

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

VOLUME II

CUSTOMER & VOLUME FORECAST

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1 **8.0 Overview of Tab 8**

2 This Tab discusses the forecast of gas sales volumes and customers for the 2013/14
3 Test Year. Centra Gas Manitoba Inc. ("Centra") is providing the Natural Gas Volume
4 Forecast for the period 2012/13 to 2021/22 as Appendix 8.1 to this Tab. This Appendix
5 contains the assumptions, methodology and summary of the forecast and includes the
6 tables of the annual forecast customers, volumes and average use from 2012/13 to
7 2021/22.

8

9 **8.1 Customer & Volume Summary for the 2013/14 Test Year**

10 The 2013/14 Test Year is based on an average of 271,579 customers and a total volume
11 forecast of 2,027,284 10^3m^3 , as shown on Schedules 8.2.5 and 8.4.5 respectively. The
12 forecast is lower by 1,006 10^3m^3 than the 2012/13 forecast because efficiency
13 improvements in the Small General Service ("SGS") Residential and Large General
14 Service ("LGS") classes outweigh expected sales growth in the SGS Commercial, High
15 Volume Firm, Mainline Firm and Interruptible classes.

16

17 **8.1.1 Customer Forecast for SGS Residential, SGS Commercial and LGS**
18 **Customer Classes**

19 The average number of customers by class for 2008/09 Actual, 2009/10 Actual, 2010/11
20 Actual, 2011/12 Actual, 2012/13 Forecast, and 2013/14 Test Year are provided in
21 Schedules 8.2.0, 8.2.1, 8.2.2, 8.2.3, 8.2.4 and 8.2.5 respectively.

1 SGS Residential

2 The forecast of the number of SGS Residential customers is derived from the growth in
3 total residential customers as forecast in Manitoba Hydro's 2012 Economic Outlook. Of
4 the total residential customer growth forecast in the Economic Outlook, the percentage
5 of customers choosing gas heat was econometrically forecast for two geographic areas
6 (Winnipeg, and Gas Available Areas Outside of Winnipeg). Gas prices and electricity
7 prices were inputs to the model.

8

9 For the 2013/14 Test Year, the Residential customer forecast consists of 235,325
10 System Supply customers, 486 Fixed Rate Primary Gas Service ("FRPGS") customers,
11 and 10,752 Western Transportation Service ("WTS") customers for a total of 246,563
12 SGS Residential customers.

13

14 SGS Commercial and LGS

15 The SGS Commercial and LGS customer forecasts were prepared by combining the
16 number of customers for both classes into one consistent data sequence. This approach
17 has been followed in the preparation of past Natural Gas Volume Forecasts and is
18 appropriate given the ability of customers to transfer between the SGS and LGS
19 customer classes. The annual increase in customers was forecast using an average of
20 annual changes in total customers (SGS Commercial plus LGS) over the previous ten
21 years. The forecast number of Commercial customers for each year was split into SGS
22 Commercial and LGS classes based on historical trends.

23

24 For the 2013/14 Test Year, the SGS Commercial customer forecast consists of 16,219
25 System Supply customers, 35 FRPGS customers, and 883 WTS customers for a total of

1 17,137 SGS Commercial customers.

2

3 For the 2013/14 Test Year, the LGS customer forecast consists of 6,646 System Supply
4 customers, 96 FRPGS customers, and 994 WTS customers for a total of 7,736 LGS
5 customers.

6

7 **8.1.2 Average Use Forecast for SGS Residential, SGS Commercial, LGS**
8 **Customer Classes**

9 The average use by class for 2008/09 Actual, 2009/10 Actual, 2010/11 Actual, 2011/12
10 Actual, 2012/13 Forecast, and 2013/14 Test Year are provided in Schedules 8.3.0, 8.3.1,
11 8.3.2, 8.3.3, 8.3.4, and 8.3.5 respectively.

12

13 SGS Residential

14 The SGS Residential average use forecast is an output from the Residential End Use
15 Gas Forecast. Assumptions are made concerning the saturation, usage, and
16 replacement rate of each major end use (i.e. space heating, water heating).

17

18 For the 2013/14 Test Year, the average use forecast is 2,363 m³, representing a
19 decrease of 2.0% over the 2012/13 forecast. The forecast assumes a continuation of the
20 trend of increased saturation of high-efficiency natural gas furnaces, improved insulation
21 and air sealing reducing heat loss, and increased saturation of electric water heaters,
22 displacing natural gas water heaters.

23

24 SGS Commercial and LGS

25 The SGS Commercial class consists of customers using less than 15,000 m³ of gas per

1 year, and the LGS class consists of customers using between 15,000 m³ and 680,000
2 m³ per year. By definition, the volume boundaries of these classes results in relatively
3 stable average usage for each respective class.

4

5 For the 2013/14 Test Year, SGS Commercial average use is forecast to remain at the
6 2012/13 Forecast of 5,708 m³ per customer.

7

8 For the 2013/14 Test Year, the LGS average use is forecast to remain at the 2012/13
9 Forecast of 64,620 m³ per customer.

10

11 The High Volume Firm, Mainline, Interruptible, Power Station, and Special Contract
12 customer classes were forecasted separately. The forecast for these classes is
13 discussed in Section 8.1.4.

14

15 **8.1.3 Volume Forecast Methods for SGS Residential, SGS Commercial, LGS**
16 **Customer Classes**

17 The volume forecasts by class for 2008/09 Actual, 2009/10 Actual, 2010/11 Actual,
18 2011/12 Actual, 2012/13 Forecast, and 2013/14 Test Year are provided in Schedules
19 8.4.0, 8.4.1, 8.4.2, 8.4.3, 8.4.4, and 8.4.5 respectively.

20

21 SGS Residential

22 The SGS Residential volume forecast is an output from the Residential End Use Gas
23 Forecast. The annual forecast is prepared by summing the energy requirements for all
24 the major Residential end uses plus a miscellaneous component. Since 1990/91,
25 weather-adjusted sales have generally declined because efficiency improvements have

1 exceeded customer growth.

2

3 For the 2013/14 Test Year, the SGS Residential volume forecast is 582,642 10³m³, 1.0%
4 lower than the 2012/13 Forecast.

5

6 SGS Commercial and LGS

7 SGS Commercial and LGS sales are calculated by multiplying the customer forecast by
8 the average use forecast for each of the respective groups.

9

10 For the 2013/14 Test Year, the SGS Commercial volume forecast is 97,810 10³m³, an
11 increase of 1.1% over the 2012/13 Forecast. The SGS Commercial volume is forecast to
12 increase as the numbers of customers in the group are increasing.

13

14 For the 2013/14 Test Year, the LGS volume forecast is 499,887 10³m³, a decrease of
15 1.4% over the 2012/13 Forecast. The LGS sales volumes are forecast to decrease due
16 to efficiency improvements and the transfer of LGS customers to other customer groups.

17

18 **8.1.4 Volume Forecast Methods for High Volume Firm, Mainline, Interruptible,**
19 **Power Station and Special Contract Customers**

20 The volume by class for 2008/09 Actual, 2009/10 Actual, 2010/11 Actual, 2011/12
21 Actual, 2012/13 Forecast, and 2013/14 Test Year are provided in Schedules 8.4.0, 8.4.1,
22 8.4.2, 8.4.3, 8.4.4, and 8.4.5 respectively.

23

24 The larger volume customer classes were forecast on a customer by customer basis.
25 Each customer was analyzed individually, and a monthly forecast was determined for

1 the first three forecast years. To help forecast monthly volumes, historic monthly
2 consumption for the past three years was first adjusted to the standard heating value
3 and then weather adjusted. For customers with unchanging usage over that time, the
4 three years of monthly data were averaged and used. In cases where the historic
5 volume trended up or down, the last year of monthly data or two years of averaged
6 monthly data were used.

7

8 For the 2013/14 Test Year, the customers in these classes have a total volume forecast
9 of 846,495 10^3m^3 , which is an increase of 10,698 10^3m^3 over the 2012/13 Forecast.

10

11 The Special Contract customer and the two Power Station customers have usage levels
12 that can vary significantly based on operating conditions, market conditions, and the
13 price of natural gas, and are therefore forecast using a three year average for the Test
14 Year.