

**Order No. 49/20**

**AN APPLICATION BY CENTRA GAS MANITOBA INC.  
TO REVIEW AND VARY DIRECTIVE 29 OF ORDER 152/19 – FILING DATE FOR  
THE COST OF SERVICE STUDY METHODOLOGY REVIEW APPLICATION**

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**April 2, 2020**

**BEFORE:** Larry Ring, Q.C., Panel Chair  
Marilyn Kapitany, B.Sc.(Hon), M.Sc., Member  
Carol Hainsworth, C.B.A., Member  
Susan Nemec, FCPA, FCA, Member  
Michael Watson, Member

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## 1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (“Board”) grants the Application of Centra Gas Manitoba Inc. (“Centra”) to review and vary Directive 29 of Order 152/19, which states “*Centra shall file an application for a comprehensive review of its cost of service methodology by no later than May 1, 2020*”.

Specifically, this Order sets aside the May 1, 2020 filing date for Centra’s cost of service study methodology review application and substitutes the new filing date of November 1, 2020 as requested by Centra in its Application.

On January 29, 2020, Centra filed a Review and Vary Application requesting that the Board set aside the May 1, 2020 filing date for the cost of service study methodology review application as required in Directive 29 of Order 152/19 and substitute November 1, 2020 as the filing date.

Centra supports its Review and Vary Application by stating that it is in the process of retaining an independent expert to assist in addressing concerns regarding an appropriate cost of service study methodology and to help prepare a complete application as required in Order 152/19. As the consultant is not likely to be selected until March or April 2020, the necessary work to prepare a complete application (without the need to file additional information at a later date) will not be completed by May 1, 2020. Centra also notes its desire to work with the Board to address its concerns regarding the treatment of confidential information prior to the cost of service study methodology review filing and any public review being initiated.

Given that Centra is unable to file a complete cost of service study methodology review application by May 1, 2020, and given Directive 26 of Order 85/13 which requires Centra to file complete applications, the Board finds that it is in the public interest to defer the May 1, 2020 filing date associated with Directive 29 of Order 152/19.

The revised filing date deadline of November 1, 2020 is based on Centra’s Application of January 29, 2020. The Board recognizes the uncertainty as a result of the COVID-19

pandemic. Centra should monitor the circumstances leading up to the new filing date to ensure the timeline can be met, and advise the Board if it cannot.

The Board also acknowledges Centra's request to address concerns regarding the treatment of confidential information prior to future Centra proceedings. The Board will continue to examine its processes and options in this regard and may be in contact with regulated utilities to seek further input.

## 2.0 Background

### ***Centra's Cost of Service Study Methodology***

Centra's cost of service study is used to allocate costs to customer classes. The cost of service study methodology is intended to identify the costs of serving the different customer classes based on the nature of the costs that are incurred and the services provided. The output of the cost of service study is then used as a tool in determining the rate design and the rates for each of the different customer classes.

The last comprehensive review of Centra's cost of service study methodology was completed in 1996. During the 2019/20 General Rate Application, a number of Intervener expert witnesses filed evidence proposing a general methodology review or a different methodological approach. In Order 98/19, dated July 15, 2019, the Board determined that, with limited exceptions, all cost of service study methodology and cost allocation issues would be excluded from the scope of the 2019/20 Centra General Rate Application review proceeding and that those issues would be deferred to a separate proceeding.

In Order 152/19, dated October 11, 2019, the Board found that a cost of service study methodology review should be held prior to the next Centra General Rate Application. Directive 29 of Order 152/19 stated:

*29. Centra shall file an application for a comprehensive review of its cost of service methodology by no later than May 1, 2020.*

To reduce process inefficiencies resulting from the filing of portions of an application in separate periods, Centra's cost of service methodology review application is required to comply with Directive 26 of Order 85/13, which states:

*26. That Centra file future applications as complete applications and not provide a portion of the application at a later date;*

### ***The Board's Authority to Review and Vary Board Orders and Decisions***

*The Public Utilities Board Act* ("Act") provides that the Board may review, rescind, change, alter, or vary any decision or order made by it. The Act further provides that proceedings of the Board shall be governed by rules adopted by the Board.

Rule 36 of the Board's Rules of Practice and Procedure sets out the process for the Board's exercise of its authority to review, rescind, change, alter, or vary its own decisions and orders, also known as a "review and vary" power. A review and vary process may be undertaken on the Board's own initiative or on written application by any person.

Where a written application is filed, Rule 36 establishes a two-step process. At the first step, the Board must determine the preliminary question of whether the matter should be reviewed. This requires consideration of whether there is reason to believe that the order or decision should be rescinded, changed, altered, or varied. At the second step, the Board must decide whether the application should be dismissed, granted, or the subject of a further public hearing process.

An application may be dismissed:

- Where the applicant has alleged an error of law or jurisdiction or an error of fact, and the Board is of the opinion that the applicant has not raised a substantial doubt as to the correctness of the Board's order or decision, or
- Where the applicant has alleged new facts not available at the time of the original hearing or a change of circumstances, and the Board is of the opinion that the applicant has not raised a reasonable possibility that the new facts or the change in circumstances could lead the Board to materially vary or rescind the Board's order or decision.

### **3.0 Centra's Application to Review and Vary the Filing Date for Directive 29 of Order 152/19**

On January 29, 2020, Centra filed a Review and Vary Application requesting that the Board set aside the May 1, 2020 filing date for the cost of service study methodology review application as required in Directive 29 of Order 152/19 and substitute the filing date with November 1, 2020. Centra's Application was filed pursuant to sections 44 and 129 of *The Public Utilities Board Act*, as well as Rule 36 of the Board's Rules of Practice and Procedure.

The grounds for its Application include that Centra states it is in the process of retaining an independent expert to assist in addressing the specific cost allocation concerns raised in the 2019/20 General Rate Application regarding appropriate cost of service study methodology. Furthermore, Centra seeks to prepare a complete cost of service study review application (without the need to file additional information at a later date) but the independent consultant is not likely to be selected until March or April 2020 and the necessary work to prepare a complete application will not be completed by May 1, 2020.

Centra submits that varying the filing date from May 1 to November 1, 2020 will result in a more fulsome, complete, and efficient review of Centra's cost of service study methodology as its initial filing will contain a more comprehensive review of the existing methodology, issues with that methodology, and proposals that consider best practices to Manitoba specific circumstances. Centra further submits that its approach will allow interested parties to focus their intervention on substantive cost of service study methodology and related matters where divergent perspectives and recommended alternatives exist.

Centra also indicates it has concerns regarding the treatment of confidential information during the 2019/20 General Rate Application and that it would like to work with the Board to address these concerns prior to the filing of its cost of service study methodology review application and any public review being initiated.

## 4.0 Board Findings

Based on Centra's Application of January 29, 2020, the Board finds that the filing date associated with Directive 29 of Order 152/19 should be reviewed.

For the reasons identified further below, the Board grants Centra's Review and Vary Application regarding the filing date associated with Directive 29 of Order 152/19, which states "*Centra shall file an application for a comprehensive review of its cost of service methodology by no later than May 1, 2020*". Specifically, the Board sets aside the May 1, 2020 filing date for Centra's cost of service study methodology review application and substitutes a new filing date of November 1, 2020.

Given that Centra is unable to file a complete cost of service study methodology review application by May 1, 2020, and given Directive 26 of Order 85/13 which requires Centra to file complete applications, the Board finds that it is in the public interest to defer the May 1, 2020 filing date associated with Directive 29 of Order 152/19.

The Board notes Centra's plan to retain an independent consultant to assist in addressing the specific cost allocation concerns raised in the 2019/20 General Rate Application with respect to an appropriate cost of service study methodology. The Board expects that the independent expert will be in a position to provide a variety of alternative cost of service study methodology options, each alternative supported by reasons, such that Centra and other Parties will be able to focus their recommendations on the best practices for Manitoba's specific circumstances. The Board acknowledges that the use of independent experts can bring efficiencies to the public hearing process provided that their evidence is fair, objective, and non-partisan.

The revised filing date deadline of November 1, 2020 is based on Centra's Application of January 29, 2020. The Board recognizes the uncertainty as a result of the COVID-19 pandemic. Centra should monitor the circumstances leading up to the new filing date to ensure the timeline can be met, and advise the Board if it cannot.



The Board also acknowledges Centra's request to address concerns regarding the treatment of confidential information prior to future Centra proceedings. The Board will continue to examine its processes in this regard and may be in contact with regulated utilities to seek further input.

## 5.0 IT IS THEREFORE ORDERED THAT:

1. Centra Gas Manitoba Inc.'s Application to review the filing date associated with Directive 29 of Order 152/19 BE AND IS HEREBY GRANTED.
2. Order 152/19 Directive 29 BE AND IS HEREBY VARIED, Centra shall file an application for a comprehensive review of its cost of service study methodology by no later than November 1, 2020.

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at [www.pubmanitoba.ca](http://www.pubmanitoba.ca).

THE PUBLIC UTILITIES BOARD

"Larry Ring, Q.C."  
Panel Chair

"Rachel McMillin, B.Sc."  
Assistant Associate Secretary

Certified a true copy of Order No. 49/20  
issued by The Public Utilities Board

  
Assistant Associate Secretary