

**MANITOBA** | **Board Order No. 45/04**  
**THE PUBLIC UTILITIES BOARD ACT** | **March 25, 2004**

Before: Graham F. J. Lane, C.A., Chairman  
M. Girouard, Member  
Mario J. Santos, B.A., LL.B, Member

**AN APPLICATION BY CENTRA GAS MANITOBA INC. FOR AN  
ORDER APPROVING REVISED DEMAND BASE AND BILLED  
RATES FOR HIGH VOLUME FIRM CUSTOMERS, TO BE  
EFFECTIVE MARCH 1, 2004**

## **1.0 Background**

This Order arises out of Centra Gas Manitoba Inc.'s (Centra) inadvertent misapplication of a component provision of Board Order 118/03, that being in respect to the High Volume Firm (HVF) customer class of Centra. Centra commenced billing on the basis of peak daily demand for this class of customer on November 1, 2003, rather than applying the change after the 2003/04 winter season.

Following an enquiry from a customer from within the HVF customer class, by means of Order 16/04 of February 5, 2004 The Manitoba Public Utilities Board ("the Board") clarified the intent of Order 118/03 and directed that Centra:

1. Not implement billing of demand costs based on peak daily demands for HVF customers until after the 2003/04 winter-season, which ends on March 31, 2004;
2. Revise its rate schedules to reflect Order 118/03, and file a corrected rate schedule, the financial impact on the HVF customers, and the revenue requirement of Centra with the Board; and
3. File materials related to the issue of demand billing and demand rates at the 2004 Cost of Gas Hearing.

## **2.0 The Application**

Centra stated that in accordance with its previous understanding of Order 118/03, it began billing HVF customers on the basis of actual peak daily demand in November 2003. Previously, Centra had billed HVF customers on the basis of the average demand in the peak winter month. Another change took place concurrent with the change implemented by Centra, that being a change to deriving 65% of the demand charge portion of bills for the customers of HVF's from actual demand costs, up from 50%. This change was in accordance with Order 118/03, and is sustained by the Board.

On March 9, 2004, Centra provided the Board with the information it sought pursuant to Order 16/04, and requested approval of the revised demand base and billed rates for the HVF customer class as of March 1, 2004. Centra's filing would return the approach to that of billing on the basis of average demand in the peak winter month.

Centra stated that its proposed rates would not alter either Centra's overall revenue requirement or the revenue requirement allocated to the HVF class; these would remain as those approved at the 2003/04 General Rate Application ("GRA").

However, Centra noted that its change to actual peak daily demand from average demand for the period November 1, 2003 through to and including February 29, 2004 had affected the costs of individual customers within the HVF class. Some HVF customers have paid more, some less under the methodology utilized from November 1, 2003 to February 29, 2004 when compared to the methodology directed by Order 16/04.

Centra indicated in its March 9, 2004 application an intention to recover and refund the negative and positive differences by customer in the HVF bills for the period from November 1, 2003 to February 29, 2004, as part of the April 2004 bills. Centra proposed to file a report with the Board on the financial impacts on the HVF customers.

The Board held a technical meeting on March 17, 2004 with its advisors, Centra and the HVF customer that had sought a review of Order 118/03, to gain a better understanding of the issues identified and information provided by Centra in its March 9, 2004 Application.

### **3.0 Board Findings**

The Board is satisfied that Centra's misinterpretation of Order 118/03 was related only to the application of the demand rate methodology, and was inadvertent. The revenue requirement approved by the Board in 118/03 was not affected by the misapplication. Accordingly, once the average demand methodology is restored, the issue of the financial consequences of the incorrect timing of the application of the methodology for HVF customers needs to be resolved within the class, i.e. among HVF customers.

The premature implementation of the change in demand billing methodology by Centra on November 1, 2003 resulted in bills to customers within the HVF class for the period from November 1, 2003 to February 28, 2004 which were either higher or lower than they should have been. The specific methodology to correct the billing differences that have arisen will be determined by the Board at a later date, following an opportunity for affected customers to make submissions to the Board.

The Board is cognizant of the impact rate methodology changes can have on customer classes and customers, and the desirability to best ensure customers are provided notice of changes. As well, the Board is no longer convinced that customers within the HVF class understood the implications of Order 118/03. Thus, rather than providing Centra with a date to return to the actual peak demand methodology, the Board wants to provide another opportunity for the members of the HVF class to understand the issues involved, and the implications.

Accordingly, the differences in billing that arose between November 1, 2003 and February 29, 2004 because of the change in demand billing methodology have been added to the upcoming Cost of Gas proceeding. The Board understands Centra will notify all HVF customers of this process and the issues, to enable such customers to further consider the potential impacts of change, and make submissions to the Board, should they so choose.

The Board will approve Centra's return to the former average demand methodology for the HVF customer class, as filed March 9, 2004, to be effective March 1, 2004. The Board, however, will not direct any billing adjustments for individual customer accounts for the period from November 1, 2003 through to and including February 29, 2004.

The Board will require Centra to determine, on an individual HVF customer basis, the billing differences that arose in that period, because of the incorrect implementation of the changed demand methodology and to share its calculation of the differences with the firms involved.

At the public hearing to review Centra's 2004/05 Cost of Gas Application, tentatively scheduled to commence September 8, 2004, the Board will consider issues regarding the disposition of this matter. At that time, the Board will hear evidence and submissions from affected customers as to alternative ways of dealing with the individual balances, as well as consider what would be the appropriate timeframe for implementing demand rates based on the actual peak daily demand methodology.

As a matter of practice, the Board is considering the need for a technical conference following the issuance of its Orders arising out of the public hearing, to better ensure an understanding of its Order.

**4.0 IT IS THEREFORE ORDERED THAT:**

1. The Schedule of Rates attached as Appendix “A” to this Order BE AND IS HEREBY APPROVED, to be effective for all billings on and after March 1, 2004.
2. Centra file information indicating the financial impact on each HVF class customer arising out of the incorrect billings for the period November 1, 2003 through to and including February 29, 2004.
3. Centra communicate with each customer of its HVF customer class, as to the issues related to Order 118/03, this Order, and the implications associated with other potential changes in the rate and billing methodology as such applies to the HVF class of customers. Also, Centra shall ensure each customer of the HVF rate class is aware of the upcoming public hearing, and the process related thereto.

THE PUBLIC UTILITIES BOARD

“Graham F. J. Lane, C.A.”

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Chairman

“H. Singh”

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Acting Secretary

Certified a true copy of  
Board Order 45/04 issued by  
The Public Utilities Board

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Acting Secretary

**CENTRA GAS MANITOBA INC.**  
**FIRM SALES AND DELIVERY SERVICES**  
**RATE SCHEDULES (BASE RATES ONLY - NO RIDERS)**

- 1 **Territory:** Entire natural gas service area of Company, including all zones.  
 2  
 3 **Availability:**  
 4 SGC: For gas supplied through one domestic-sized meter.  
 5 LGC: For gas delivered through one meter at annual volumes less than 680,000 m<sup>3</sup>.  
 6 HVF: For gas delivered through one meter at annual volumes greater than 680,000 m<sup>3</sup>.  
 7 Co-op: For gas delivered to natural gas distribution cooperatives.  
 8 MLC: For gas delivered through one meter to consumers served from the Transmission system.  
 9 Special Contract: For gas delivered under the terms of a Special Contract with the Company.  
 10 Power Station: For gas delivered under the terms of a Special Contract with the Company.  
 11

12 **Rates:**

	Transportation to Centra	Distribution to Customers	Primary Gas Supply	Supplemental Gas Supply <sup>1</sup>
13				
14				
15 <b>Basic Monthly Charge: (\$/month)</b>				
16 Small General Class (SGC)	N/A	\$10.00	N/A	N/A
17 Large General Class (LGC)	N/A	\$70.00	N/A	N/A
18 High Volume Firm Class (HVF)	N/A	\$681.00	N/A	N/A
19 Cooperative (Co-op)	N/A	\$254.01	N/A	N/A
20 Main Line Class (MLC) (Firm and Interruptible Supply)	N/A	\$1,360.87	N/A	N/A
21 Special Contract	N/A	\$93,021.63	N/A	N/A
22 Power Station	N/A	\$11,912.92	N/A	N/A
23				
24 <b>Monthly Demand Charge (\$/m<sup>3</sup>/month)</b>				
25 High Volume Firm Class (HVF)	\$0.3787	\$0.1771	N/A	N/A
26 Cooperative (Co-op)	\$0.4196	\$0.0937	N/A	N/A
27 Main Line Class (MLC)	\$0.4902	\$0.1166	N/A	N/A
28 Special Contract	N/A	N/A	N/A	N/A
29 Power Stations	N/A	\$0.0344	N/A	N/A
30				
31 <b>Volumetric Charge: (\$/m<sup>3</sup>)</b>				
32 Small General Class (SGC)	\$0.0482	\$0.0712	\$0.2378	\$0.2471
33 Large General Class (LGC)	\$0.0450	\$0.0269	\$0.2378	\$0.2471
34 High Volume Firm Class (HVF)	\$0.0208	\$0.0071	\$0.2378	\$0.2471
35 Cooperative (Co-op)	\$0.0069	\$0.0015	\$0.2378	\$0.2471
36 Main Line Class (MLC)	\$0.0074	\$0.0015	\$0.2378	\$0.2471
37 Special Contract	N/A	\$0.0015	N/A	N/A
38 Power Station	N/A	\$0.0015	N/A	N/A
39				

40 <sup>1</sup>Supplemental Gas is mandatory for all Customers except T-Service.

42 **Minimum Monthly Bill:** Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

44 **Effective:** Rates to be charged for all billings based on gas consumed on and after March 1, 2004.

46 **Approved by Board Order:**

47 **Effective From: Mar 1, 2004**

48 **Date Implemented: Mar 1, 2004**

**Supersedes Board Order:11/04**  
**Supersedes: February 1, 2004 Base Rates**

**CENTRA GAS MANITOBA INC.**  
**INTERRUPTIBLE SALES AND DELIVERY SERVICES**  
**RATE SCHEDULES (BASE RATES ONLY - NO RIDERS)**

1 **Territory:** Entire natural gas service area of Company, including all zones.

2

3 **Availability:** For any Consumer at one location whose annual natural gas requirements equal or exceed 680,000m<sup>3</sup> and who contracts for such service for a minimum of one year, or who received Interruptible Service continuously since December 31, 1996. Service under this rate shall be limited to the extent that the Company considers it has available natural gas supplies and/or capacity to provide delivery service.

4

5 **Rates:**

6

	Transportation to Centra	Distribution to Customer	Primary Gas Supply	Supplemental Gas Supply <sup>1</sup>
7				
8 <b>Basic Monthly Charge: (\$/month)</b>				
9 Interruptible Service	N/A	\$861.06	N/A	N/A
10 Mainline Interruptible (with firm delivery)	N/A	\$1,360.87	N/A	N/A
11				
12 <b>Monthly Demand Charge (\$/m<sup>3</sup>/month)</b>				
13 Interruptible Service	\$0.1256	\$0.0644	N/A	N/A
14 Mainline Interruptible (with firm delivery)	\$0.1933	\$0.1166	N/A	N/A
15				
16 <b>Commodity Volumetric Charge: (\$/m<sup>3</sup>)</b>				
17 Interruptible Service	\$0.0132	\$0.0038	\$0.2378	\$0.2639
18 Mainline Interruptible (with firm delivery)	\$0.0081	\$0.0015	\$0.2378	\$0.2639
19				
20 <b>Alternate Supply Service:</b>		Negotiated		
21 Gas Supply (Interruptible Sales and Mainline Interruptible)		Cost of Gas		
22 Delivery Service - Interruptible Class		\$0.0059		
23 Delivery Service - Mainline Interruptible Class		\$0.0053		
24				

25 <sup>1</sup>Supplemental Gas is mandatory for all Customers except T-Service.

26

27 **Minimum Monthly Bill:** Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.

28

29 **Effective:** Rates to be charged for all billings based on gas consumed on and after March 1, 2004.

30

31 **Approved by Board Order:**

32 **Effective From: Mar 1, 2004**

33 **Date Implemented: Mar 1, 2004**

**Supersedes Board Order:11/04**  
**Supersedes: February 1, 2004 Base Rates**



**CENTRA GAS MANITOBA INC.**  
**FIRM SALES AND DELIVERY SERVICES**  
**RATE SCHEDULES (BASE RATES PLUS RIDERS)**

- 1 **Territory:** Entire natural gas service area of Company, including all zones.  
 2  
 3 **Availability:**  
 4 SGC: For gas supplied through one domestic-sized meter.  
 5 LGC: For gas delivered through one meter at annual volumes less than 680,000 m<sup>3</sup>.  
 6 HVF: For gas delivered through one meter at annual volumes greater than 680,000 m<sup>3</sup>.  
 7 Co-op: For gas delivered to natural gas distribution cooperatives.  
 8 MLC: For gas delivered through one meter to consumers served from the Transmission system.  
 9 Special Contract: For gas delivered under the terms of a Special Contract with the Company.  
 10 Power Station: For gas delivered under the terms of a Special Contract with the Company.  
 11

12 **Rates:**

	Transportation to Centra	Distribution to Customers	Primary Gas Supply	Supplemental Gas Supply <sup>1</sup>
13				
14				
15 <b>Basic Monthly Charge: (\$/month)</b>				
16 Small General Class (SGC)	N/A	\$10.00	N/A	N/A
17 Large General Class (LGC)	N/A	\$70.00	N/A	N/A
18 High Volume Firm Class (HVF)	N/A	\$681.00	N/A	N/A
19 Cooperative (Co-op)	N/A	\$209.61	N/A	N/A
20 Main Line Class (MLC)	N/A	\$1,360.87	N/A	N/A
21 Special Contract	N/A	\$93,021.63	N/A	N/A
22 Power Station	N/A	\$2,869.19	N/A	N/A
23				
24 <b>Monthly Demand Charge (\$/m<sup>3</sup>/month)</b>				
25 High Volume Firm Class (HVF)	\$0.5068	\$0.1774	N/A	N/A
26 Cooperative (Co-op)	\$0.4196	\$0.0937	N/A	N/A
27 Main Line Class (MLC) (Firm)	\$0.4646	\$0.1163	N/A	N/A
28 Special Contract	N/A	N/A	N/A	N/A
29 Power Station	N/A	\$0.0341	N/A	N/A
30				
31 <b>Commodity Volumetric Charge: (\$/m<sup>3</sup>)</b>				
32 Small General Class (SGC)	\$0.0419	\$0.0716	\$0.2375	\$0.3874
33 Large General Class (LGC)	\$0.0386	\$0.0277	\$0.2375	\$0.3874
34 High Volume Firm Class (HVF)	\$0.0155	\$0.0070	\$0.2375	\$0.3874
35 Cooperative (Co-op)	\$0.0005	\$0.0019	\$0.2375	\$0.3874
36 Main Line Class (MLC) (Firm)	\$0.0081	\$0.0018	\$0.2375	\$0.3874
37 Special Contract	N/A	\$0.0019	N/A	N/A
38 Power Station	N/A	\$0.0013	N/A	N/A
39				

40 <sup>1</sup>Supplemental Gas is mandatory for all Sales and Western T-Service Customers.

41  
 42 **Minimum Monthly Bill:** Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.  
 43

44 **Effective:** Rates to be charged for all billings based on gas consumed on and after March 1, 2004.  
 45

46 **Approved by Board Order:**

**Supersedes Board Order:11/04**

47 **Effective From: Mar 1, 2004**

**Supersedes: February 1, 2004 Base Rates**

48 **Date Implemented: Mar 1, 2004**

**CENTRA GAS MANITOBA INC.**  
**INTERRUPTIBLE SALES AND DELIVERY SERVICES**  
**RATE SCHEDULES (BASE RATES PLUS RIDERS)**

1	<b>Territory:</b>	Entire natural gas service area of Company, including all zones.			
2					
3	<b>Availability:</b>	For any Consumer at one location whose annual natural gas requirements equal or exceed 680,000m <sup>3</sup> and who contracts for such service for a minimum of one year, or who received Interruptible Service continuously since December 31, 1996. Service under this rate shall be limited to the extent that the Company considers it has available natural gas supplies and/or capacity to provide delivery service.			
4					
5	<b>Rates:</b>				
6		<b>Transportation to Centra</b>	<b>Distribution to Customers</b>	<b>Primary Gas Supply</b>	<b>Supplemental Gas Supply<sup>1</sup></b>
7					
8	<b>Basic Monthly Charge: (\$/month)</b>				
9	Interruptible Service	N/A	\$861.06	N/A	N/A
10	Mainline Interruptible (with firm delivery)	N/A	\$1,360.87	N/A	N/A
11					
12	<b>Monthly Demand Charge (\$/m<sup>3</sup>/month)</b>				
13	Interruptible Service	\$0.1647	\$0.0641	N/A	N/A
14	Mainline Interruptible (with firm delivery)	\$0.2534	\$0.1163	N/A	N/A
15					
16	<b>Commodity Volumetric Charge: (\$/m<sup>3</sup>)</b>				
17	Interruptible Service	\$0.0087	\$0.0032	\$0.2375	\$0.4230
18	Mainline Interruptible (with firm delivery)	\$0.0025	\$0.0018	\$0.2375	\$0.4230
19					
20	<b>Alternate Supply Service:</b>		Negotiated		
21	Gas Supply (Interruptible Sales and Mainline Interruptible)		Cost of Gas		
22	Delivery Service - Interruptible Class		\$0.0053		
23	Delivery Service - Mainline Interruptible Class		\$0.0053		
24					
25	<sup>1</sup> Supplemental Gas is mandatory for all Customers except T-Service.				
26					
27	<b>Minimum Monthly Bill:</b>	Equal to the Basic Monthly Charge as described above, plus Demand Charge as appropriate.			
28					
29	<b>Effective:</b>	Rates to be charged for all billings based on gas consumed on and after March 1, 2004.			
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