
2019/20 CENTRA GAS GENERAL RATE APPLICATION

Centra Gas Undertaking #9

Centra to review PUB/IGU-McLaren-22 Attachment 1, and confirm it has no issues with the accuracies of the calculations set out in that table.

Response:

Centra has reviewed Attachment 1 to PUB/IGU 22 and confirms that the ratios shown in lines 4 and 5 have been accurately calculated; however, it notes that these ratios are more accurately described as "comparison to existing rates" rather than a revenue to cost ratio, as they are calculated by comparing revenues derived at existing rates with the costs that are allocated to each customer class in the 2019/20 Test Year.

While Centra does not have any issues with the accuracy of the calculations themselves, Centra notes that the calculation of Revenue to Cost Ratios for its unbundled rate structure is unlikely to be as straightforward as this calculation would suggest. In Centra's view the method of calculating an appropriate Revenue to Cost Coverage ratio would be more appropriately a subject for review in a subsequent Cost of Service review, as should the more fundamental issue of the appropriateness of employing a Revenue to Cost Ratio for Centra.