

July 8, 2022

THE PUBLIC UTILITIES BOARD OF MANITOBA
400-330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4

ATTENTION: Dr. D. Christle, Board Secretary and Executive Director

Dear Dr. Christle:

**RE: CENTRA GAS MANITOBA INC. (“Centra”) Cost of Service Methodology Review –
Submissions on Issues for Oral Hearing**

In accordance with PUB Order 36/22 and correspondence from the Public Utilities Board (“PUB” or “Board”) dated June 3, 2022, Centra’s position with respect to the need for and scope of an oral hearing and written submissions is provided herein.

In determining whether an issue requires oral evidence, the PUB may consider whether:

1. the issue is the subject of material disagreement;
2. the underlying facts are in dispute on the written record; and
3. the understanding of all parties and the Board will be enhanced by the testing of evidence on the issue through cross-examination.¹

Even where an issue is significant, the Board may decline to hear oral evidence if the written record is sufficiently clear such that further evidence will not meaningfully contribute to discussions of the issue.²

Centra has considered its position on the next procedural steps in light of this guidance, and has considered each of the issues identified in PUB Order 36/22.

¹ PUB Order 98/19, page 9.

² See the comments of Chairperson Kapitanay at the Second Pre-Hearing Conference, Electric Cost of Service Methodology Review, June 24, 2016, Transcript at page 8-9.

Oral Evidence

With respect to Issue #10 – Near-Term Rate Impact measure for the Special Contract and Power Station classes, Centra submits that there is no need for oral evidence on this issue. While one intervener has sponsored evidence which takes an adverse position, there is no dispute as to the facts on the written record. Furthermore, it is reasonable to conclude based upon the written evidence that Centra and the impacted customers agree and will conclude that the interim measure is appropriate *if* the PUB adopts the direct assignment recommendation. If the proposed interim measure is adopted by the PUB, it will not impact upon the rates of any other class and will maintain revenue neutrality.

Intervenors have not lead any evidence with respect to Issues #7 – Amendments to the COSS Methodology for Rate Re-bundling Impacts; #8 – Elimination of the Co-Op Class; and #9 - Allocation of Operation & Maintenance, Customer Service and Administrative Expenses. Presumably, there is no dispute between the parties on these issues such that no oral evidence is required. In any event, all parties can adequately provide their respective positions on these matters by way of written final argument if they so choose.

There appears to be three issues which CAC has significantly differing opinions from all of the other parties to the proceeding – the allocation methodology for demand-related costs associated with transmission and distribution plant (Issues #1 and #2); direct assignment of transmission plant to Special Contract and Power Station Customers (Issue #3); and allocation methodology for demand-side management costs (Issue #6). There also appears to be limited disagreement related to Issue #4 – Classification and Allocation of Distribution Plant, and Issue #5 – Allocation of Upstream Capacity Resources.

The difference in CAC's opinion from the consensus view from all other parties is abundantly clear from the written record. There appears to be no factual dispute relating to these issues which requires clarification through oral evidence or cross examination. It is therefore open to the PUB to determine that there is sufficient evidence on the written record and that further *viva voce* evidence will not materially contribute to the parties' or the PUB's understanding of the issues. It is reasonable to anticipate that the final submissions of the parties will reflect and closely mirror the opinions that have already been expressed by the respective experts. The parties' final positions on these issues can now be fully submitted without the need for additional evidence or testing as the written evidence is largely opinion based such that each of the issues can be ruled upon by the PUB.

Alternatively, should the PUB determine that it requires *viva voce* evidence to further its understanding of these issues and the parties' positions with respect to same, Centra submits oral evidence should be limited to the most contentious and significant issues - the allocation methodology for demand-related costs associated with transmission and distribution plant (Issues #1 and #2); direct assignment of transmission plant to Special Contract and Power Station Customers (Issue #3); and allocation methodology for demand-side management costs (Issue #6).

In the event the PUB determines oral evidence is necessary, Centra submits that a concurrent evidence format should be utilized to clarify the evidence from the independent witnesses retained by the parties, including Atrium Economics LLC. ("Atrium"). Having all independent witnesses participate concurrently in the same panel will enable the PUB to better understand or clarify the salient points of disagreement. A similar process was utilized in the 2016 Electric Cost of Service Methodology Review. If the PUB determines that it requires oral evidence and conducts same by way of concurrent expert witness panel, the Board could consider the following process:

1. Each witness will give a brief opening comments, no longer than 15 minutes, in which the witness will testify to their qualifications, confirm that the pre-filed material was prepared under their direction,³ summarize their own pre-filed evidence and highlight the main points of agreement and disagreement between the experts on the issues identified for oral evidence.⁴
2. Board counsel followed by counsel for the parties will have the opportunity to cross-examine all of the witnesses on the concurrent evidence panel. Parties should limit their cross-examination to only those witnesses who are adverse in interest to their respective positions (i.e. no sweet-heart cross-examination will be allowed). Expert witnesses cannot direct questions to each other.
3. Each party and PUB counsel be time limited in their cross-examination. A maximum time limit for PUB counsel and each party be established at approximately two hours.

Following the conclusion of the concurrent expert witness panel, if the PUB determines it necessary, Centra could put forward a witness panel to provide factual clarification or to further the understanding of the PUB. If a Centra panel is deemed essential by the PUB for this proceeding, the panel could be provided with a brief opportunity for

³ Rule 17(5) of the PUB Rules of Practice and Procedure require certain evidence of witnesses who participated in the filing of Pre-Filed written evidence.

⁴ This proposal is consistent with Rule 30(1) of the PUB *Rules of Practice and Procedure* which provides direct oral evidence should be in summary form.

brief introductions and direct evidence (approximately 20 minutes) followed by cross-examination by PUB counsel and interveners who are adverse in interest with Centra's position. Cross-examination should be time limited to approximately 1 hour for each cross-examining party.

Additionally, in order to maintain an efficient hearing, should any portion of the hearing conclude ahead of schedule, parties should be prepared to proceed to the next scheduled item without delay.

Given that Atrium will be travelling to Manitoba to participate in any oral hearing that is deemed necessary and ordered by the PUB, Centra respectfully requests that, to the extent possible, oral evidence be heard in full, consecutive business days. To accommodate Atrium's limited schedule for this proceeding, Centra recommends that any concurrent witness panel take place on Monday, August 15th (and Tuesday, August 16th if required). Atrium is not available August 10th, 17th (after noon), 18th and 19th.

Final Submissions

Regardless of the PUB's decision on the necessity of oral evidence, Centra submits that all issues should be the subject of final written submissions being provided by all parties. Centra requests the right to provide written reply to the final written submissions of other parties.

Should you have any questions with respect to this submission, please contact the writer at 204-360-5580 or Darryl Martin at 204-360-4487.

Yours truly,

MANITOBA HYDRO LEGAL SERVICES

Per:



Jessica Carvell

Barrister & Solicitor