

**CENTRA GAS MANITOBA INC.
2013/14 GENERAL RATE APPLICATION**

VOLUME II

TERMS & CONDITIONS OF SERVICE

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1 **14.0 Introduction**

2 The purpose of this tab is to provide material in support of requested changes to Centra
3 Gas Manitoba Inc.'s ("Centra") Schedule of Sales and Transportation Services and
4 Rates (the "T's & C's").

5

6 The Public Utilities Board ("PUB") last approved Centra's T's & C's in Order 65/11, dated
7 April 28, 2011. The sections below detail the various changes proposed by Centra to its
8 T's & C's. The black-lined T's & C's, reflecting the amendments that are being proposed,
9 are included as Appendix 14.1 to this Tab. To assist the reader, Centra has also
10 included as Appendix 14.2, a clean copy of the T's & C's which incorporate the proposed
11 amendments.

12

13 **14.1 New Activity Rates for Third Party Damages**

14 As stated in the Corporate Strategic Plan, safety is the Corporation's highest priority.
15 Increasing underground congestion by telecommunications, electric and gas facilities
16 has increased the risk of a contractor or homeowner contacting one or more of these
17 facilities during any type of excavation. Such contacts can cause immediate or future
18 safety issues.

19

20 Centra strives to improve safe work practices and to encourage safe excavation
21 practices by contractors and homeowners. Centra's proactive Damage Prevention

1 program has been successful in containing the frequency of damages to utility plant. A
2 number of initiatives have been undertaken as part of the Damage Prevention program:

- 3 - The Excavator Pre-Marking initiative uses the Common Ground Alliance best
4 practice of having the excavator pre-mark the work area to be located;
- 5 - The Progressive Response Program with Manitoba Workplace Safety & Health
6 provides for management of contractors who damage the Corporation's facilities
7 multiple times;
- 8 - The Call Before You Dig program encourages homeowners to call Manitoba
9 Hydro before digging on their property to arrange for a locator to mark any utility
10 plant at no additional charge.

11
12 As a result of Centra's commitment to damage prevention, Centra performs better than
13 the Canadian Gas Association ("CGA") utility industry average on key performance
14 indicators, as illustrated in the table below.

Key Performance Indicator (Second Quarter 2012-13)	Centra	CGA Average
Below Grade Damages per 1000 locates	2.07	4.74
Below Grade Damages per 1000 customers	0.13	0.90
Below Grade Damages per 1000 km of main	3.66	20.0
Below Grade Damages per 1000 km of main and services	1.18	18.0

15
16 While this success is noteworthy, Centra continues to examine its damage prevention
17 efforts in order to obtain further improvement. The largest component of reported
18 damages is related to third party damages. It is therefore important to encourage
19 professional contractors to avoid damaging Centra's facilities by adhering to safe
20 excavation practices.

21
22 The primary causes of third party damages are all preventable: failing to call for facilities

1 clearance, failing to hand expose Centra's plant, and failing to protect plant from
2 mechanical damage. Centra is proposing changes to the T's & C's to ensure that
3 contractors are responsible for the costs incurred as a result of failing to comply with
4 these requirements.

5

6 Currently, a contractor that damages Centra's plant is charged for the cost of materials
7 and the cost of gas lost during the incident. The contractor is also charged for the labour
8 to repair the damage at the Damage Repairs chargeable service rate. However, Centra
9 may incur additional costs to investigate and document the incident, and to relight
10 customer appliances when gas service is interrupted by an outage. At the present time
11 the costs of incident investigation and customer appliance relights are borne by the
12 utility.

13

14 Centra is proposing two new activity rates to recover these costs directly from the party
15 responsible for the damage incident. This cost recovery would provide added incentive
16 to excavators to adhere to safety practices by increasing the direct financial
17 consequences of improper excavation practices.

18

19 **14.1.1 New Activity Rate for Damage Investigation**

20 Centra is proposing a new activity rate for Damage Investigation. In the event of third
21 party damage, Centra performs an investigation into the cause of the damage. This
22 investigation includes, but is not limited to, interviewing involved parties, inspecting and
23 recording damage onsite, confirming if the line locate and/or permits were valid and
24 confirming work was done in the work area indicated on the locate form.

25

1 The new rate is designed to reflect Centra's cost of performing this investigation and to
2 recover this cost from the responsible third party. The proposed activity rate is found in
3 Appendix B of the T's & C's. The associated amendment is found on page 49 of the T's
4 & C's (page 50 of the black-lined T's & C's).

5

6 **14.1.2 New Activity Rate for Customer Service Relights (associated with plant**
7 **outage due to third party damage)**

8 Centra is proposing a new activity rate for Customer Service Relights associated with
9 plant outage due to third party damage. In the case of third party damage Centra may
10 have to shut off gas to customers served by the affected gas main in order to complete
11 the repair. When the main is repaired and service is restored, Centra sends service
12 personnel to relight the pilot lights for each affected appliance.

13

14 As the personnel requirements are similar, the cost of relights associated with third party
15 damage will be charged at the same activity rate as Damage Repairs. The proposed
16 activity rate is found in Appendix B of the T's & C's. The associated amendment is found
17 on page 49 of the T's & C's (page 50 of the black-lined T's & C's).

18

19 **14.2 Modifications to Customer Equipment Problems Program**

20 The current T's & C's provide for Centra to perform safety inspections, safety related
21 adjustments and/or repairs to the gas burning portion of all residential appliances and
22 commercial appliances under 400,000 Btu/h (422 MJ/h). Under Centra's Customer
23 Equipment Problems Program ("CEPP") Small General Class customers are only
24 responsible for the cost of parts. All other customers are responsible for the costs of
25 parts and labour.

1 Centra proposes to revise the wording of Section IV) E) c) of the T's & C's to set out the
2 types of appliances that qualify for service under the CEPP. Centra will limit natural gas
3 appliance service performed under the CEPP to primary space heating and water
4 heating appliances. A customer requesting service on any other natural gas appliances,
5 such as fireplaces, clothes dryers, cooking appliances, pool heaters, barbeques, and
6 lamps will be instructed to contact a qualified private service firm of their choice. In
7 accordance with Section IV) E) b), Centra will continue to respond to all safety related
8 service calls.

9

10 Centra's customers typically utilize a natural gas space heating appliance and many rely
11 on natural gas for domestic water heating. The use of these heating appliances is
12 considered to be fundamental to their safety and well-being. The CEPP will continue to
13 include these appliances. The proposed change will only impact the smaller segment of
14 customers who enjoy a broader range of natural gas appliances not related to primary
15 space heating or water heating. Industry capability exists to service this segment of
16 customer requests.

17

18 The proposed amendment is found on page 22 of the T's & C's.

19

20 **14.3 New Activity Rate for the Supply of "As-Built" Plans to a Municipality**

21 In compliance with Directive 4 in Order 159/11, Centra is applying for approval of its
22 charge-out rates for purposes of Sections 3.(2) of the Negotiated Schedule and 3.(2) of
23 the Proposed Generic Franchise Agreement.

24

25 In Order 159/11, the PUB approved Centra's proposal to change the requirement of both

1 the Negotiated Schedule of the Greater Winnipeg Gas Distribution Act and the Generic
2 Franchise Agreement to provide municipalities with “as-built” drawings of the existing
3 gas infrastructure at Centra’s cost upon request not more than twice in any twelve-month
4 period. The PUB ordered that a municipality seeking to obtain more than two complete
5 as-built plans in any 12-month period would be allowed to do so, but would be required
6 to pay PUB-approved rates for the provision of additional as-built plans.

7

8 The new activity rate for “as built” plans is provided in Appendix B of the T’s & C’s.

9

10 **14.4 Removal of Finance Equipment Interest Rate**

11 Centra proposes to remove the Finance Equipment Interest rate from the T’s & C’s. The
12 rate, listed at 12.9%, is no longer in use as all financing options available to Centra
13 customers are provided by Manitoba Hydro.

14

15 The change is found in Section XI) Miscellaneous Charges for Service on page 50 of the
16 black-lined T’s & C’s.

17

18 **14.5 Company Labour Rates**

19 Centra is requesting approval of the hourly activity rates for the chargeable services
20 listed in Appendix B - Schedule of Company Labour Rates.

21

22 Centra proposes that the activity rates for damage repairs be unified to a single rate for
23 all service areas. The application of a single province-wide rate is consistent with
24 Centra’s other chargeable services and reflects the Corporation’s policy that, to the
25 extent possible, similar customers should pay the same rate for similar services.

1 In the past, Centra has used internal activity rates to calculate Company Labour Rates
2 for third party billing. Due to changes in Centra's overhead capitalization policies, some
3 cost components have been eliminated from common overhead. As a result, the
4 application of the internal activity rates would not recover all of the costs associated with
5 the provision of the chargeable customer service. To appropriately recover the costs
6 incurred in providing the service, the utility has included a provision in the calculation of
7 the Company Labour Rates to reflect the same costs that were included in previously
8 approved rates. This practice is consistent with third party billing practices of Manitoba
9 Hydro for electric operations.