

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

**VOLUME II**

**RESPONSE TO PUB DIRECTIVES,  
CONFIRMATION OF INTERIM ORDERS AND  
OTHER MATTERS**

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1 **15.0 Overview of Tab 15**

2 The purpose of this Tab is to provide an update on the status of Public Utilities Board  
3 ("PUB") directives from previous Orders, and to outline the interim Orders that Centra  
4 Gas Manitoba Inc. ("Centra") is requesting the PUB to approve on a final basis in this  
5 General Rate Application ("GRA"). Sections 15.1 to 15.3, and accompanying Appendix  
6 15.2, provide the status of directives contained in various PUB Orders. Section 15.4  
7 outlines the interim Orders for which Centra is seeking final approval, and Section 15.5  
8 outlines Centra's request pertaining to Directive 8 of Order 95/00.

9

10 **15.1 System Extension Directives**

11 **15.1.1 Main Extensions in Excess of 500m**

12 In Order 49/95, the PUB directed that Centra file a summary of all main extensions in  
13 excess of 500 metres at all future GRAs.

14

15 Appendix 15.1 provides a summary of all main extensions in excess of 500 metres  
16 completed since the last GRA, for the calendar years 2008, 2009, 2010, 2011 and 2012.

17 The report categorizes the main extensions for each year by the number of customers  
18 per 1.6 kilometres (per mile) of main installed. The report also provides the fifth year  
19 revenue to cost ratio for each main extension and a weighted average revenue to cost  
20 ratio for each year, which is weighted by the capital cost of the mains.

1 **15.1.2 Status of Rural Expansion Project True-ups**

2 With regard to an extension of service to sixteen commercial customers and six  
3 residential customers in the Town and Rural Municipality ("RM") of Shoal Lake, the PUB  
4 directed in Order 72/06 that a true-up calculation was to be completed by no later than  
5 December 31, 2011. With regard to an extension to eight commercial customers in the  
6 RM of Rockwood, the PUB directed Centra in Order 102/06 to file a true-up report by no  
7 later than December 31, 2011. On February 5, 2013, Centra filed each true-up report  
8 with the PUB.

9

10 Additional true-up calculations filed since last GRA are:

- 11 • RM of Woodlands (Order 79/03): True-up as of December 31, 2008 was filed by  
12 letter dated December 4, 2009.
- 13 • RM of Hamiota (Order 121/03): True-up as of December 31, 2008 was filed by  
14 letter dated December 4, 2009.
- 15 • RM of Rosser (Order 54/05): True-up as of December 31, 2010 was filed by  
16 letter dated October 20, 2011.
- 17 • RM of Rockwood (Order 132/05): True-up as of December 31, 2010 was filed by  
18 letter dated October 20, 2011.

19

20 **15.2 Response to Directives from Order 55/10**

21 **15.2.1 Directive 4**

22 In Order 55/10 the PUB directed Centra to consult with its higher volume customers and  
23 alert them to opportunities to lock in gas prices, either through Centra or marketer fixed  
24 term contracts, or by self-directed futures contract acquisition, and provide The PUB with

1 the results of these consultations.

2

3 Status

4 Centra held a customer advisory group meeting with its high volume customers on June  
5 22, 2010 and presented information regarding the natural gas market, mitigation  
6 strategies to deal with price volatility, Primary Gas rates and billing options currently  
7 available to high volume customers. Topics such as the Equal Payment Plan, derivatives  
8 hedging, and potential alternative rate options were also discussed. The minutes of the  
9 Customer Advisory Group Meeting were provided to the PUB on September 30, 2010.

10

11 During October, 2010, Manitoba Hydro undertook a survey of its highest volume natural  
12 gas customers to determine their perceptions and preferences regarding various options  
13 for managing their Primary Gas costs including Primary Gas hedging, fixed rate  
14 contracts and Equal Payment Plans. The findings of this study are included as Appendix  
15 15.3.

16

17 **15.3 Response to Directives from Order 128/09**

18 **15.3.1 Directive 21**

19 In Order 128/09, the PUB directed Centra to prepare and file a discussion paper by  
20 December 1, 2010 advising whether Centra or MH should direct or mandate a specific  
21 energy source, such as natural gas, be made available to consumers, and whether  
22 Centra and MH should publish recommendations for the most economic and  
23 environmental fuel source.

24

1 Status

2 On September 11, 2012, Manitoba Hydro provided the report "Economic, Load, and  
3 Environmental Impacts of Fuel Switching in Manitoba" as its response to Directive 17 in  
4 electric operations regulatory Order 150/08. In that report, the high level strategy  
5 discussion that appears on page 39 is intended to be responsive to Directive 21 of gas  
6 operations Order 128/09. A copy of the report is provided as Appendix 15.4.

7

8 **15.4 Confirmation of Interim Orders**

9 Centra is requesting final approval of interim Orders issued since the conclusion of the  
10 2010/11 Cost of Gas Application hearing including Primary Gas Sales Rates and  
11 Franchise Agreement Renewals as outlined in Sections 15.5.1 and 15.5.2. Centra also  
12 requests approval of any other interim Orders issued prior to the conclusion of the  
13 hearing in respect of this Application.

14

15 **15.4.1 Primary Gas Rates**

16 Centra has received interim approval of the following Orders with respect to Primary Gas  
17 Sales Rates since the 2010/11 Cost of Gas Application:

- 18
- 19 • Order 106/10, dated October 29, 2010 granting interim approval of the  
20 Schedules of Rates to be effective for all gas consumed on and after  
21 November, 1, 2010;
  - 22 • Order 20/11, dated January 25, 2011 granting interim approval of the  
23 Schedules of Rates to be effective for all gas consumed on and after  
24 February 1, 2011;
  - Order 66/11, dated May 2, 2011 granting interim approval of the Schedules of

1 Rates to be effective for all gas consumed on and after May 1, 2011. By this  
2 Order the PUB also granted interim approval of Supplemental Gas,  
3 Transportation (to Centra), Distribution (to Customers) sales rates and Basic  
4 Monthly Charges, effective May 1, 2011.

- 5 • Order 96/11, dated July 26, 2011 granting interim approval of the Schedules  
6 of Rates to be effective for all gas consumed on and after August 1, 2011;
- 7 • Order 150/11, dated October 25, 2011 granting interim approval of the  
8 Schedules of Rates to be effective for all gas consumed on and after  
9 November 1, 2011;
- 10 • Order 7/12, dated January 20, 2012 granting interim approval of the  
11 Schedules of Rates to be effective for all gas consumed on and after  
12 February 1, 2012;
- 13 • Order 54/12, dated April 27, 2012 granting interim approval of the Schedules  
14 of Rates to be effective for all gas consumed on and after May 1, 2012. By  
15 this Order the PUB also granted interim approval of Supplemental Gas,  
16 Transportation (to Centra), and Distribution (to Customers) sales rates,  
17 effective May 1, 2012 reflecting the removal of non-primary gas rate riders.
- 18 • Order 89/12, dated July 19, 2012 granting interim approval of the Schedules  
19 of Rates to be effective for all gas consumed on and after August 1, 2012;  
20 and,
- 21 • Order 137/12, dated October 23, 2012 granting interim approval of the  
22 Schedules of Rates to be effective for all gas consumed on and after  
23 November 1, 2012.
- 24 • Order 10/13, dated January 29, 2013 granting interim approval of the

1 Schedules of Rates to be effective for all gas consumed on and after  
2 February 1, 2013.

3

#### 4 **15.4.2 Franchise Agreements and Feasibility Tests**

5 Centra has received interim approval of the following Orders with respect to Franchise  
6 Agreements and Feasibility Tests since the 2009/10 & 2010/11 General Rate Application  
7 hearing:

- 8 • Order 80/11, dated June 9, 2011 approving a Franchise Agreement between  
9 Centra and the RM of Thompson and a Franchise Agreement between  
10 Centra and the RM of Roland, and financial feasibility test for a service  
11 extension in the RM of Thompson;
- 12 • Order 89/11, dated June 29, 2011 approving a Franchise Agreement  
13 between Centra and the RM of Portage la Prairie and financial feasibility test  
14 for a service extension in the RM of Portage la Prairie;
- 15 • Order 101/11, dated August 4, 2011 approving an amended Franchise  
16 Agreement between Centra and the RM of Rockwood and financial feasibility  
17 test for a service extension in the RM of Rockwood;
- 18 • Order 132/11, dated October 3, 2011 approving an amended Franchise  
19 Agreement between Centra and the RM of Ste. Anne;
- 20 • Order 51/12, dated April 26, 2012 approving a Franchise Agreement between  
21 Centra and the RM of Rosedale and financial feasibility test for a service  
22 extension in the RM of Rosedale;
- 23 • Order 61/12, dated May 10, 2012 approving a Franchise Agreement between  
24 Centra and the RM of Whitewater and financial feasibility test for a service

- 1 extension in the RM of Whitewater;
- 2 • Order 67/12, dated May 28, 2012 approving a Franchise Agreement between
- 3 Centra and the RM of Portage la Prairie and financial feasibility test for a
- 4 service extension in the RM of Portage la Prairie;
- 5 • Order 70/12, dated June 5, 2012 approving a Franchise Agreement between
- 6 Centra and the RM of South Norfolk and a Franchise Agreement between
- 7 Centra and the RM of Grey, as well as financial feasibility tests for an
- 8 extension of service in each of the RM of South Norfolk and the RM of Grey;
- 9 • Order 85/12, dated July 10, 2012 approving the new Franchise Agreement
- 10 between Centra and the RM of Ste. Anne and financial feasibility test for a
- 11 service extension in the RM of Ste. Anne;
- 12 • Order 94/12, dated July 30, 2012 approving the financial feasibility test for a
- 13 service extension in the RM of Bifrost; and,
- 14 • Order 131/12, dated October 4, 2012 approving the new Franchise
- 15 Agreement between Centra and the RM of Woodworth and financial
- 16 feasibility test for a service extension in the RM of Woodworth.

17

18 **15.5 Other Matters**

19 The PUB, in Order 95/00, directed Centra to submit feasibility tests to the PUB for

20 approval prior to the commencement and construction of future expansions greater than

21 500 meters in length in the RM of Woodlands and the RM of Bifrost. This treatment is

22 unique and exceptional, as there is no such requirement for expansions in any other

23 franchise area.



1 Centra is seeking approval to vary Order 95/00, Directive 8, to eliminate this  
2 requirement. Over the course of ten years Centra has not experienced any customer  
3 complaints or circumstances that would necessitate the need to file feasibility tests in  
4 advance of construction for the RM of Woodlands and RM of Bifrost.

5

6 Centra's current practice for all other main extensions over 500 meters involves the filing  
7 of the related feasibility studies on a post-facto basis in conjunction with subsequent  
8 GRAs. The removal of this directive would allow Centra to treat all main extensions over  
9 500 meters consistently. Centra will continue to file all information pertaining to main  
10 extensions in excess of 500 meters on a post-facto basis with each subsequent GRA.