

**CENTRA GAS MANITOBA INC.
2015/16 COST OF GAS APPLICATION**

LETTER OF APPLICATION

IN THE MATTER OF: *The Public Utilities Board Act (Manitoba); and*

IN THE MATTER OF: An Application by Centra Gas Manitoba Inc. for an Order of the Public Utilities Board Approving Rates for the Sale, Transportation and Distribution of Gas.

TO: The Executive Director of the
Public Utilities Board of Manitoba
Winnipeg, Manitoba

APPLICATION

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3 1. Centra Gas Manitoba Inc. ("Centra") hereby applies to the Public Utilities Board of Manitoba
4 ("PUB" or "Board") for an Order pursuant to *The Public Utilities Board Act*, for the
5 following:

6
7 a) Approval of Supplemental Gas, Transportation (to Centra), and Distribution (to
8 Customers) Sales and Transportation rates, effective November 1, 2015;

9
10 b) Approval of the recovery through rate riders effective November 1, 2015 of a net
11 outlook balance in the prior period non-Primary Gas deferral accounts of \$35.4
12 million, which includes the recovery of the remaining 50% balance in the
13 Supplemental Gas deferral account as at October 31, 2014 (with current rate rider
14 amortizations and carrying costs to October 31, 2015), \$0.4 million owing to
15 customers in the other prior period deferral accounts, as well as a net outlook balance
16 of \$13.5 million in the various non-Primary Gas deferral accounts for the 2014/15
17 Gas Year;

18

- 1 c) Approval of the continuation of the current temporary rate rider treatment for
2 Interruptible customers that migrate to Firm Service and customers that migrate to or
3 from Transportation Service (“T-Service”) on or after May 1, 2014;
4
- 5 d) Final approval of Primary Gas, Supplemental Gas, Transportation (to Centra) and
6 Distribution (to Customers) sales rates effective August 1, 2013, which were
7 approved on an interim basis in Order 89/13;
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- 9 e) Final approval of Transportation (to Centra) and Distribution (to Customers) sales
10 rates effective August 1, 2014, reflecting the removal of non-Primary Gas rate riders
11 expiring on July 31, 2014, which were approved on an interim basis in Order 85/14;
12
- 13 f) Final approval of the Transportation (to Centra), and Distribution (to Customers)
14 Sales and Transportation rates, reflecting the implementation of new non-Primary
15 Gas Rate Riders on November 1, 2014, which were approved on an interim basis in
16 Order 123/14;
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- 18 g) Final approval of Distribution (to Customers) Sales rates, reflecting the
19 implementation of new non-Primary Gas Rate Riders on February 1, 2015, which
20 were approved on an interim basis in Order 12/15;
21
- 22 h) Final approval of actual gas costs from November 1, 2012 to October 31, 2013 of
23 \$205.6 million;
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- 25 i) Final approval of actual gas costs from November 1, 2013 to October 31, 2014 of
26 \$343.5 million;
27
- 28 j) Final approval of Primary Gas Sales Rates and Franchise Application interim ex-parte
29 orders as found in Appendix 7.1 of Tab 7; and,
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- 31 k) Final approval of any other interim Orders issued by the PUB prior to the conclusion
32 of the public review process for this Application.
33
- 34 2. Centra’s Application is organized as follows:
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- 36 a) Tab 2 discusses the use of gas cost pass-through mechanisms in the gas distribution
37 industry and how Centra meets the needs of the Manitoba natural gas market with
38 extraordinary reliability. This Tab also provides the chronology of the events leading to

1 this Application. Appendix 2.2 provides expert testimony of Mr. Mark Drazen of Drazen
2 Consulting Group, Inc. with respect to the appropriateness of using gas cost pass-through
3 mechanisms in the natural gas distribution industry.
4

5 b) Tab 3 discusses the gas supply, storage and transportation arrangements that Centra
6 contracts for and manages on a day-to-day basis in order to provide safe, cost effective,
7 reliable and environmentally sensitive natural gas service to its customers. Tab 3 also
8 provides the details of the gas costs incurred and the resulting deferral account balances
9 for the period November 1, 2012 to October 31, 2015, and provides details of the forecast
10 gas costs for the period November 1, 2015 to October 31, 2016.
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12 c) Tab 4 provides a discussion and forecast of the number of customers and gas sales
13 volumes for the 2015/16 forecast year.
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15 d) Tab 5 provides an explanation of the purpose of a Cost Allocation Study, the process
16 used to allocate costs to customers, the results of the Cost Allocation Study and addresses
17 rate design matters.
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19 e) Tab 6 discusses the proposed rates to be effective November 1, 2015 and the related
20 customer bill impacts.
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22 f) Tab 7 provides responses to Interrogatories from the Interim Application for Non-
23 Primary Gas Rate Riders, includes Centra's request to confirm as final various Interim
24 Orders, and provides a status update on the responses to past PUB directives issued.

1 Communication related to this Application should be addressed to Centra in the following
2 fashion:

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4 Centra Gas Manitoba Inc.
5 c/o: 22nd Floor, 360 Portage Avenue
6 Winnipeg, Manitoba R3C 0G8
7 Attention: Mr. Brent Czarnecki
8 Telephone No. 204-360-3257
9 Fax No. 204-360-6147
10 E-Mail: baczarnecki@hydro.mb.ca

11
12 DATED at Winnipeg, Manitoba this 12th day of June 2015.

13
14 CENTRA GAS MANITOBA INC.

15 A subsidiary of Manitoba Hydro

16
17 Per: 

18 Brent A. Czarnecki