



May 10, 2022

The Public Utilities Board of Manitoba
400-330 Portage Avenue
Winnipeg, Manitoba, R3C 0C4
Attention: Rachel McMillin

Dear Ms. McMillin

**Re: Consumers Coalition (Coalition) and Consumers' Association of Canada (Manitoba) Inc. (CAC) –
Written Submissions Re: Manitoba Hydro's and Centra Gas Manitoba Inc.'s (Centra) Proposal for a
Combined Electric and Natural Gas General Rate Application in the Fall of 2022**

1.0 Overview

The Coalition and CAC are in receipt of your letter of April 26, 2022, requesting Intervenor submissions with respect to Manitoba Hydro's and Centra's April 11, 2022 proposal for a combined electricity and natural gas General Rate Application (GRA). The PUB is requesting comments from Intervenors on the advantages and disadvantages of a combined GRA, the process to be followed should the PUB approve the request for a combined GRA, any alternative approaches that could lead to more efficient separate GRA processes, the request to review and vary Order 85/13 and any other related matters.

As the PUB is aware from past regulatory proceedings, the Consumers Coalition intervenes in matters related to the regulation of electricity rates.¹ The Coalition is comprised of CAC Manitoba, the Aboriginal Council of Winnipeg and Harvest Manitoba. CAC Manitoba also intervenes in matters related to the regulation of natural gas rates.² To facilitate the PUB's deliberations with respect to the combined GRA proposal, the Coalition and CAC have decided to provide a joint submission.

The Coalition and CAC recommend that the PUB reject Manitoba Hydro's proposal for a combined GRA in the fall of 2022 and direct that Manitoba Hydro file a separate GRA in the fall of 2022 and Centra file a separate GRA in the winter/spring of 2023.

The Coalition and CAC's recommendation is based on the following key points:

¹ Represented by legal counsel from the Public Interest Law Centre.

² Represented by legal counsel Brian Meronek of DD West LLP.

1. The effectiveness of regulatory outcomes for the protection of captive monopoly customers is the dominant consideration with respect to the content and scheduling of the next Manitoba Hydro GRA and Centra GRA, and should not be sacrificed for marginal and uncertain regulatory efficiencies;
2. The outstanding, current and emerging regulatory issues for both Electric and Gas operations are such that the complexity of a combined GRA in the fall of 2022 would result in an unwieldy and ineffective regulatory proceeding;
3. It is premature to obtain many of the claimed benefits of a combined GRA in the fall of 2022, given Manitoba Hydro's own evidence that its enterprise planning processes are currently in a state of flux;
4. The uncooperative and litigious approach towards PUB regulation that has been used by Manitoba Hydro and Centra since 2017 is not conducive to successfully undertaking a combined GRA process at this time; and
5. The current state of PUB regulatory oversight of Manitoba Hydro and Centra does not support the variance of PUB findings in Orders 85/13 and 59/16, which previously rejected a combined GRA.

Accordingly, in the view of the Coalition and CAC, cleaning up the backlog of prior and outstanding PUB directives and dealing with current and emerging issues through separate GRA processes is in the public interest and is the most effective course of action under the current circumstances.

With the regulatory backlog cleared in the fall of 2022 and winter/spring of 2023, as detailed later in this response, and Manitoba Hydro completing its work on the many foundational initiative and enterprise planning processes that are currently a work in process, all parties would be on a better footing to assess if a combined GRA process could produce effective outcomes for Manitoba Hydro and Centra customers in the future. It is imperative that "the slate be wiped clean" as it were in both utility operations before embarking on a combined hearing, so that there are no legacy issues to contaminate the regulatory review going forward.

There is also an opportunity through these separate GRA processes for Manitoba Hydro and Centra to change their approach and demonstrate a spirit of cooperation and collaboration that is required to ensure effective and efficient regulatory outcomes and processes, separate or combined. The Coalition and CAC view the above noted actions as the prerequisites to restore confidence and trust in the PUB rate-setting process that has been lacking in the last five years.

In the interim, certain aspects of Manitoba Hydro's planning processes that are more advanced in their development and by their nature are better suited to a common review, could be reviewed at the Manitoba Hydro GRA, with the results of that review applied at the subsequent Centra GRA, in an efficient manner.

2.0 Effectiveness of Regulatory Outcomes for Customers is the Dominant Consideration in Terms of the Content & Scheduling of the Next Manitoba Hydro GRA and Centra GRA

In the view of the Coalition and CAC, the dominant consideration of the PUB in terms of approving or rejecting the combined GRA proposal, should be the effectiveness of regulatory outcomes for captive customers of the monopoly service providers. The PUB's mandate is to ensure that the rates paid by

captive monopoly customers are just and reasonable and to balance the interests of customers with the financial health of the utility. These are the desired attributes of an effective regulatory process.

While the efficiency and costs of regulatory proceedings have been and will continue to be important considerations to the planning and execution of regulatory proceedings, these should necessarily be secondary to the consideration of regulatory effectiveness for customers.

Manitoba Hydro's proposal focuses almost exclusively on efficiency with little reference to effectiveness

Manitoba Hydro's combined GRA proposal focuses on efficiency and procedural matters, including reducing duplication of examination of common GRA topics in a single process, further reducing regulatory costs, establishing a routine GRA filing schedule and obtaining rate increases for both electric and gas operations through one joint proceeding.³ Manitoba Hydro's discussion of effectiveness in the combined GRA proposal is limited to how a combined rate application process could be efficiently and effectively managed.⁴

While Manitoba Hydro uses the terms of effectiveness and efficiency in the same passage, these two concepts are not the same. Effectiveness refers to the degree to which a process is successful in producing a desired result or outcome. Efficiency refers to the ability to accomplish an effective outcome using the least amount of time, money and resources.

Significant efficiency measures have already been undertaken by the PUB

The PUB has taken significant measures to improve the efficiency of the regulatory process in Manitoba in the last half-decade or more. These initiatives include:

- a greater focus on setting the scope of the regulatory proceeding before the process commences, by providing direction on in-scope, out of scope issues⁵ and issues deferred to other regulatory proceedings. This in turn provides direction for interested parties throughout the discovery, intervenor evidence and evidentiary hearing portions of the process;
- the PUB showing leadership by providing its information requests in advance of intervenor information requests, which serves to reduce duplication of effort between parties;
- reducing the time and effort associated with oral public hearings by providing direction on those contested issues that require cross examination and arguments at the oral hearing and those that can be handled through a written process;
- conducting less contentious hearings through written processes exclusively and using technical conferences and supporting pre-hearing engagement between interested parties where opportunities exist for innovative and flexible regulatory approaches outside of traditional adversarial processes.

³ Combined Electric & Gas GRA Proposal, pg. 1

⁴ Combined Electric & Gas GRA Proposal, pg. 5

⁵ The Coalition and CAC note that, in the past, there have been instances where a lot of time was spent by the utility, intervenors and the PUB regarding what is in scope and out of scope, especially where many issues are inter-related and difficult to disentangle. In some cases, it may be appropriate to scope issues out of an oral hearing to be limited to written submissions, but the Coalition and CAC express caution with respect to any efficiencies resulting from scoping issues completely out of a proceeding.

These examples are by no means an exhaustive list of the efficiency initiatives that the PUB has implemented. The net result is that there have been significant improvements in regulatory hearing efficiency in Manitoba.

Regulatory costs are a necessary and useful component of effective monopoly regulation

In its combined GRA proposal, Manitoba Hydro notes the cost of the 2017/18 Electric GRA (\$15.1 million) and the 2019/20 Gas GRA (\$4.4 million).⁶ The Coalition and CAC understands this reference by Hydro as providing support of its main theme that efficiency is lacking in the regulatory process and that these hearings represent an appropriate benchmark of the on-going costs of regulation, in the event that the PUB does not approve the combined GRA proposal.

Manitoba Hydro's selection of the 2017/18 Electric GRA and 2019/20 Gas GRA as a benchmark for representative regulatory costs of separate GRA hearings is self-serving, flawed and hypocritical. The circumstances that led to the levels of costs in the referenced proceedings are a direct result of actions, or inaction, by Manitoba Hydro and Centra and are not representative of expected future hearing costs, assuming that the utility participates in regulatory processes in a cooperative manner.

Any objective review of these regulatory costs would conclude that the primary drivers of the cost of the 2018/19 Electric GRA was the radical approach taken by Manitoba Hydro to fundamentally change its financial plan and propose 7.9% annual rate increases for customers, as well as the Government OIC 92/2017 which assigned the PUB the review of Manitoba Hydro's capital expenditures, including the major capital projects. On the Gas side, the cost of the 2019/20 GRA was attributable to Centra's failure to file a Gas GRA for over six years.

While a review of regulatory costs is beyond the scope of this submission, using more comparable benchmarks of the cost of Manitoba Hydro and Centra GRAs (such as the 2014/15 & 2015/16 Electric GRA and the 2013/14 Gas GRA for example) and considering that the normal convention for routine GRAs is for a two-year test year (with the costs being amortized into customers rates over two years) would produce substantially lower "normalized annual" cost of Electric and Gas GRA's. Further, the domestic revenue requirement for Manitoba Hydro is \$1.8 billion⁷ and the total revenue requirement for Centra is \$420 million.⁸ When regulatory costs are placed in the proper context and on a normalized annual basis, regulatory costs would be in the order of 0.3% of an Electric customer's annual bill and 0.7% of a Gas customer's annual bill.

More importantly, it is the cost/benefit of the PUB review process to customers that is the appropriate metric to be considered when assessing regulatory costs. Each 1% rate increase to Electric customers has a present value of approximately \$400 million in perpetuity⁹ and each 1% rate increase to Gas customers has a present value of approximately \$90 million in perpetuity. The reductions in rate requests that have resulted from the PUB regulatory process clearly have present values that are many multiples in excess of the associated regulatory costs.

⁶ Combined Electric & Gas GRA Proposal, pg. 5

⁷ Manitoba Hydro 2021/22 Interim Rate Application, PUB MFR 3, pg. 2

⁸ Manitoba Hydro 2021/22 Interim Rate Application, PUB MFR 5, pg. 111

⁹ Coalition Closing Submission, 2021/22 Interim Rate Application, Exhibit #5, slide 10

While Manitoba Hydro and Centra fixate on reducing regulatory cost that make up a very small portion of customers energy bills, their own performance on cost containment has been abysmal. At the 2021/22 Interim Electric rate proceeding, it was revealed that in the last three years since the review of Manitoba Hydro's revenue requirement by the PUB, Manitoba Hydro's O&A costs had increased an astounding \$83 million or 16.2%, roughly 5.4% each year in the last three years. In terms of implications for customers rates, O&A costs make up about 30% of the Electric domestic revenue requirement and 20% of the Gas overall revenue requirement. Regulatory costs are not the main driver of rate increases, but rather Manitoba Hydro's own inability to manage its operating costs.

Efficiency cannot come at the cost of effective regulatory outcomes for consumers

Manitoba Hydro's focus on efficiency and regulatory costs is a red herring, which is designed to shift focus away from the real issue of concern: the lack of regulatory effectiveness and the loss of confidence in the PUB rate-setting process by stakeholders as a result of a half-decade of less than rigorous regulatory oversight, caused by Manitoba Hydro's refusal to provide timely and comprehensive rate applications.

It is paramount that the content and scheduling of the next Manitoba Hydro GRA and Centra GRA give primary consideration to effective outcomes for electric and natural gas consumers and not sacrifice these important consumer protections for regulatory efficiencies that are marginal and uncertain, compared to those efficiencies that have already been implemented by the PUB.

3.0 The Complexity of a Combined GRA in the Fall of 2022 would Result in an Unwieldy and Ineffective Regulatory Proceeding

A combined GRA filed in the fall of 2022, as proposed by Manitoba Hydro, would be unwieldy and ineffective for the following reasons:

1. The passage of time since the last Electric and Gas GRA, as well as the absence of any meaningful understanding of the longer-term strategic direction and financial outlook of Manitoba Hydro, does not provide the appropriate foundation upon which to move into a combined GRA with an effective outcome for customers;
2. The sheer number and magnitude of the prior and outstanding PUB directives, current issues and potential for unknown and significant emerging issues (such as Strategy 2040) means that there is significant risk that a combined GRA would be overly complex and unwieldy; and
3. Prior experience in entering public hearing processes with an unmanageable scope suggests that either a combined GRA process would bog-down and not deliver effective and timely regulatory results or that issues of significance would have to be sacrificed on account of expediency.

In the view of the Coalition and CAC, it is not appropriate to normalize expedited hearings as the standard operating procedure for the PUB in reviewing Manitoba Hydro and Centra's rates. Manitoba Hydro has already sought this approach in its rate filings and dealings with the PUB and Intervenors in the last five years, as evidenced by the last two Electric rate proceedings. For the sake of the confidence of stakeholders and the effectiveness of the PUB rate-setting process, there must be a time when a comprehensive review of rates occurs, and past issues are settled. The next GRAs are that time for both Manitoba Hydro and Centra. However, there is significant risk that Manitoba Hydro would seek to

expedite or “streamline”¹⁰ a combined GRA, if the process were to get bogged down as a result of an overly aggressive scope.

There is significant concern by both the Coalition and CAC that embarking on a combined GRA process under the current circumstances would result in a compromised review where many issues would be sacrificed for expediency. In general, past experience would indicate that because of the need for increased revenues to meet some artificial deadline (such as a new fiscal year), revenue requirement issues would tend to dominate, and COSS and rate design issues would be secondary and minimized. Specifically:

- With respect to Electric operations, the Coalition is concerned that many of the revenue requirement issues, such as the review of Electric asset management planning and the associated issues of prioritization and pacing of Business Operations Capital, that are contained in prior and outstanding PUB directives would not receive the appropriate attention at a combined GRA. An updated Electric PCOSS that includes the full in-service of the major capital projects is another example of an issue that may not receive appropriate attention at a combined GRA; and
- With respect to Gas operations, CAC is concerned that the gas revenue requirements would receive inadequate review given the size and dominance of the electric side of the business. CAC is also concerned that the changes flowing from the Gas COSMR and, the consideration of rate design issues such as zone of reasonableness and mitigation of customer impacts, would not receive the appropriate attention at a combined GRA. Even though Centra represents approximately 23% in revenue requirements as compared to Manitoba Hydro’s domestic revenue requirements, it is still a significant stand-alone operation with different operational and financial considerations; with different regulatory governance through legislation; and different considerations when it comes to rates and rate making. The intended or unintended consequence of a combined hearing at this juncture would be to sacrifice Centra rate payers in a hearing at the alter of expediency.

Manitoba Hydro asserts in its combined GRA proposal that it is confident that any specific procedural challenges that are identified in transitioning to a combined rate application can be “adequately” addressed by the PUB to ensure a robust, fair, efficient and effective review process for the combined application to be filed in the fall of 2022.¹¹ However, Manitoba Hydro offers no analysis of the expected issues that would need to be considered by the PUB at a combined GRA, and simply provides an illustrative table of contents of a combined GRA with the potential titles of the various sections and appendices of such a combined filing, compiled from past GRAs.

It has been five years since the last comprehensive electric GRA and three years since the last comprehensive Gas GRA

The length of time since the last Electric and Gas GRAs, combined with the absence of longer-term strategic direction and financial outlook for Manitoba Hydro, does not provide the appropriate foundation upon which to move into a combined GRA with an effective outcome for customers.

¹⁰ Combined Electric & Gas GRA Proposal, pg. 3

¹¹ Combined Electric & Gas GRA Proposal, pg. 8

The last comprehensive¹² Electric GRA was filed in the spring of 2017, with public hearing processes that occurred in July of 2017 (in the case of the interim rate application for 2017/18) and between December 2017 and February 2018 (finalization of 2017/18 and 2018/19 rate increases). This proceeding resulted in PUB Order 59/18.

In the five years that have elapsed since the 2017/18 Electric GRA, there have been only two limited scope regulatory proceedings to review Manitoba Hydro rates, both occurring on an expedited basis.

The first expedited Electric process was a 2019/20 Electric rate application filed in November 2018 and limited to the 2019/20 test year, with scaled-down minimum filing requirements, no detailed Operating & Administrative (O&A) expense budgets, no long-term integrated financial forecast (IFF) and no response to the numerous PUB directives that were included in Order 59/18. The oral hearing occurred in late April and early May 2019 and resulted in Order 69/19. The last time that a regulatory review of Manitoba Hydro's O&A expenses occurred, which represents approximately 30% of the domestic revenue requirement, was in the 2015/16 Electric GRA (Order 73/15), filed in January 2015, with an oral hearing occurring in May and June 2015, nearly seven years ago.

The second expedited Electric process was an emergency Electric interim rate application for 2021/22 filed in mid-November 2021, which contained only high-level revenue requirement information, no detailed O&A expense budgets or Business Operations Capital (BOC) budgets, no long-term IFF and no responses to PUB directives from Orders 59/18 and 69/19. The regulatory process, which resulted in Order 9/22, was severely constrained into a period of five weeks, with limited opportunity for discovery and no ability for Intervenor to file independent expert evidence.

The last comprehensive Gas GRA was filed in November 2018 and was based on a 2019/20 Test Year, with a public hearing process occurring in August and early September of 2019, resulting in PUB Order 152/19. This was the only Gas GRA in over six years, as the last Gas GRA was based on a 2013/14 Test Year, and was filed in January 2013, with an oral hearing occurring in June and July of 2013 (resulting in Order 85/13). There has been no review of non-gas rates for Centra since the 2019/20 Gas GRA and no review of responses to PUB directives from Order 152/19.

In summary, as it relates to Electric operations, the last comprehensive GRA (2018/19 Test Year) occurred five years ago in 2018. This was the last time that a long-term IFF was provided in a PUB regulatory proceeding. The last time that there was a regulatory review of detailed O&A budgets was seven years ago in the spring of 2015. The last time that Intervenor had a reasonable opportunity to participate in a discovery process and file independent expert evidence was in the spring of 2019, approximately three years ago. As it relates to Gas operations, the last comprehensive GRA (2019/20 Test Year) occurred three years ago in 2019, after an elapsed time since the prior GRA of over six years.

The next Electric and Gas GRAs will have to deal with an extensive list of prior outstanding PUB directives

¹² We refer to the 2017 Electric GRA as comprehensive in the sense that it was the last time a long-term financial forecast was provided by Manitoba Hydro. We do note that, given the scope of the proceeding and the available information, many issues were not dealt with in detail, such as O&A budgets, including past PUB directives, and PUB recommendation to relax financial targets from the NFAT proceeding.

The Illustrative Table of Contents in the combined GRA proposal simply provides a one-line placeholder for response to Electric and Gas Directives.¹³ There is no analysis by Manitoba Hydro on the extent of the outstanding Electric and Gas directives from prior PUB decisions and how the response to those directives would be effectively addressed in a combined GRA process.

To assess the extent of outstanding directives and implications for a potential combined GRA, the Coalition and CAC have compiled high-level lists of outstanding PUB directives for Electric and Gas operations, that go back to Order 59/18 for Electric operations and Order 152/19 for Gas operations. These lists are provided as Attachment 1 (Electric Operations) and Attachment 2 (Gas Operations) to this letter. It should be noted that these lists include only a high-level description of the directive from the ordering portion of the PUB decisions and not the details found in the findings sections, which quite often specify numerous detailed requirements and expectations for the response to each directive. The lists also do not consider any PUB directives that may be outstanding before Orders 59/18 and 152/19. As a result, the lists in Attachments 1 and 2 most likely understate the number of outstanding PUB directives and the details of the analysis and reports that would have to be prepared by Manitoba Hydro and Centra and assessed by the PUB and Intervenors in the next GRA proceedings.

In the view of the Coalition and CAC, these lists of outstanding Electric and Gas directives provide an example of the negative ramifications of long periods of time without comprehensive regulatory reviews of Manitoba Hydro and Centra. With the elapsed time of five and three years for Electric and Gas respectively since the last comprehensive GRAs, there is a significant build up of prior and outstanding directives that have to be addressed in the next GRA proceedings.

The list of outstanding and prior PUB directives cuts across all components on the traditional rate-setting process for both Electric and Gas operations, including:

- Revenue requirement issues such as long-term IFF, O&A details/cost containment, BOC forecast details/cost containment, asset management planning, allocation of costs between utilities, load forecasting, precipitation forecasting and depreciation studies;
- Financial target issues such as minimum retained earnings targets or other rules-based targets for rate-setting purposes and cash flow metrics;
- Cost of service study (COSS) issues such as updated COSS for in-service of major capital projects and changes to the methodologies and updated special studies as directed by the PUB or as a result of the passage of time;
- Rate design issues such as declining block rates, time of use rates for larger volume customers, zone of reasonableness, rate mitigation measures from COSS changes, class consolidation; and
- Other issues such as Strategy 2040, strategic direction for Centra, gas feasibility tests, power station minimum margin guarantee, solar energy program and finalization of diesel rates.

The Next Electric and Gas GRAs will have also have to deal with an extensive list of current & emerging issues including the in-service of major capital projects and Strategy 2040 implications

In addition to the backlog of outstanding PUB directives, there are numerous other issues that have been raised in more recent PUB proceedings and forward-looking or emerging issues that are only known to

¹³ Combined Electric & Gas GRA Proposal, Attachment 1, pg. 2, Item 4

Manitoba Hydro and Centra that will also necessarily form the in-scope issues to be addressed in the next GRA proceedings.

One of the largest and most significant issues that is unresolved is the impact of the in-service of major capital projects on the financial position and rates of Manitoba Hydro. This is evidenced by the request for emergency interim rate relief for 2021/22 by Manitoba Hydro, which had two primary thrusts: the first being the revenue requirement impacts of the in-service of the major capital projects and the second being significant drought conditions.

The last units of the Keeyask generating station having just recently entered service, and in the absence of a comprehensive review of the finances and financial outlook of Manitoba Hydro in five years, there remains significant unresolved issues that will be considered and dealt with in the upcoming Electric GRA. These include issues such as the revenue requirement and COSS impacts of the projects, the ability of revenues at current rates to support these revenue requirements impacts, the potential need, pace and rate trajectory for additional rate increases for rate stability and predictability and the establishment of reasonable financial metrics and targets for rate-setting purposes now that the in-service of the major capital projects is complete.

There are also issues arising as a result of recent regulatory proceedings before the PUB, including:

- confirmation or variance of the 3.6% interim electric rate increase for the 2021/22, that was implemented on January 1, 2022, as well as implications from the significant drought that occurred in 2021/22; and
- issues flowing from the Centra Cost of Service Methodology Review (COSMR) proceeding that is currently before the PUB and in the discovery phase of the process, such as rate design and customer class impacts and Centra's depreciation study.¹⁴

Finally, Manitoba Hydro has indicated in the 2021/22 interim application that, as a result of the key trends in the energy sector of decarbonization, digitalization and decentralization that are increasingly reshaping the energy landscape, it has developed a new long-term vision and strategic direction, known as Strategy 2040. Manitoba Hydro also indicated it is in the process of developing a range of initiatives to operationalize Strategy 2040. However, other than a high-level summary of the five key pillars of Strategy 2040, Manitoba Hydro has not provided the PUB and Intervenor with any information on the specific strategic initiatives that flow from this new corporate strategy or details on the implications for rates,

¹⁴ The Centra COSMR is the first review of the Gas COSS by the PUB in approximately 25 years. In the second procedural Order (Order 36/22) related to the COSMR, the PUB found that matters of rate design and customer class impacts would most effectively be reviewed in the next Gas GRA, as the revenue requirement from the Centra 2019/20 GRA is outdated. The PUB also found that it expects Centra to address rate design matters, including Zone of Reasonableness and other possible rate impact mitigation matters stemming from its decisions in this proceeding, as well as the issue of the Power Station minimum margin guarantee, at the next GRA (PUB Order 36/22, p 14). As part of the COSMR proceeding, the expert retained by Centra to undertake the COSMR, indicated that Centra was conducting an updated depreciation study (Centra COSMR Application, Appendix 1, Atrium Economics Report, June 15, 2021, p 31). The completion of a depreciation study is a matter that normally results in a significant level of review in both Centra and Manitoba Hydro GRAs, as a result of the significance of depreciation as a percentage of Gas and Electric revenue requirements and rates. The issue of an IFRS compliant depreciation study based on the ASL methodology and the regulatory deferral account that includes the difference between ELG and ASL depreciation is still outstanding from Orders 73/15 and 59/18.

including incremental O&A and BOC expenditures, impacts on financial targets, load forecasts, net export revenues and debt management strategies.

Therefore, there are likely to be numerous issues and changes to the traditional Electric and Gas GRAs that flow from these changes to the strategic direction of Manitoba Hydro and Centra. These unknown, and significant, issues would be in addition to prior and outstanding directives and current issues flowing from recent PUB regulatory proceedings.

Prior, current & emerging regulatory issues demonstrate that the complexity of a combined GRA in the fall of 2022 would result in an unwieldy and ineffective regulatory proceeding

This review of outstanding directives, as well as prior, current and emerging regulatory issues expected to be before the PUB in the fall of 2022 demonstrates that a combined GRA represents too much risk to the effectiveness of the regulatory review for both Electric and Gas operations.

The most effective course of action in the current circumstances would be to proceed with separate GRAs for Manitoba Hydro and Centra in the fall of 2022 and winter/spring of 2023, respectively. Cleaning up the back log of prior and outstanding PUB directives and dealing with current and any emerging issues through separate GRA processes is in the public interest and is most appropriate under the current circumstances. With the regulatory back log cleared in the fall of 2022 and winter/spring of 2023, all parties would be on a better footing to consider whether combined GRA process could produce effective outcomes for Manitoba Hydro and Centra customers in the future.

4.0 It is Premature to Obtain Many of the Claimed Benefits of a Combined GRA, given that Manitoba Hydro's Enterprise Planning Processes are in a State of Flux

Manitoba Hydro has repeatedly used the current work in progress state of its key strategic, operational and financial planning systems to justify the inability to file a comprehensive Electric GRA with the PUB in the past five years. As such, it is difficult to conclude with any degree of confidence that these planning systems would be sufficiently implemented in the next few months prior to the filing of a combined GRA, such that they would bring significant benefits to justify the PUB approval of Manitoba Hydro's proposal.

Manitoba Hydro asserts in the combined GRA proposal that there are efficiencies in reviewing common topics in a single rate proceeding that are routinely considered at both Electric and Gas GRAs. These common topics include strategic and enterprise planning, enterprise risk management, consolidated enterprise performance, benchmarks and targets, asset management and capital planning, forecasts of economic indicators and interest rates, debt management, accounting policies and practices and O&A.¹⁵

Manitoba Hydro lists these claimed benefits in its combined GRA proposal, without providing much analysis of the different levels of potential benefits, the one-time versus enduring nature of the claimed benefits and whether the claimed benefits can be obtained in the fall of 2022.

Of the areas of common benefits claimed by Manitoba Hydro, the forecasts of economic indicators/interest rates, accounting policies/practices and allocation of common O&A costs to Electric and Gas Operations, through the Integrated Cost Allocation Methodology (ICAM) could likely produce tangible and enduring synergies as a result of a common review. These issue areas tend to be updated in each planning or financial reporting cycle and lend themselves reasonably well to a common review as

¹⁵ Combined Electric and Gas GRA Proposal, pg. 2

they are not dependent on the underlying nature of Electric or Gas operations, and as such would represent a benefit of a combined GRA.

However, if the PUB does not approve the proposal for the common GRA for 2022, the benefits of a single review for these issues could still be obtained in separate Electric and Gas GRAs. The ICAM, economic indicators, and accounting policies could be reviewed at the separate Electric GRA and the results of that review could be relied upon in the subsequent Gas GRA, as long as the principles codified in an electric GRA are totally compatible with gas operations; and the gas rate payers are not foreclosed from addressing any non-applicability of these principles to gas operations. There is a recent example of the successful application of this approach in which the review of the transition to IFRS for rate-setting purposes was reviewed in detail at the 2017/18 & 2018/19 Electric GRA and the resulting PUB findings and directives were reviewed for compliance at the 2019/20 Gas GRA, in an effective and efficient manner.

As it relates to asset management planning and debt management, there may be some tangential benefits of a common review of the corporation's policies and practices. However, given the differences in operations and finances of the Electric and Gas operations and the fact that these policies and practices don't tend to change frequently or in each planning cycle, the benefits would be relatively small and more one-time, as opposed to enduring, in nature. If the PUB does not approve the proposal for a common GRA for 2022, to the extent there are benefits of understanding the overall policies and practices in a single review, this could be achieved at the Electric GRA and the results relied upon at the Gas GRA. However, the specific application of these policies and practices to Gas operations and finances, should remain issues for the separate Gas GRA.

As an alternative, where there are identified issues of common application to both electric and gas operations, participation by gas rate payers in those issues at an electric GRA, ought to be recognized and accommodated.

With respect to potential common issues around strategic and enterprise planning/risk management, including Strategy 2040, Provincial Energy Policy and Integrated Resource Planning (IRP), it is unclear if Manitoba Hydro will have implemented and applied these revised planning processes to a sufficient state where there could be potential benefits from a common review in the fall of 2022, or if Manitoba Hydro's intent is that these revised planning processes would only be available for a subsequent combined GRA, if approved by the PUB.

At the oral hearing for the 2021/22 Interim Application in December 2021, Manitoba Hydro testified that:

- While Strategy 2040 has been developed, there were a broad range of foundational initiatives that were still under way and being developed in order to operationalize Strategy 2040;
- It was still waiting for the Provincial Energy Strategy (expected to conclude sometime in 2022) in order to validate the strategic direction that is inherent in Strategy 2040;
- The IRP was still 18 months away and expected to be completed in the summer of 2023;
- The IRP was a critical precursor or input into the development of a long-term IFF and as such, Manitoba Hydro would only be able to provide financial forecasts for two to three years at the next GRA; and
- The Corporation was developing new enterprise planning cycles and other planning processes/outcomes that are key to a GRA such as enterprise risk management, setting financial metrics and targets and a rate strategy would all be a work in progress for quite some time.

Accordingly, from the review of the evidence available during the 2021/22 Interim hearing, the Coalition and CAC conclude that it is premature to obtain many of the claimed benefits of a combined GRA in the fall of 2022, given that Manitoba Hydro's enterprise planning processes are expected to be in a state of flux for quite some time. Consideration of the potential for a combined GRA could be revisited once Manitoba Hydro has completed its work on the many foundational initiatives and planning processes that are currently underway.

In the interim, certain aspects of Manitoba Hydro's planning processes that may be more advanced in its development. Asset management and debt management strategies and issues that could benefit from a common review, such as the ICAM, economic indicators and accounting policies could be reviewed at a separate Electric GRA in the fall of 2022, and the results of that review applied to a separate Gas GRA in the winter or spring of 2023, in an efficient manner (as was the case for the approach used to review IFRS transition changes for rate-setting purposes). The specific application of asset management and debt management policies and practices to Gas operations and finances should remain issues for the separate Gas GRA.

5.0 Manitoba Hydro's & Centra's Uncooperative Approach to PUB Regulation is not Conducive to Successfully Undertaking a Combined GRA Process

In the view of the Coalition and CAC, there is a need for Manitoba Hydro and Centra to demonstrate change in their approach to PUB regulation as a prerequisite for any consideration of a combined GRA in the future. Should the PUB deny the request for a combined GRA in the fall of 2022, there is an opportunity in the upcoming separate Electric and Gas GRAs for Manitoba Hydro and Centra to restore the cooperation and collaborative approach that existed prior to 2017, and to rebuild the trust and working stakeholder relationships that have been negatively impacted.

In the Coalition's closing submissions in the recently completed 2021/22 Electric Interim Rate proceeding, it took the position that Manitoba Hydro should be directed by the PUB to engage with stakeholders about rate setting strategy prior to filling its next rate application.¹⁶ The Coalition and CAC recommend that any future consideration of a combined GRA should begin with engagement of stakeholders and intervenors, perhaps facilitated by the PUB, and would likely require transition planning following initial engagement.

Cooperation and collaboration are precursors to successful implementation of combined GRA process

In the combined GRA proposal, Manitoba Hydro indicates that a joint effort of collaboration and cooperation of all parties is necessary to ensure a successful transitioning to a combined GRA process.¹⁷

The Coalition and CAC note that when the idea of a combined Electric and Gas GRA was first presented by Centra at the 2013/14 Gas GRA, Centra was open to a stakeholder engagement approach that would involve stakeholder meetings or workshops in order to advance this concept and include interested parties in the consideration of options, concerns and design of potential solutions.¹⁸

In contrast to the willingness of Manitoba Hydro and Centra to undertake prior engagement with stakeholders on a combined GRA in 2013, Manitoba Hydro's approach to a combined GRA in 2022 is

¹⁶ Coalition Closing Submission, 2021/22 Interim Rate Application, Exhibit #5, slide 30

¹⁷ Combined Electric & Gas GRA Proposal, pg. 8

¹⁸ PUB Order 85/13, pg. 67

demonstratively litigious in nature and is approached through the means of an expedited review and vary application.

The section of the Manitoba Hydro combined GRA proposal that outlines its views on the combined GRA regulatory process¹⁹ is unimaginative and simply follows the sequential steps of an adversarial hearing process in which at each step, the utility makes submissions, intervenors make submissions, the utility replies and the PUB acts as an arbitrator between the various views of the parties. All the steps in that proposed process are recommendations already made by Manitoba Hydro over the past five years, which have appeared to wish to restrain and restrict the regulatory review and the participation and input of Intervenor. It is hardly the approach of an organization that is open to collaboration and cooperation. The intervenors that participate in electric and gas regulatory processes represent the customer groups of Manitoba Hydro and Centra. A true customer-centric approach would welcome the intervenor input into the regulatory process, both regarding the structure of the process and the substantive issues.

The Coalition and CAC agree, on a conceptual basis, that the collaboration and cooperation of all parties to a regulatory process is necessary in order to produce an effective outcome for customers and stakeholders and an efficient review process for the interested parties, regardless if separate or combined GRAs are approved by the PUB. However, for this collaboration and cooperation to successfully occur, more than platitudes are required on the part of Manitoba Hydro and Centra.

The Coalition and CAC note the recent submission of MIPUG in relation to the Manitoba Hydro review and vary application in relation to Order 9/22, in which MIPUG characterizes Manitoba Hydro's approach to PUB regulation as "unproductive and litigious" and submitted that "There is a further need to rein in the excessive, self-serving, and ill-advised litigious strategy being pursued by Hydro that drives excessive regulatory costs and divisiveness. Since 2017, when Hydro sought to overturn the then-existing regulatory conventions and protocols, and drive excessive costs and inefficiencies, the Board has yet to have the opportunity to receive a transparent and efficient rate application".²⁰

The Coalition and CAC agree with the sentiments that are expressed in the MIPUG submission in terms of the Manitoba Hydro (and Centra) approach to PUB regulation since 2017. Manitoba Hydro's and Centra's approach has been uncooperative and litigious, and has driven increased regulatory costs, with excessive use of review and vary applications, continual claims that it is unable to develop subsequent rate applications when the PUB denies certain aspects of prior rate applications, constantly forcing the PUB and Intervenor into expedited regulatory processes when it controls the timing of filing of rate applications, overly aggressive challenging of intervenor budgets and cost award claims and denial of access to intervenors of commercially sensitive and confidential information when they are prepared to sign confidentiality undertakings.

Despite their assertions to the contrary, Manitoba Hydro's and Centra's uncooperative approach to PUB regulation is not conducive to successfully undertaking a combined GRA process in the fall of 2022. By necessity, embarking on a new process that contains uncertainties and risks requires close collaboration and cooperation by all parties. This is especially true in the situation of the upcoming Electric and Gas

¹⁹ Combined Electric & Gas GRA Proposal, pgs. 5 to 7

²⁰ MIPUG's April 14, 2022 submission on Manitoba Hydro's Review and Vary application of Order 9/22. Pgs. 2, 5 and 6

GRAs, where Manitoba Hydro has not been forthcoming with information that is vital to the effectiveness of the rate-setting process, for nearly five years.

6.0 The Current State of Regulatory Oversight of Manitoba Hydro & Centra Does Not Support the Variance of Orders 85/13 and 59/16 that Rejected a Combined GRA

In Orders 85/13 and 59/16, the PUB's consideration of the merits of a potential combined GRA was not limited to the narrow issue of the length of the notice period, as is positioned by Manitoba Hydro in its combined GRA proposal. Rather, the PUB's considerations were broader in nature, encompassing consideration of its own operational circumstances, as well as the operational and financial circumstances of Manitoba Hydro, including the primary consideration of the era of unprecedented capital expansion and the associated complexity of dealing with the major capital projects in Electric GRAs.

In this context, the Coalition and CAC recommend that the PUB continue to assess the merits of a combined GRA in the broader context of the effectiveness of the regulatory oversight of both Electric and Gas operations, as it did in Orders 85/13 and 59/16.

The broader context does not support reviewing or varying prior PUB findings on a combined GRA

As part of the combined GRA proposal, Manitoba Hydro requests the PUB to review and vary Order 85/13 to permit consideration of a combined GRA being advanced in less than the 12 months notice period stipulated in Order 85/13.²¹ Manitoba Hydro also submits that it has raised new facts and circumstances which support the review and variance of Order 85/13, for the immediate consideration of the combined GRA proposal.²²

Curiously, although Manitoba Hydro considers the combined GRA proposal as a review and vary application, it does not provide any analysis of the circumstances that led to the directive for a 12 month notice period or the claimed changes in facts and circumstances that now exist to support a variance of this PUB decision.

Order 85/13 and the 2013/14 Centra GRA are not the only instances where the PUB provided findings and directives with respect to Manitoba Hydro's and Centra's proposal for a combined GRA. The PUB also made the following findings and directives in Order 59/16 related to Manitoba Hydro's 2016/17 Interim Rate Application:

"As there are different Intervenor representatives and Board Panels involved in electricity regulatory matters as compared to natural gas regulatory matters, the Board does not intend to conduct any joint reviews at this time...the Board is considering the efficiency of changes in the regulatory hearing process...including use of workshops, technical conferences, and concurrent evidence sections. The assessment of the results of these efficiency initiatives will allow the Board to consider whether combining electricity and natural gas regulatory processes should be further considered."²³

"This Board previously commented that Manitoba Hydro is involved in a process of unprecedented capital expansion, approximately doubling its asset base when all of the current

²¹ Combined Electric & Gas GRA Proposal, pg. 1

²² Combined Electric & Gas GRA Proposal, pgs. 7 and 8

²³ PUB Order 59/16, pg. 5

planned projects have been completed. As such, the Board remains of the view that Manitoba hydro should be subject to regular and timely General Rate Application reviews that address no more than two fiscal years at a time...Manitoba Hydro is therefore directed to file on or before December 1, 2016, a General Rate Application...Such a General Rate Application is to be restricted to Manitoba Hydro's electric utility and not, at this time, include matters related to Centra Gas Manitoba Inc.'s natural gas operations."²⁴

"4. Manitoba Hydro is directed to file a comprehensive General Rate Application for only electric operations for the 2016/17 and 2017/18 fiscal years by no later than December 1, 2016."²⁵

Within this broader context, the state of the regulatory oversight of Manitoba Hydro and Centra was in a comparably better condition when the PUB considered and rejected the combined GRA proposals in Orders 85/13 and 59/16. At both those points in time, there had been regular regulatory reviews of Manitoba Hydro and Centra, as is evidenced by the historic record of GRAs that occurred around those timeframes:

- For Electric operations – 2010/11 & 2011/12 GRA (Order 5/12), 2012/13 & 2013/14 GRA (Order 43/13), 2014/15 Interim Rate Application (Order 49/14) and 2014/15 & 2015/16 GRA (Order 73/15); and
- For Gas operations – 2007/08 & 2008/09 GRA (Order 99/07) and 2009/10 & 2010/11 GRA (Order 128/09).

As noted throughout this submission, the state of the regulatory oversight of Manitoba Hydro and Centra is a comparably weaker condition than that which existed in Orders 85/13 and 59/16:

- It has been five years and three years, respectively, since the last comprehensive Electric and Gas GRAs and the last Gas GRA is the only GRA that occurred in the 13-year period between 2009 and 2022;
- There is currently an absence of any meaningful understanding of the longer-term strategic direction and financial outlook of Manitoba Hydro;
- There is a plethora of prior outstanding PUB directives that are in urgent need to be responded to and receive regulatory review, for both Manitoba Hydro and Centra;
- There are a number of current issues from recent PUB Electric and Gas proceedings, the most significant of which is the impact of the in-service of major capital projects on the financial position and rates of Manitoba Hydro. This issue is more urgent to resolve now that all the capital projects are in-service, than it was back in 2016 when the major capital projects were still under construction;
- There is the significant potential for numerous emerging issues that must be considered in the next Electric and Gas GRAs, as a result of a significant change in strategic direction by Manitoba Hydro; and
- Manitoba Hydro and Centra have undertaken an uncooperative and aggressive approach to PUB regulation since 2017.

²⁴ PUB Order 59/16, pg. 13

²⁵ PUB Order 59/16, pg. 42

Based on the foregoing, the Coalition and CAC submit that an objective assessment of the current facts and circumstances related to the regulatory oversight of Manitoba Hydro and Centra do not support the variance of the PUB's findings and directives in Orders 85/13 and 59/16 that rejected a combined GRA. As such, it would be appropriate for the PUB to reject Manitoba Hydro's review and vary application and direct that Manitoba Hydro and Centra file separate GRAs in the fall of 2022 and the winter/spring of 2023, respectively. It would also be appropriate for the PUB to direct that the above noted deficiencies in the state of regulatory oversight should be remedied before consideration of a combined GRA in the future.

7.0 Closing

Manitobans look to the PUB to maintain effective regulatory oversight of these two monopoly utilities for the protection of captive customers. This effective regulatory oversight has been lacking in the last five years, mainly due to the actions and inaction of Manitoba Hydro and Centra.

As a result of these circumstances, it is necessary that the confidence and trust in the PUB rate-setting process be restored through the regulatory hearings that are to be scheduled in the fall of 2022 and winter/spring of 2023. In the assessment of the Coalition and CAC, the public interest and protection of consumers is best served by separate GRAs for both Manitoba Hydro and Centra, at this time.

The Coalition and CAC thanks the PUB for the opportunity to provide its written submissions with respect to the Manitoba Hydro and Centra combined GRA proposal. If there are any questions with respect to these submissions, please feel free to contact the undersigned.

Yours truly,



Brian Meronek
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DD West LLP



Katrine Dilay
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Encls.

Cc: Board Counsel
Manitoba Hydro
Intervenors of Record

**ATTACHMENT 1
MANITOBA HYDRO (MH)
SUMMARY OF OUTSTANDING ELECTRIC DIRECTIVES**

ORDER 59/18 - DIRECTIVES FLOWING FROM THE 2017/18 & 2018/19 MH GRA:

- 7) MH must apply to the Board for approval of any future net-metered rate or changes to the 8.196¢/kWh rate. In Order 90/18 (page 25) pursuant to a Review and Vary Application filed by MH, the Board set aside this directive stating that the issue of the Board's legal jurisdiction to approve these rates will be considered at the next GRA, along with the issue of Non-Utility Generators sale of excess power to MH relating to load displacement, bidirectional metering, and DSM.
- 9) Manitoba Hydro participate in a technical conference hosted by Board staff or an external consultant appointed by the Board for the consideration of the use of rule based regulation to provide guidance in rate setting and the role and sufficiency of reserves in MH's operations and the Board's rate regulation of the Utility.
- 10) Provide information about Other Cash Payments per Cash Flow Statement in next GRA filing.
- 11) Consider improvement and enhancement of the load forecasting methodology as recommended by the Independent Expert Consultants at the next GRA.
- 12) Provide details of O&A, including the operational plan reflecting a reduced 15% workforce, and recommendations received from external consultants on restructuring and transition at the next GRA.
- 13) File with the next GRA details of actual O&A expenditures dating back 10 years, forecast O&A by cost element and business unit, details of the pension liability related to reduced staffing levels reflecting compound annual growth both before and after accounting changes.
- 14) Retain an independent consultant to assess MH's development of its asset management program, with TOR filed by June 29, 2018, and MH to file its progress and the consultant's assessment at the next GRA.
- 15) Consider implementing the recommendations made by the Independent Expert Consultants with respect to Keeyask, MMTP, and GNTL, and report at the next GRA projected cost savings and schedule impacts.
- 18) Manitoba Hydro's request to hold an alternate process for discussion of the depreciation directives as set out in Order 43/13 BE AND IS HEREBY DENIED.
- 25) To allocate the activities of building moves & safety watches, contact centre-outages, line locates, and marketing research & development costs to all customer classes other than GSL 30-100kV and GSL >100kV in future COSS.

- 26) Complete a Service Drops Allocator and the Common Costs study for the next COSS.
- 27) Calculate Revenue to Cost Coverage ratios using the alternative methodology of treating export revenues as a reduction to class costs in future COSS filed with the Board.
- 28) Provide in next GRA filing the rationale for the declining block rate design for the General Service customer classes and an evaluation of the block thresholds and charges.
- 29) Manitoba Hydro file with the next GRA a time-of-use rate design proposal, including the results of consultation undertaken with GSL Large customers. In Order 126/18 directive (4) the Board varied the directive such that MH is to file with the next GRA information as to the status of the development of a time-of-use rate design proposal, including consultation measures undertaken to that point in time, and anticipated and/or scheduled next process steps.
- 30) Manitoba Hydro provide with the next GRA additional details on the Solar Energy Program and other net metering installations in Manitoba.
- 36) Provide confirmation to the Board that the executed diesel zone Settlement Agreement documents have been received, in proper form and advise the Board of MH's intention regarding finalization of the interim diesel zone rates.
- 37) Manitoba Hydro to file with the Board the status of compliance of all outstanding and ongoing directives, along with comments on a process for feedback and clarification by August 1, 2018.

ORDER 69/19 - DIRECTIVES FLOWING FROM THE 2019/20 MH ELECTRIC GRA

- 6) File with the next GRA an explanation of the cost and revenue implications of the advancement in the Keeyask construction schedule from an in-service date of August 2021.
- 7) File with the next GRA filing an Integrated Financial Forecast or other long-term financial forecast in a form consistent with an IFF.
- 8) Develop and file with the next GRA a detailed O&A budget including the 2019/20 year, as well as any years for which Manitoba Hydro seeks a rate increase together with comparison of year-over-year dollar and percentage increases for the last five years.
- 9) Manitoba Hydro participate in a technical conference hosted by Board staff or an external consultant appointed by the Board for the consideration of the use of rule based regulation to provide guidance in rate setting and the role and sufficiency of reserves in MH's operations and the Board's rate regulation of the Utility.
- 10) Study and report at the next GRA GSS Non-Demand rate differentiation, including the intra-class impacts of any required rate rebalancing, class consolidation and harmonization with GSS Demand and GS medium classes, and class cost characteristics, load, and bill frequencies.
- 11) Prepare and file a new Prospective Cost of Service Study with the next GRA.

ORDER 100/20 - REVISED RATES FOR FORMER FIRST NATIONS ON-RESERVE AND DIESEL RESIDENTIAL CUSTOMERS

- 4) The Diesel Zone Residential class rate is to be maintained at the August 1, 2017 approved rate pending MH filing a Diesel Zone-specific rate application, including a Diesel Zone Cost of Service Study, and the Board's review of that application.

ORDER 9/22 - DIRECTIVES FROM MH'S 2021/22 INTERIM RATE APPLICATION

- 1) Interim rate increases approved will remain in effect until November 30, 2022, unless a GRA is filed by November 15, 2022. If no GRA is filed by November 15, 2022, the rates will revert to those in effect prior to Order 140/21.
- 3) Manitoba Hydro file, as soon as released to stakeholders and by no later than November 15, 2022, a complete copy of Strategy 2040.

- 4) Manitoba Hydro to include in its 2022/23 GRA, its long-term financial forecast of at least 20 years together with its underlying assumptions.
- 5) Manitoba Hydro include in its 2022/23 GRA its Prospective Cost of Service Study to include revised major capital projects costs and the Keeyask Generating Station.
- 6) As part of the 2022/23 GRA, demonstrate the savings in Business Operations Capital compared to the spending proposed at this interim proceeding.
- 7) As part of the 2022/23 GRA, demonstrate the savings in O&A expenses by comparing to the O&A expenses proposed in this interim proceeding.

**ATTACHMENT 2
CENTRA GAS (CENTRA)
SUMMARY OF OUTSTANDING NATURAL GAS DIRECTIVES**

ORDER 152/19 - DIRECTIVES FLOWING FROM THE 2019/20 CENTRA GRA:

- 3) Centra shall prepare and file an Integrated Cost Allocation Methodology report as a MFR for the next GRA including the information required in this Order.
- 4) Centra shall use the Average Service Life methodology for calculating depreciation rates for rate-setting. Centra shall not amortize the difference between the Average Service Life and Equal Life Group depreciation methodologies for rate setting, until an IFRS-compliant Average Service Life depreciation study has been filed.
- 7) Centra shall file a current five-year asset management and capital expenditure plan as part of future GRA's.
- 8) Centra shall file its Natural Gas Strategic Asset Management Plan when complete but no later than as a MFR at the next GRA, including the items identified in this Order.
- 22) Centra shall participate in a technical conference hosted by an independent facilitator to examine the use of rule-based regulation for Centra and the appropriate level of retained earnings and use of financial metrics in the context of Centra's ownership structure, operations, and risks.
- 23) As part of future GRAs, Centra shall file information regarding any post-filing events or changes that would have a material impact on rates.
- 24) Centra shall file its reference heating value used in rate-setting as part of future Cost of Gas or GRAs, along with five years of historical heating values.
- 28) Centra shall file all contracts with Power Station customers, as well as feasibility tests and true-ups associated with the extension of service to the power stations. Centra shall include any information supporting the determination of the minimum margin guarantee as part of the Minimum Filing Requirements for a future review of Centra's cost of service study
- 30) Centra shall file with the Board a proposed process for the review of the feasibility test methodology by no later than November 30, 2019.
- 31) Centra shall file a Centra-specific strategic plan, separate from the Manitoba Hydro plan, at the next GRA. This strategic plan shall include details of Centra's management structure, strategic asset management plan, framework for assessing and evaluating risks and risk tolerance, major planned expenditures,

change management arising from the Voluntary Departure Program, and financial metrics and targets.

- 42) Centra shall file the information required in this Order regarding its liability insurance coverage amount as part of future GRAs.

ORDER 131/21 - CENTRA'S RATE REBUNDLING DIRECTIVES

Order 131/21, page 26: As a consequence of the decisions made in this Order, the Board finds that the following items still need to be addressed by Centra:

- Disposition of the remaining balance in the Supplemental Gas PGVA;
- Changes to the Cost of Service Study methodology;
- Changes to the Schedule of Sales and Transportation Services and Rates (Terms and Conditions of Service); and
- Changes to the Fixed Rate Primary Gas Service Standard of Conduct.

ORDER 36/22 - DIRECTIVES FROM THE CENTRA COS PROCEDURAL ORDER

Order 36/22, page 14:

The Board expects Centra to address the following rate design matters as part of its next GRA:

- Zone of Reasonableness;
- Rate impact mitigation measures stemming from the Board's decisions in the COS methodology review proceeding; and
- The Power Station minimum margin guarantee as well as feasibility tests and true-ups associated with the extension of service to the power stations. Centra shall include any information supporting the determination of the minimum margin guarantee as part of the Minimum Filing Requirements.