

Order No. 51/21

**AN APPLICATION BY CENTRA GAS MANITOBA INC.
TO REVIEW AND VARY DIRECTIVE 2 OF ORDER 130/20
FILING DATE OF COST OF SERVICE STUDY METHODOLOGY REVIEW
APPLICATION**

April 29, 2021

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 and Background

By this Order, the Manitoba Public Utilities Board (“Board”) grants the April 9, 2021 Application of Centra Gas Manitoba Inc. (“Centra”) to review and vary Directive 2 of Order 130/20, which states *“Order 49/20 Directive 2 BE AND IS HEREBY VARIED such that Centra shall file an application for a comprehensive review of its cost of service study methodology by no later than May 3, 2021”*.

Specifically, the Board sets aside the May 3, 2021 filing date and substitutes June 15, 2021 as the deadline for Centra to file its submission for a comprehensive review of its Cost of Service Study methodology.

Background

Centra’s Cost of Service Study (“COSS”) is used to allocate costs among the utility’s customer classes. The COSS 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 COSS may then be used as a tool in determining the rate design and the specific rates for each of the different customer classes.

In Order 152/19, the Board found that a COSS methodology review should be held prior to the next Centra General Rate Application, with the deadline for filing initially set as May 1, 2020. For reasons detailed in Orders 49/20 and 130/20, following applications by Centra to vary the deadline, the filing date for Centra’s COSS methodology review application was revised by the Board to May 3, 2021.

Centra has applied to review and vary the May 3, 2021 filing date directive, pursuant to Rule 36 of the Board’s Rules of Practice and Procedure, to substitute June 15, 2021.

2.0 Centra's Application to Review and Vary the Filing Date of the Cost of Service Study Methodology Application: Directive 2 of Order 130/20

Centra's April 9, 2021 Review and Vary Application requests that the Board set aside May 3, 2021 as the filing date for Centra's application for a comprehensive review of its cost of service study methodology and substitute June 15, 2021 as the filing date.

Centra has indicated that Atrium Economics L.L.C. ("Atrium") has been engaged as the consultant to perform an independent and comprehensive review of Centra's COSS methodology with consideration of the concerns and issues identified in previous proceedings and with consideration of industry best practices. By previous decision of the Board, the deadline for Atrium to provide Centra with interim findings and recommendations was extended to April 7, 2021. On that date, Atrium provided Centra with a preliminary overview of Atrium's findings and recommendations as well as indicated a draft report would soon be provided to Centra. Atrium's final report was to be provided to Centra on April 26, 2021.

Centra further advises that Atrium has recommended significant changes to Centra's existing COSS methodology and based on the nature of those recommendations Centra estimates it will require until mid-June 2021 to thoroughly evaluate Atrium's recommendations and to file Centra's COSS methodology review submission.

On April 20, 2021 the Board sought additional information from Centra and was advised on April 23, 2021 that the most significant recommendations provided by Atrium involve issues of alternative allocation methodologies for certain costs.

Centra advises that it is in the process of assessing Atrium's findings and recommendations. Given the nature of the changes recommended by Atrium, Centra is requesting additional time, to June 15, 2021, to assess and provide its response to each of Atrium's recommendations as part of Centra's COSS methodology review submission to be filed with the Board.

Centra has also advised the Board that while Centra will provide its initial position as part of its COSS methodology review submission, Centra seeks to reserve its right to provide its final position at the conclusion of the Board's COSS methodology review process, after Centra has the benefit of stakeholders' feedback and positions.

3.0 Board Findings

Based on Centra's submissions of April 9, and 23, 2021, the Board finds that the date by which Centra is to file an application for a comprehensive review of its cost of service study methodology should be reviewed.

For the reasons identified further below, the Board grants Centra's April 9, 2021 Review and Vary Application regarding the COSS methodology review submission filing date established in Directive 2 of Order 130/20.

Specifically, the Board sets aside the date of May 3, 2021 and substitutes June 15, 2021 as the deadline by which Centra is to file its COSS methodology review submission with the Board.

The Review & Vary Application and Centra's submission of April 23, 2021 provided the Board with updated information as to both Atrium's timelines for providing an overview of its findings and recommendations to Centra as well as a summary of Atrium's most significant recommendations.

Based on the updated information provided by Centra, the Board finds that the deadline of June 15, 2021 for Centra to file the comprehensive COSS methodology review submission is acceptable.

4.0 IT IS THEREFORE ORDERED THAT:

1. Centra Gas Manitoba Inc.'s April 9, 2021 Application to review and vary the date associated with Directive 2 of Order 130/20 BE AND IS HEREBY GRANTED.
2. Directive 2 of Order 130/20 BE AND IS HEREBY VARIED such that Centra shall file an application for a comprehensive review of its cost of service study methodology by no later than June 15, 2021.

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.

THE PUBLIC UTILITIES BOARD

"Larry Ring, Q.C."
Panel Chair

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

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Acting Associate Secretary