) Does FFC have access to TCPL Mainline FT through any companies affiliated with
19 FFC (for example, natural gas marketers)?
- 20 e) Please provide a copy of the contractual arrangements as between FFC and its T-
21 Service customers in Manitoba, redacting the customer name; address/location;
22 contact information; and signatures.
- 23 f) Please provide a copy of a monthly invoice from FFC to each of its T-Service
24 customers in Manitoba, redacting the customer name; address/location; and contact
25 information.
- 26 g) How is FFC compensated for its services for T-Service customers in Manitoba? Please
27 explain in detail including whether it is a flat fee-for-service compensation structure or
28 whether FFC earns margin or profit per transaction.
- 29 h) Please comprehensively describe any incentives and/or bonuses that are part of Mr.
30 Labonte’s compensation package with FFC.

- 31 i) How can a T-Service customer in Manitoba review what FFC paid for commodity
32 relative to what FFC charged the customer? Is a reconciliation of this provided from
33 FFC to its Manitoba T-Service customers on a monthly basis? If so, please provide
34 (with the customer name; location; contact info redacted). If not, please explain in
35 detail.
- 36 j) How can a T-Service customer in Manitoba review how FFC (or an affiliate of FFC)
37 used the TCPL Mainline capacity available to FFC from the T-Service customer or
38 another party throughout the month? Is a reconciliation of this provided from FFC to
39 its Manitoba T-Service customers on a monthly basis? If so, please provide (with the
40 customer name; location; contact info redacted). If not, please explain in detail.
- 41 k) If FFC (or an affiliate of FFC) used the TCPL Mainline capacity available to FFC from
42 the T-Service customer or another party to execute a gas commodity or transportation
43 transaction in another market, how is the revenue shared as between FFC and the T-
44 Service customer? Please provide an actual example of this revenue sharing as
45 between FFC and the T-Service customer and explain the contractual revenue sharing
46 structure in detail.
- 47 l) If not all of the TCPL Mainline FT capacity available to FFC is expected to be required
48 to serve its Manitoba T-Service customers on a day-ahead forecast basis (i.e., at the
49 Timely nomination window), does FFC (or an affiliate of FFC) optimize this capacity
50 on the customer's behalf? If yes, please describe how FFC (or an affiliate of FFC) uses
51 the capacity that is forecast to be available (i.e., the types of gas market transactions
52 that may be executed). Please explain in detail.

53 **ANSWER:**

54 Preamble to questions:

55 Within an email sent by Ms. Laurie MacDonald (Supervisor, Gas Logistics Centra Gas
56 Manitoba Inc.) dated October 7, 2016 the subject line on the email titled
57 "webcast/conference call - Centra Gas Manitoba Inc. - Transportation Service - Balancing
58 Fee **Proposal** - October 7, 2016" Centra's T-Service customers and their agents were
59 invited to either attend or call into an 11:00 AM CT meeting organized by Centra and held
60 at Meeting Room 08-401, 360 Portage Avenue in Winnipeg, Manitoba. Attached to the
61 email was a Centra presentation for Transportation Service customers titled
62 "Transportation Service – Balancing Fee Structure", a 20-page Power Point document
63 reviewing both current and proposed balance fee structures. Centra has provided this
64 presentation on the record in response to PUB/CENTRA I-149a-Attachment 1.

65 On Page 18 of the presentation, titled Next Steps for Centra, Centra states within Bullet
66 #4 it will “Seek approval of new Balancing Fee Structure from the Public Utilities Board of
67 Manitoba - Q1 2017”. With Centra currently seeking PUB approval of **proposed** balancing
68 fees within its 2019/20 General Rate Application, I can presume with reasonable certainty
69 that Centra’s proposed balancing fees have not yet received PUB approval. It therefore
70 follows that current T-Service Customers continue to be subject to my understanding of
71 the current balancing fee structure until the PUB approves a different structure.

72 Although I have never to my knowledge seen a written policy on Centra’s current balancing
73 structure, I have presumed when responding to Centra’s questions below that the current
74 balancing structure is “PUB approved”.

75 For clarity with respect to Centra’s comment within its preamble that it “seeks to
76 understand how FFC is positioned to stay within tolerances and minimize or avoid
77 imbalances on the part of its T-Service customers” FFC responses are made with currently
78 approved +/- 2,000 GJ tolerance bands in mind, and not Centra’s proposed and
79 unapproved balancing fee structure.

80 Finally, all supply and transportation agreements (natural gas supplier, TCE Mainline
81 Empress to Centram MDA Transportation & Manitoba Hydro Utility invoice) are held
82 directly by our T-Service clients. FFC is not a signatory to these agreements, therefore
83 our clients have full disclosure on any and all agreements recommended by FFC.

84 a)

85 To my knowledge current FFC clients holding T-Service capacity with Centra have not
86 been assessed balancing fees by Centra under the current “PUB approved” balance fee
87 structure in the past (5) five years. Any assessments provided would be illustrative in
88 nature based on Centra’s proposal before the PUB in this GRA.

89 b)

90 Confirmed. FFC does not directly or indirectly contract for TCPL Mainline Firm
91 Transportation (FT) to provide service to its T-Service customers in Manitoba. Please see
92 response to PUB/IGU-Labonte-1 for more information on the nature of the services FFC
93 provides to its T-Service clients.

94 c) and d)

95 FFC does not have direct access to the TCPL Mainline FT through its own operations or
96 through affiliations. As provided in response to PUB/IGU-Labonte-1, FFC clients assign
97 their TCE Alberta to Manitoba mainline service capacity over to service providers.

98 e)

99 Given our long-term relationship with our T-Service customers FFC does not hold formal
100 and written agreement with two of its three clients. Our client who has executed an
101 agreement with FFC has not provided its consent to release any portion of said agreement.

102 f)

103 Please see the Attachment for this response for a redacted invoice.

104 g) and h)

105 As mentioned within the Preamble FFC clients have full disclosure on all T-Service related
106 agreements recommended by FFC and executed by our clients. Collectively these
107 agreements govern FFC's transparent invoicing process with each of its current T-Service
108 clients. FFC has demonstrated its ability to consistently manage our customer's T-Service
109 accounts within current "PUB approved" tolerance bands. Given our long-term balancing
110 performance under the current structure it is my view that Centra's request is not relevant
111 to its application to the PUB for approval of proposed balancing fees.

112 i), j), k), and l)

113 As mentioned within the Preamble FFC clients have full disclosure on all T-Service related
114 agreements recommended by FFC and executed by our clients. Collectively these
115 agreements govern the selected supplier's procurement of each T-Service client's natural
116 gas supply arrangements, as well as management of their individual TCE Empress to
117 Centram MDA mainline capacities. Each FFC T-Service client understands the
118 commercial terms and conditions its supplier delivers require for daily natural gas
119 quantities to Manitoba. FFC has demonstrated its ability to consistently manage our
120 customer's T-Service accounts within current "PUB approved" tolerance bands. Given our
121 long-term balancing performance under the current structure it is my view that Centra's
122 request is not relevant to its application to the PUB for approval of proposed balancing
123 fees.

INVOICE FOR NATURAL GAS CONSULTING SERVICES

FRANCE FINANCIAL CONSULTING

a division of Twin Eagle Resource Management Canada, LLC

Invoice Date: [REDACTED]
Invoice Period: [REDACTED]
Our Invoice #: [REDACTED]

<u>Monthly Operations</u>	Fixed Monthly Charge - Natural Gas Operations	[REDACTED]
	Expenses	[REDACTED]
	Total Fees and Expenses:	[REDACTED]
	GST	[REDACTED]
	TOTAL INVOICE PAYABLE:	[REDACTED]

Questions regarding this invoice should be directed to Gil Labonte @ (403) 266-1460 Extension #1

1 **REFERENCE:**

2 Evidence of Gil Labonte, page 4 of 9, paragraph 8, first bullet

3 **PREAMBLE:**

4 In reference i) Mr. Labonte states that “Clients provide Next Day ahead (Gas Day 2)
5 consumption estimates & advises of any changes to Gas Day 1 estimates.”

6 Centra seeks to better understand the communication protocols and adherence to same
7 between FFC and its T-Service customers.

8 **QUESTION:**

9 For each of FFC’s existing three (3) T-Service customers, please provide a copy of any
10 and all electronic communications between FFC and the customer (redacting the
11 customer name; address/location; contact info) relating to the customer’s consumption
12 estimates/forecasts (day ahead and or intra-day) over the 2 month period from May 1,
13 2019 – June 30, 2019.

14 **ANSWER:**

15 Please see the response to PUB/IGU-Labonte-3, which outlines the communication
16 process that occurs with FFC’s T-Service customers, as a voluntary response to Centra
17 Gas’ 2016 consultations.

18 For further clarity, our client’s plant personnel provide early morning consumption
19 estimates.

1 **REFERENCE:**

2 Evidence of Gil Labonte, page 4 of 9, paragraph 8, second bullet

3 **PREAMBLE:**

4 In reference i) Mr. Labonte states that FFC is “able to buy unlimited quantities to balance
5 account (when companies are under its daily usage amount), sales quantities required to
6 balance are restricted ...”.

7 Centra seeks to understand the actions FFC can and cannot take to balance its T-Service
8 customers’ accounts.

9 **QUESTION:**

10 Please explain why FFC is able to buy unlimited gas quantities to balance but is “restricted”
11 from selling gas quantities to balance. In the response, please explain this restriction
12 including who imposes this restriction on FFC and why?

13 **ANSWER:**

14 A T-Service client is unable to offset a pack position on a given day by selling such pack
15 to its supplier if that client’s gas nomination to Centra on that given day is at (0) zero. This
16 restriction is imposed upon our T-Service clients by our supplier due to the supplier being
17 subject TC Energy’s Mainline tariff.

1 **REFERENCE:**

2 Evidence of Gil Labonte, page 4 of 9, paragraph 15, first bullet

3 **PREAMBLE:**

4 Mr. Labonte states that “most T-Service customers individually, or through nominating
5 agents, have voluntarily complied with Centra’s recent push towards tighter daily
6 imbalances ... “.

7 Centra seeks to understand this statement made by Mr. Labonte.

8 **QUESTION:**

9 a) If “most” T-Service customers have voluntarily complied, please identify those
10 customers who have complied and those who have not.

11 b) What is Mr. Labonte’s performance measure of compliance with the requirement to
12 balance on a daily basis?

13 **ANSWER:**

14 a)

15 The quoted comment was based on several discussions held with T-Service clients and/or
16 other nominating agents following Centra presentations to roll out its proposed balancing
17 structure. In these discussions, when I mentioned that FFC had decided to work with
18 Centra in improving its T-Service client’s balancing performance, without any obligation to
19 do so in absence of any PUB approval of a revised balancing structure, the other parties
20 indicated they had also done the same. Centra has individual T-Service customer
21 balancing performance data of file, both pre and post fall of 2016, to confirm which T-
22 Service customers opted to voluntarily balance their accounts within tighter tolerance
23 bands than existing approved tolerances.

24 b)

25 The measurement of compliance being used in this reference is balancing to current
26 tolerance thresholds that Centra applies for charging balancing fees of +/-2,000 GJ as the
27 currently approved tolerance bands. By this measurement our existing T-Service clients
28 have an excellent compliance record.