



360 Portage Ave (22) • Winnipeg, Manitoba Canada • R3C 0G8  
Telephone / N° de téléphone: (204) 360-3257 • Fax / N° de télécopieur: (204) 360-6147 • [baczamecki@hydro.mb.ca](mailto:baczamecki@hydro.mb.ca)

---

January 23, 2019

Mr. D. Christle  
Secretary and Executive Director  
Public Utilities Board  
400-330 Portage Avenue  
Winnipeg, Manitoba  
R3C 0C4

Dear Mr. Christle:

**RE: CENTRA GAS MANITOBA INC. ("Centra") 2019/20 GENERAL RATE APPLICATION  
APPLICATIONS FOR INTERVENER STATUS  
PRE-HEARING CONFERENCE JANUARY 24, 2019**

---

Centra has reviewed the ten applications for Intervener Status submitted to the Public Utilities Board of Manitoba ("PUB") with respect to Centra's 2019/20 General Rate Application ("GRA"). In an effort to streamline the Pre-Hearing Conference scheduled for 9:00 a.m. on January 24, 2019 making the process more efficient, Centra is providing the following response.

Centra has no objection to the PUB granting Intervener Status to the following parties as applied for:

- Bunge Canada;
- BP Canada Energy Group ULC;
- Koch Fertilizer Canada, ULC;
- McCain Foods (Canada);
- Richardson International Limited;
- Simplot Canada (II) Limited;
- TransCanada Pipelines Limited; and
- Unifor Local #681.

Although Centra has no objection, it encourages these Interveners to work collaboratively on areas of common interest as within their respective intervener application forms, there appears to be some direct overlap on the issues they intend to address.

### Consumers' Association of Canada (Manitoba) Inc. ("CAC") Application

CAC has proposed to test Centra's evidence and/or file independent expert evidence on all 24 potential issues identified as part of this GRA. Centra is concerned that much of the work CAC proposes to do may be duplicative of work done by PUB advisors. Similarly, CAC has proposed to retain at least three experts with the possibility of two additional experts to give evidence in this proceeding. Centra submits that the use of three to five consultants may be unwarranted in the context of this GRA, especially if some of these consultants are retained to review the same matters.

### Industrial Gas Users ("IGU") Application

Centra is of the view that IGU should not be granted Intervener Status as part of the GRA. As an unincorporated, informal association of four industrial natural gas customers, it is unclear from the application as to how IGU would determine the scope and direction of its intervention and provide direction to its counsel and/or consultants.

The applications of IGU and the other industrial natural gas customers overlap with respect to the issues these Interveners will address, specifically the proposed amendments to the Terms and Conditions for T-Service customers, cost allocation methodology, and rate design. BP Canada Energy Group ULC, Bunge Canada, McCain Foods Canada and Richardson International Limited as well as Simplot Canada (II) Limited also intend to intervene on the issue of Terms and Conditions for T-Service customers. Accordingly, Centra is concerned that there will be duplication between the interventions of IGU and the other individual industrial customers.

IGU proposes to include as part of its evidence a panel of industrial gas users to speak to individual natural gas uses, process, and impacts of the GRA. As five industrial gas customers have applied to intervene in this proceeding and may testify individually or as a panel as they deem necessary, Centra is of the view that it is open to those customers to provide direct evidence on those issues, and the proposed panel by IGU would be duplicative of other evidence presented by these individual Interveners.

Despite the above-noted concerns of Centra, if the PUB decides to grant intervention status to IGU, Centra submits that such intervention would not warrant a cost award as the organization does not meet the criteria set out in the PUB's *Intervener Costs Policy for Centra Gas Inc. 2019/20 General Rate Application ("Policy")*.

In particular, section 3.1 of the *Policy* provides:

In any proceeding the Board may award costs to be paid to any Intervener who has:

- (a) made a significant contribution that is relevant to the proceeding and contributed to a better understanding, by all parties, of the issues before the Board;
- (b) participated in the hearing in a responsible manner and cooperated with other Interveners who have common objectives in the outcome of the proceedings in order to avoid a duplication of intervention;
- (c) **represented interests beyond their sole business interest; and**
- (d) **a substantial interest in the outcome of the proceeding and represents the interests of a substantial number of ratepayers. (emphasis added)**

Centra submits that the four members of IGU is not representative of a substantial number of ratepayers or representative of the interests beyond the individual commercial interests of those four entities, nor do these four members represent a substantial portion of large volume gas users. Five industrial customers submitted applications to intervene, including two of IGU's members, Koch Fertilizer Canada ULC and Simplot Canada (II) Limited, and do not intend to seek a cost award for their individual participation. As such, Centra is of the view that ratepayers should not bear the costs of IGU's intervention given it represents four ratepayers, two of which are not relying solely upon IGU to represent their interests.

#### Issues List

Centra has attached hereto (as Attachment 1) the draft issues list circulated by PUB counsel on January 18, 2019 with Centra's comments contained directly therein.

#### Commercially Sensitive Information

Portions of Centra's GRA have been filed in confidence with the PUB. In addition to providing Commercially Sensitive Information ("CSI") to the PUB and to its counsel and advisors, Centra is open to providing CSI to certain Interveners (i.e. CAC and its consultants if they do not provide advice to competing parties or commercial counter-parties of Centra as may be required) after executing a solicitor undertaking or non-disclosure agreement to provide some protection to Centra in the event of any prohibited disclosure. Centra will not under any circumstance provide access to CSI to any party (or potential counterparty) who has a competing economic or business interest to Centra such as TransCanada Pipelines Ltd. ("TCPL") or natural gas marketers.

Process

Centra has also attached a draft timetable for its GRA shown in Attachment 2 alongside the PUB's approved timetable for Manitoba Hydro's 2019/20 electric rate application. Centra's proposed timetable for its GRA incorporates additional time for certain steps given the two processes are being reviewed concurrently by the PUB. The timetable provides for the filing of updated materials arising from the anticipated approval of the final consolidated 2019/20 Budget. This timetable assumes a traditional GRA process including two rounds of Centra Information Requests, submission of Intervener evidence and one round of Intervener Information Requests and an oral hearing. The Corporation encourages the PUB to consider streamlining the process by encouraging parties to avoid duplication, limit the number of Intervener Information Requests, and consider what issues could be adequately addressed by all parties in writing such to reduce the number of oral hearing days and the associated cost.

If you have any questions or comments with respect to this submission, please contact the writer at 204-360-3257 or Liz Carriere at 204-360-3591.

Yours truly,

**MANITOBA HYDRO LAW DIVISION**

Per:

*for J. Carrwell*

**BRENT A. CZARNECKI**

Barrister & Solicitor

cc: All Intervenors of Past Record  
Bob Peters, Board Counsel  
Dayna Steinfeld, Board Counsel

**Centra  
 2019/20 General Rate Application**

**PUB Draft Preliminary Issues List**

<b><u>Issue</u></b>	<b><u>Centra Response:</u></b>
1. Rate change requested	In scope
2. Centra's strategic plan	In scope
3. Financial targets	In scope
4. Changes in finances and financial assumptions since Order 85/13	In scope
5. Finance expense including interest rate forecast and debt management strategy	In scope
6. Accounting changes and implementation of IFRS	In scope (Centra notes these issues have largely been resolved in previous electric proceedings)
7. Depreciation expense and methodology - changes since Order 85/13	In scope (Centra notes these issues have largely been addressed in previous electric proceedings)
8. O&A expense: <ul style="list-style-type: none"> <li>I. Impacts of VDP and staffing levels</li> <li>II. Cost containment measures</li> <li>III. 360 Portage space costs per Order 85/13 p.64</li> </ul>	In scope
9. Integrated Cost Allocation Methodology (allocation of costs between MH and Centra)	In scope
10. Liability insurance - appropriate levels of coverage	Limited review- no changes since PUB's last review/approval.
11. Capital expenditures and rate base additions and retirements since Order 85/13	In scope
12. Return on rate base including return on equity	In scope
13. Demand Side Management <ul style="list-style-type: none"> <li>I. DSM Deferral Account - disposition of the regulatory asset and liability</li> <li>II. DSM pending in the test year and assumptions in the forecast</li> <li>III. Bill affordability and the Affordable Energy Program</li> <li>IV. Continuation and disposition of Furnace Replacement Program</li> </ul>	<ul style="list-style-type: none"> <li>I. Disposition of DSM deferral account in scope.</li> <li>II. DSM review limited to costs in the test year only. DSM program design out of scope (except for low income programs).</li> <li>III. Bill affordability out of scope.</li> <li>V. Affordable Energy Program including FRP program and funding in scope.</li> </ul>

<p>14. Bill impacts on consumers:</p> <ul style="list-style-type: none"> <li>I. Macro-economic impacts of the proposed rate increase</li> <li>II. Carbon levy impacts and presentation of the levy on customer bills</li> </ul>	<ul style="list-style-type: none"> <li>I. Centra views macro-economic impacts to be out of scope.</li> <li>II. In scope</li> </ul>
<p>15. Load forecast</p>	<p>In scope</p>
<p>16. Gas costs</p> <ul style="list-style-type: none"> <li>I. Gas cost forecast including supply, storage, and transportation arrangements;</li> <li>II. Gas cost forecast including Actual gas costs since the 2015 Cost of Gas proceeding; disposition of Purchased Gas Variance Accounts and other gas cost deferral accounts</li> <li>III. Western Canadian Gas supply contracts</li> <li>IV. NEB proceedings related to TCPL tolls and Mainline segmentation</li> <li>V. U.S. storage and transportation assets post-Mar 2020</li> </ul>	<p>In scope</p>
<p>17. Cost of Service Study results and methodology (allocation of costs to customer classes)</p>	<p>In scope</p>
<p>18. Western Transportation Service - responsibility for costs incurred to administer Western Transportation Service and Agency Billing and Collection service</p>	<p>Limited. A report was filed on this topic in 2014 (Centra is seeking PUB confirmation that the related directive has now been satisfied). Centra does not believe this issue needs to be more fully canvassed during this proceeding.</p>
<p>19. Rate design</p> <ul style="list-style-type: none"> <li>I. appropriate levels of each rate component and a review of</li> <li>II. The five-part rate structure (including The distinction between Primary Gas and Supplemental Gas</li> </ul>	<p>A separate stakeholder engagement process has been initiated to review this topic. Centra is not proposing any changes to its rate design as part of this Application. This matter could be deferred to a future proceeding.</p>
<p>20. Fixed Rate Primary Gas Service – program results, continuation, program design, and risk thresholds</p>	<p>In scope. However, the level of review of this program should consider the limited participation in this program.</p>
<p>21. Feasibility test true-ups</p>	<p>Main extensions over 500 meters in scope.</p>
<p>22. Approval of interim orders: Primary Gas rates; franchises and crossing agreements</p>	<p>In scope</p>

23. Terms and conditions of service I. Customer services and products provided by Centra II. Company labour rates for chargeable services	In scope
24. Compliance with Orders and Directives (per Order 85/13 page 62)	In scope

Centra agrees with the PUB's determination that the following issues should be out of scope of the current GRA proceeding.

1. Feasibility test methodology review
2. Disconnection policy
3. Results of Bill Affordability Working Group unless further developments since Order 59/18
4. DSM program design except for lower income program

<b>Timetable</b>	<b>Electric GRA</b>	<b>Gas GRA</b>
<b>Item</b>	<b>Date</b>	<b>Date</b>
Public Utilities Board IR Questions	December 14, 2018	
Deadline for Intervener Applications	January 7, 2019	Thursday, January 10, 2019
Gas GRA Pre-hearing Conference		Thursday, January 24, 2019
Manitoba Hydro Commercially Sensitive Responses to Board IRs	January 28, 2019	
Manitoba Hydro Responses to Board IRs	January 31, 2019	
Intervener IR Questions	February 8, 2019	
All Parties Information Requests of Centra- Round 1		Friday, February 22, 2019
Manitoba Hydro Responses to Intervener IRs	February 28, 2019	
Intervener Evidence	March 13, 2019	
Second Pre-Hearing Conference	March 20, 2019	
IRs on Intervener Evidence	March 26, 2019	
Deadline to Register for Oral Public Presentations	March 29, 2019	
Intervener Responses to IRs	April 3, 2019	
Centra responses to Information Requests- Round 1		Friday, March 29, 2019
Manitoba Hydro Rebuttal Evidence	April 11, 2019	
Centra to File Updated Application Materials (Tabs 3-7 only) (Subject to Minister Approval)		Friday, April 05, 2019
Oral Evidentiary Hearing (If Necessary)	April 23, 2019 – April 26, 2019	
All Parties Information Requests of Centra- Round 2		Thursday, April 18, 2019
Oral Public Presentations	TBD	
Oral Final Submissions (If Necessary)	May 1, 2019 – May 3, 2019	
Centra responses to Information Requests- Round 2		Thursday, May 16, 2019
Intervener Evidence Gas GRA		Thursday, May 23, 2019
IRs on Intervener Evidence Gas GRA		Tuesday, June 04, 2019
Pre-Hearing Update (Tabs 8-11, including updated interest rate forecast)		Wednesday, June 12, 2019
Intervener Responses to IRs Gas GRA		Friday, June 14, 2019
Centra Rebuttal Evidence		Wednesday, June 19, 2019
Reminder Public Notice to Publish from (would require PUB approval by June 14th)		June 22 to June 28, 2019
Oral Public Hearing to Commence		
Gas Supply, Gas Costs and Gas Portfolio Arrangements Panel		Week of June 24th
Revenue Requirement Panel		Week of July 3rd
Requested Implementation of Gas Rate Change and Other Approvals		Thursday, August 01, 2019