

MANITOBA) **Order No. 51/00**
)
THE PUBLIC UTILITIES BOARD ACT) **April 4, 2000**

BEFORE: G. D. Forrest, Chairman
D. L. Barrett-Hrominchuk, Member
J. A. MacDonald, Member

**AN APPLICATION BY CENTRA GAS MANITOBA INC. FOR
AN EX-PARTE ORDER APPROVING INTERIM SALES RATES
TO BE EFFECTIVE FOR ALL NATURAL GAS CONSUMED
ON AND AFTER APRIL 1, 2000**

1.0 Background

In Order 118/99 dated June 29, 1999, The Manitoba Public Utilities Board (“the Board”) approved rates to be effective, on an interim basis, from July 1, 1999 to December 31, 1999. The approved rates include non-gas cost of service items based on 1998 test year and 1999 gas costs as estimated on May 14, 1999.

Additionally, in Order 118/99, the Board approved a rate rider for all customer classes to deal with deferral account balances owing to Centra related to 1997 and prior year’s deferral account residuals and all 1998 gas cost related deferral account balances, including price management impacts. The Board ordered that the approved rate riders for the Small General Class (“SGC”) and the Large General Class (“LGC”), be implemented on July 1, 1999 and be effective until December 31, 1999. The High Volume Firm (“HVF”), Mainline and Interruptible Classes were to experience relatively large increases in base rates. Because the rate riders for these three customer classes would further increase annual rates, the Board ordered that the cost consequences be deferred and the rate riders not be implemented until April 1, 2000 and remain in effect until December 31, 2001.

On October 28, 1999 Centra applied for new rates to be effective November 1, 1999, which reflected updated 1999-2000 gas costs. In that Application, Centra also requested approval of interim rates to become effective January 1, 2000 to reflect the removal of the SGC and LGC rate riders. Further, Centra requested approval of interim rates, implementing the rate riders which the Board had previously approved in Order 118/99 for the HVF, Mainline and Interruptible Classes to be effective April 1, 2000. Subsequent to a public hearing, the Board issued Order 200/99, dated November 26, 1999 and Order 202/99, dated December 2, 1999, which approved interim rates to be effective on

January 1, 2000 and to expire on March 31, 2000. The Board ordered that the SGC and LGC rate riders continue to remain in effect until the Board had reviewed and disposed of the 1998 deferral account residual balances. The Board also directed Centra to file an application requesting approval of rates to be effective April 1, 2000.

2.0 The Application

On March 22, 2000, Centra filed an Application requesting interim ex-parte Board approval of rates for April 1, 2000. Centra revised the Application on March 23, 2000. The revised Application requested Board approval of the following:

1. continuation of the existing rates the SGC and LGS customers; and
2. implementation of the rate riders previously approved by the Board in Order 118/99 for the HVF, Mainline and Interruptible customers.

Centra requested that the interim rates remain in effect until further order of the Board.

3.0 Board Findings

Centra's application, as revised on March 23, 2000, complies with the directives contained in Orders 200/99 and 202/99. Centra has not yet filed an Application to dispose of the 1998 and prior year's deferral account residuals, and therefore the Board will order the existing SGC and LGC rate riders continue. In addition to the disposal of these balances, the Board notes that Centra estimated the December 31, 1999 PGVA and other gas related deferral

account balance to be approximately \$7.5 million owing to Centra. The Board considers it would be imprudent to remove these rate riders on April 1, 2000 and then to implement other rate riders in June, 2000. Therefore, there will be no change in rates for the SGC and LGC customers on April 1, 2000.

The Board is also aware the Western Transportation Service and associated Agency Billing and Collection Service is to be implemented on May 1, 2000, and may impact the HVF, Mainline and Interruptible customer class rates. It is likely that updated primary gas cost data will be filed and a request made to approve rates that will reflect these costs, either on May 1, or perhaps June 1, 2000. Further, the Board currently has before it an Application for a new rate setting method requesting primary gas costs be set, and PGVA balances be disposed, of on a quarterly basis, to coincide with gas-year quarters: May 1, August 1, November 1 and February 1. The Board is of the view that delaying the implementation of the rate riders for the HVF, Mainline and Interruptible customer classes will not serve the long term interests of these customers.

The Board originally permitted a delay in the implementation of these rate riders to minimize rate shock for these classes. The Board considers the customers affected knew these rate riders flow from a previously advertised hearing, and the amount of the riders. The Board is of the view any further delay in implementing these rate riders, together with anticipated primary gas cost increases in May or June, 2000, and disposal of deferral account balances in the next few months could result in large rate increases.

The Board has reviewed the rate riders proposed and is satisfied they properly reflect the amounts, carrying costs and amortization periods as required by prior Board decisions. The Board will therefore order implementation of the previously approved rate riders for the HVF, Mainline and Interruptible

customers on April 1, 2000, and remain in effect until December 31, 2001. The Board notes that the impact of these changes will be to increase the HVF rates between 4.4% and 5.5%, the Mainline rates between 3.4% and 4.2%, and the Interruptible Class rates between 6.2% and 6.8%.

4.0 IT IS THEREFORE ORDERED THAT:

1. The Rate Schedules attached as Appendix "A" and Appendix "B" to this Order, based on meter readings for all gas consumed on and after April 1, 2000 BE AND ARE HEREBY APPROVED on an interim ex-parte basis.

2. The attached Rate Schedules remain in effect until a further Order of the Board.

THE PUBLIC UTILITIES BOARD

"G. D. FORREST"
Chairman

"H. M. SINGH"
Acting Secretary

Certified a true copy of Order No.
51/00 issued by The Public
Utilities Board

Acting Secretary