**MANITOBA PUBLIC UTILITIES BOARD**

**IN THE MATTER OF *The Public Utilities Board Act (Manitoba)***

**AND IN THE MATTER OF Centra Gas Manitoba Inc.'s**
**2015/16 Cost of Gas Application**

# REBUTTAL EVIDENCE OF CENTRA GAS MANITOBA INC.

**WITH RESPECT TO THE WRITTEN EVIDENCE OF:**

**MARK STAUFT on behalf of the Consumers' Association of Canada (Manitoba) ("CAC")**

Manitoba Hydro

**September 23, 2015**

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## 1.0 EXECUTIVE SUMMARY

Centra's Rebuttal Evidence addresses the written evidence of Mark Stauft on behalf of the Consumers' Association of Canada (Manitoba) ("CAC") with respect to Centra's 2015/16 Cost of Gas Application.

In particular, this Rebuttal Evidence demonstrates, *inter alia*, the following:

- Centra took substantive actions in response to the National Energy Board's ("NEB") RH-003-2011 Decision and the introduction of Mainline pricing discretion;
- Future winters with exactly the same conditions as 2013/14 will likely have different outcomes, given what the market has experienced;
- Centra takes a long-term perspective in order to cost effectively serve its market over a wide range of conditions;
- The purpose and use of Centra's Emerson-MDA Mainline FT capacity is to enhance reliability and provide diversity to the portfolio;
- Centra's diversified supply and transportation portfolio is the most flexible and reliable portfolio which appropriately balances risk and cost; and,
- Centra is confident in the reliability, cost-effectiveness, flexibility and diversity of its asset portfolio.

Despite Mr. Stauft's evidence, Centra's approach and its decisions prior to and during the 2013/14 winter were reasonable and made in accordance with the best interests of its Manitoba customers. Centra employed a reasonable approach and initiated substantive decisions prior to and during the winter of 2013/14, in the circumstances which were known, and reasonably should have been known, when such decisions were made. These decisions were made in direct response to the NEB's RH-003-2011 Decision and the introduction of Mainline pricing discretion. All decisions by Centra were made with sound and reasonable judgment towards securing a reliable and cost effective supply of natural gas for Manitobans in direct accordance with its mandate.

## 2.0 CENTRA TOOK SUBSTANTIVE ACTIONS IN RESPONSE TO THE NEB'S RH-003-2011 DECISION AND THE INTRODUCTION OF MAINLINE PRICING DISCRETION

In response to the suggestion that Centra "effectively did nothing in response to RH-003-2011, …" (Stauft, page 27), Centra reiterates the substantive actions it took heading into the winter of 2013/14, in direct response to the NEB's RH-003-2011 Decision and the introduction of Mainline pricing discretion as outlined in Centra's response to PUB/Centra I-31:

[redacted]

[redacted]

Mr. Stauft states that he "was an interested observer of the Mainline transportation market in the fall of 2013, [redacted]

[redacted] While Mr. Stauft compares the actions of the eastern LDCs and Centra in his evidence, he also acknowledges in his response to Centra/CAC 2 a), when asked to share his knowledge of the extent of the eastern LDCs' use of short-haul FT contracts (and by extension, their exposure to Dawn prices) and the gas cost increases they incurred in the 2013/14 gas year, that he does "not have any of the requested information, nor is any of it relevant to my evidence".

Centra's understanding is that the eastern LDCs have steadily increased their exposure to Dawn over a number of years, and did not turn back any short-haul Mainline FT capacity as a result of the advent of Mainline pricing discretion. Despite incurring very high gas costs during the 2013/14 winter, they have committed to increasing their exposure to Dawn through Mainline open seasons for new short-haul capacity in eastern Canada with the intention of further reducing their FT contract levels from Empress on the premise that over the long term, this supply and transportation portfolio approach will yield the lowest costs.

## 3.0 FUTURE WINTERS WITH EXACTLY THE SAME CONDITIONS AS 2013/14 WILL LIKELY HAVE DIFFERENT OUTCOMES, GIVEN WHAT THE MARKET HAS EXPERIENCED

Mr. Stauft, on page 34 of his evidence states that in order to assess the reasonableness of Centra's 2013/14 gas costs, "it is necessary to consider what the result would have been had Centra done something differently….." This is not the test to be applied. Such an effort is only a theoretical exercise as changes in variables would have impacts on other variables (e.g., shifting demand from one hub to another would change the market conditions at both hubs) which cannot be quantified and therefore render such an analysis to be invalid. The relevant consideration is whether Centra acted reasonably on behalf of its customers given only the information that was available at that time, and not to retrospectively make decisions in hindsight.

Under a future scenario where the same weather conditions were to occur in exactly the same sequence and if all market participants held exactly the same assets as in 2013/14, combined with TCPL exercising its Mainline pricing discretion just as it did during the 2013/14 winter, the corresponding impacts on the natural gas markets would be different and, at this point in time, highly uncertain compared to those experienced in 2013/14. This is due to the fact that all market participants now have the benefit of having experienced what is possible as a result of the events of 2013/14. That experience informs and affects their planning for, and strategic actions that will be undertaken in future periods.

## 4.0 CENTRA, TAKES A LONG-TERM PERSPECTIVE IN ORDER TO COST EFFECTIVELY SERVE ITS MARKET OVER A WIDE RANGE OF CONDITIONS

Centra plans and designs its gas supply portfolio to meet a wide range of potential market requirements including being able to serve its firm load on the coldest or peak day to be expected. Centra's portfolio must be robust enough to reliably serve Manitobans throughout the potential range of weather that may be experienced in Manitoba, but Centra is also responsible for "walking the fence" in terms of ensuring the most cost-effective portfolio given its mandate to serve. [redacted]

[redacted]

However, Mr. Stauft proposes that Centra should have acted differently based entirely on the experience of the 2013/14 winter, a winter that featured an extreme outlier of a weather event whose impact on the natural gas markets was compounded by declining North American storage inventories combined with the new and unprecedented market phenomenon of Mainline pricing discretion. The winter of 2013/14 was one of the coldest in recorded history across North America. Based on 32 years of historical population-weighted heating-degree-day ("HDD") data for both Canada and the U.S. acquired from the Canadian Gas Association, the 2013/14 winter was the coldest on record. While colder winters may have occurred prior to the winter of 1982/83, the 2013/14 winter was easily in the top 5% of all time record cold winters in North America. Here in Manitoba, the 2013/14 winter was the third coldest in the past 55 years with the 1995/96 and 1978/79 winters being only 0.5% and 1.0% colder respectively in terms of Effective HDDs.

A single extraordinary seasonal weather event is not the basis upon which to structure an asset portfolio meant to serve customers reliably and economically throughout a multitude of different weather and market conditions. A knee-jerk reaction to a worse than 1 in 20 weather experience would very likely result in a significant structural increase in gas costs to be recovered from ratepayers.

[redacted]

Centra does not support the notion that it should respond, after the fact, to a discrete historical market event in a way that would have muted the financial impacts of only that particular event. This is of particular concern given how the market is expected to have already adapted to these new market conditions, thereby making a repeat of that particular historical market event, in the same form and magnitude, very unlikely.

It is reasonable to assume that the market has already adapted in ways that are expected to better preserve storage inventories and mitigate the potential impact of Mainline pricing discretion going forward. In summary, now would be precisely the wrong time to pursue the "Empress only" strategy.

## 5.0 THE PURPOSE AND USE OF CENTRA'S EMERSON-MDA MAINLINE FT CAPACITY IS TO ENHANCE RELIABILITY AND PROVIDE DIVERSITY TO THE PORTFOLIO

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

According to the US Energy Information Administration ("EIA"), both Michigan and Illinois experienced record-low working gas storage inventories during the 2013/14 winter:

> *Illinois had record-low working gas inventories in January (116 Bcf), February (66 Bcf), and March (42 Bcf), compared to 253 Bcf of working gas at the end of October 2013. Working gas inventories in Michigan fell from 600 Bcf at the end of October 2013 to 56 Bcf at the end of March 2014, their lowest recorded end-March storage total.*[1]

It was therefore the unprecedented, record-breaking effects of the specific market conditions of the 2013/14 winter that resulted in [redacted]

Given how the market as a whole has adjusted as a result of the 2013/14 winter, including changes in the strategic deployment of storage asset by U.S. Midwest market participants, it is conceivable that a repeat of such market conditions may not occur in the future. [redacted]

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[1] EIA's Natural Gas Issues and Trends: "Record winter withdrawals create summer storage challenges", June 2014.

[redacted]

[redacted] These purchases were largely made to proactively protect storage deliverability for firm customers, necessitated by the extreme winter weather conditions in 2013/14 – the coldest winter in North America in at least 32 years according to Canadian and U.S. government weather data. The colder than normal weather was particularly notable in late winter in the U.S. Midwest. While this region was 14% colder than normal from November 2013 through March 2014, it was 24% and 22% colder than normal in February and March, respectively[3]. In Manitoba, the February-March period of the 2013/14 winter was the coldest since 1965.

[redacted]

[redacted]

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[3] NEB proceeding RH-001-2014, TCPL IR response 1.5b to Ontario Ministry of Energy, based on EIA HDD data

## 6.0 CENTRA'S DIVERSIFIED SUPPLY AND TRANSPORTATION PORTFOLIO IS THE MOST FLEXIBLE AND RELIABLE PORTFOLIO WHICH APPROPRIATELY BALANCES RISK AND COST

In his evidence, Mr. Stauft discusses an alternative to Centra's highly reliable and diversified supply and transportation portfolio [redacted]

Two issues are immediately apparent in the presentation of this alternative by Mr. Stauft:

[redacted]

[redacted] When briefly referencing problems at Empress in his evidence, he appears to largely be concerned about Mainline IT price risk, while appearing to be relatively unconcerned about the fact that supply to Empress on NGTL can be constrained or even curtailed:

> *The Empress market, while it has its own volatility and is always potentially subject to price spikes associated with gas supply issues or NGTL delivery constraints, will not be affected much, if at all, by TransCanada's IT pricing behavior. (page 22, lines 11-14)*

While mitigating the effects of Mainline pricing discretion is important, Centra's view is that it is necessary to consider and understand other supply and transportation risks applicable to Centra's gas supply operations, [redacted] These risks are outlined below.

### 6.1 Physical supply risk is greater at Empress than at Emerson for variable daily supply

Supply risk is greater at Empress than at Emerson due to the size, configuration and physical flows of gas at the two hubs. At both hubs, gas flows from one "upstream" pipeline into two "downstream" pipelines. At Empress[4], NGTL delivers gas to the Mainline and to Foothills. At Emerson, the Mainline delivers gas to GLGT and Viking.

The main concern at Empress, and the key difference from Emerson, is that the upstream pipeline (NGTL) has less delivery capacity than the combined receipt capacity of the Mainline and Foothills. This means that demand on the Mainline and Foothills at Empress can exceed NGTL's ability to deliver to Empress, resulting in the potential for curtailments of gas nominations on NGTL to Empress, which occurred in March 2014 (as discussed in Centra's responses to IRs PUB/Centra INT-9 g) and PUB/Centra I-34 c).

The opposite is true at Emerson, where upstream Mainline delivery capacity to Emerson exceeds the combined receipt capacity of GLGT and Viking. This means that even if demand on GLGT and Viking are both at their respective maximums, the Mainline has sufficient physical capacity to meet all demand at Emerson.

Empress is therefore more likely than Emerson to see curtailment of shipper gas nominations – a paramount concern to shippers like Centra that have no alternative but to serve firm customer demand especially considering the harsh winter in Manitoba. Mr. Stauft appears to agree, noting in his response to PUB/CAC 6d that "...there is no issue with capacity constraints on the Emerson path today", while having stated in his evidence that Empress "...is always potentially subject to price spikes associated with gas supply issues or NGTL delivery constraints..." (page 22, lines 12-13).

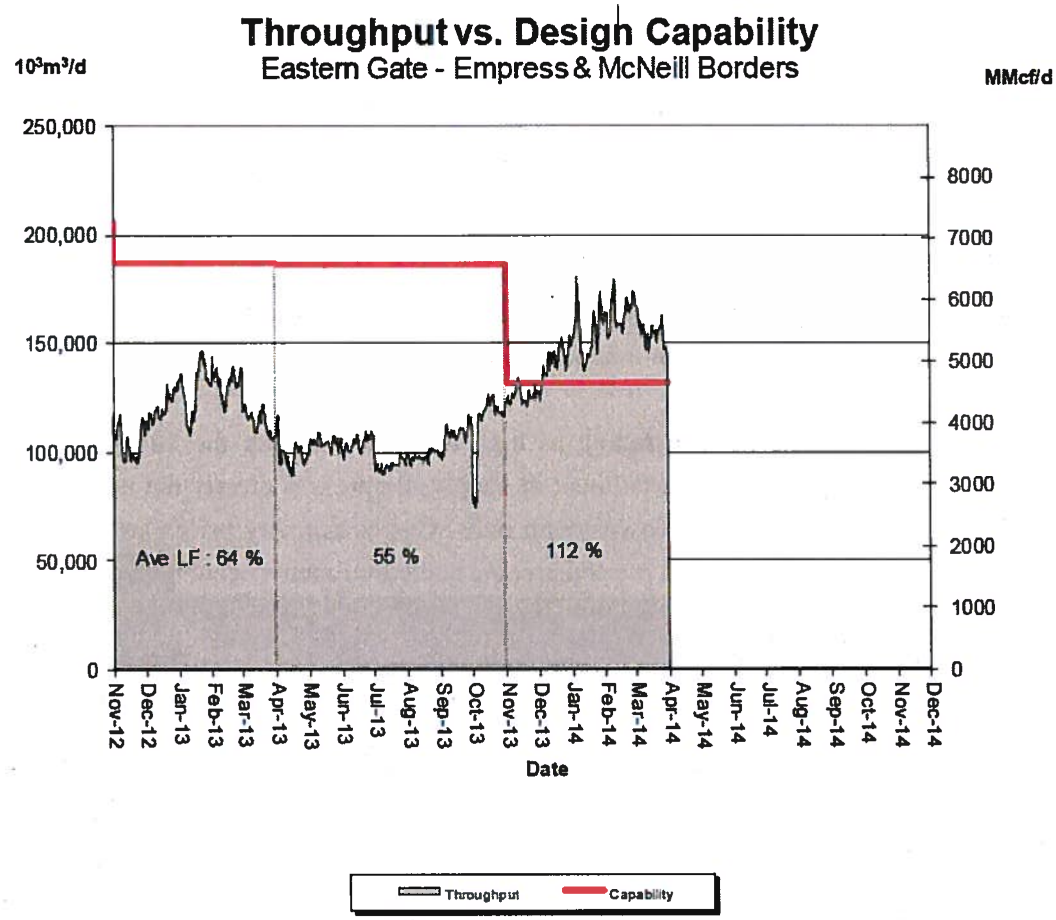
Emerson has a further reliability advantage over Empress due to the fact that GLGT is bi-directional and is physically capable of delivering gas to Emerson. This is one reason why the Mainline was able to fulfill all firm and discretionary gas nominations to Emerson during the turbulent, high-demand market conditions in February and March 2014, despite the Otterburne rupture on the Mainline's Emerson lateral that reduced the Mainline's physical capacity to Emerson by 48%.

[4] Empress is part of NGTL's East Gate, which includes both the Empress interconnect to the Mainline and the adjacent McNeill interconnect to the Foothills pipeline. For expedience, Centra will refer to the East Gate as "Empress" in this rebuttal evidence.

As indicated in Centra's response to CAC/Centra I-16 d), Mainline "physical deliveries contain a mix of all firm and discretionary transportation services, are net of receipts, [and] include TBO transport as well as OBA's between pipelines, (e.g., Integrated System)". The Mainline therefore has more tools at its disposal at Emerson to fulfill shipper gas nominations than NGTL does at Empress, where neither the Mainline nor Foothills physically deliver gas to Empress.

Ultimately, NGTL's daily ability to deliver gas to Empress is highly dependent on operational conditions in Alberta, including the volume and location of production, and the volume of storage withdrawals in southern Alberta (as discussed in Centra's responses to PUB/Centra INT-9g) and PUB/Centra I-34c). The following figure illustrates NGTL firm delivery capacity to Empress (East Gate) in March 2014 and the daily volume it was able to deliver on a "best efforts" basis. Any volumes above the red line exceed NGTL's firm ability to deliver gas to Empress, and can only be delivered under particular production and storage conditions in Alberta. When these conditions are not favourable, gas deliveries to Empress can be curtailed, as was the case in March 2014. Note that the firm NGTL delivery capacity was only approximately 4.5 Bcf/d, which is greatly exceeded by the combined receipt capacity of the Mainline and Foothills at Empress (greater than 8 Bcf/d).

**Figure 1**




Purchasing significant incremental variable winter supplies at Empress would therefore be less reliable than Centra's diversified downstream options (Emerson, Michigan, Joliet) and, as discussed below would entail considerable price risk and volatility.

### 6.2 The market experienced price spikes and volatility at Empress due to delivery constraints and curtailments

As discussed in Centra's responses to PUB/Centra INT-9 g) and PUB/Centra I-34 c), the market experienced curtailment of supply at Empress in the 2013/14 winter. Shippers on NGTL to Empress had to rank-order the priority of their nominations to NGTL/TCPL during periods in March 2014, such that the pipelines would know which supplies to curtail first, as required. In addition, at times during March 2014, NGTL/TCPL "froze" shipper nominations after the Timely nomination window, meaning that shippers could not adjust nomination volumes on an intra-day basis or even title transfer gas to each other with no overall change in volumes, thereby significantly limiting shippers' ability to manage their supplies at Empress. In contrast, at Emerson during the 2013/14 winter, gas nominations were not curtailed (other than for two days in January as TCPL responded to the Otterburne rupture on one of the Mainline's Emerson laterals, discussed in Centra's response to CAC/Centra I-16 d)) and shipper nominations were not "frozen" at any time.

These events ultimately resulted in unprecedented price spikes and volatility at Empress, primarily in the month of March 2014. After the first week of March, Empress provided little to no price advantage over downstream hubs, and in fact exceeded daily prices at Emerson, Michigan, and Joliet for a number of days in March.

With gas at Empress effectively trading as high as $47/GJ during the 2013/14 winter, combined with the potential for curtailment of supply, Empress is clearly not a safe haven for supply acquisition relative to downstream hubs. Gas commodity prices are extremely precarious and volatile when flows are constrained and curtailments occur. [redacted]

It is worth noting that downstream purchases at Michigan and Joliet do not place upward price pressure on Empress supply, as these hubs source gas from multiple pipelines and nearby storage fields. Even at Emerson, where much of the gas traded originates at Empress, purchases at Emerson are for gas that has already "made it through" any physical constraint at Empress; this is in contrast to incremental Empress purchases, which would directly increase gas demand at Empress, exacerbate a curtailment situation and contribute to Empress price spikes.

While Centra expects Empress prices to normally be below downstream hub prices, the potential for supply curtailments, nomination restrictions and severe price spikes at Empress is real. [redacted]

### 6.3 Incremental supply requirements at [redacted] (Centra's single most important gas supply contract), and/or increase price risk

[redacted] The reliability of this contract was proven during the extreme market conditions at Empress in the 2013/14 winter, throughout which all supplies were delivered as required to Centra at Empress, despite curtailment of supply to Empress by NGTL.

Suppliers at Empress may have multiple delivery obligations, whether at Empress or further downstream, and may take a portfolio approach to meeting those obligations (i.e., the supplier may hold a mix of supply, transportation and storage assets that it may utilize differently day-to-day, depending on its supply obligations and market conditions). During the curtailment conditions of March 2014, suppliers had to make decisions about what supplies to prioritize at Empress. Although high Empress prices may have provided for high-value gas sales at Empress, some suppliers may have also had to incur high costs to deliver supply at Empress or to other markets in place of normal deliveries through Empress in order to ensure their aggregate firm obligations to customers were met. In short, some suppliers may have experienced a ripple effect and incurred high costs due to the Empress curtailments.

In addition to such fallout from the Empress curtailments in March 2014, and as discussed in Centra's response to PUB/Centra I-34 c), [redacted]

[redacted]

[redacted]

[redacted]

### 6.4 Additional costs would be required to mitigate risk at Empress, but would not eliminate risk

Mr. Stauft alludes to the problematic market conditions at Empress that became apparent in [redacted]

> [redacted]

[redacted]

[redacted]

In summary:

- Although downstream prices were high in the specific market conditions of the 2013/14 winter, diverse supply options were available to Centra with minimal supply risk.
- Mr. Stauft, surprisingly, appears to be unconcerned about reliability at Empress under high demand conditions, nor the associated supply and price risk, and does not factor any costs related to such risks in his analyses.
- [redacted]

## 7.0 CENTRA'S PORTFOLIO AND AN "EMPRESS ONLY" PORTFOLIO ARE NOT EQUIVALENT

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

## 8.0 THE POTENTIAL FOR CENTRA TO EARN AN ADDITIONAL $10.2 MILLION IN CAPACITY MANAGEMENT REVENUE ASSOCIATED WITH THE "EMPRESS ONLY" APPROACH HAS BEEN OVERSTATED

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

## 9.0 CENTRA'S ACTIONS PRIOR TO AND DURING THE 2013/14 WINTER WERE REASONABLE

Mr. Stauft's evidence, including the analysis contained in Attachment 2, should be given no weight in the determination of the prudence of Centra's actions in serving the Manitoba load during the 2013/14 winter, as well as the strategic actions undertaken in response to the market dislocations caused by TCPL's exercise of Mainline pricing discretion. As Mr. Stauft is well aware, widely accepted regulatory principles prohibit these types of hindsight reviews of utility decision-making in the application of the prudency standard. In assessing the prudency of Centra's actions during the 2013/14 winter, the appropriate test is what was reasonably known at the time those decisions were made.

Although Centra does not accept Mr. Stauft's hindsight analysis in principle, some key flaws in his Attachment 2 analysis and purported theoretical savings of [redacted] need to be addressed.

[redacted]

[redacted] Incorrect actual Empress prices and fuel rates. Mr. Stauft's assumptions about the price of incremental Empress supply (purchased in place of Centra's actual Supplemental Gas volumes) in the 2013/14 gas year are erroneous, as he uses Centra's average Empress price by month which blends both baseload and swing pricing. [redacted] In addition, Mr. Stauft's assumed fuel rate of 1% is below actual Empress-MDA Mainline fuel rates every month in which Centra purchased Supplemental Gas in 2013/14 with the exception of November. Actual fuel rates ranged from 0.74% in November to 2.43% in February. [redacted]

3. [redacted]

[redacted]

[redacted]

[redacted]

The cost consequences of a failure to obtain supply in high demand, cold weather conditions have not been quantified here, but could be significant. For example, the Mainline's Bid Floor Personnel could have been aware that Centra's successful nominations of supply on the Mainline to the MDA were well short of demand, [redacted]

[redacted]

[redacted]

Significantly greater dependence on Empress would be at the ongoing expense of greater supply risk, reduced reliability and reduced portfolio diversity and flexibility. It is clear that not only was Centra's approach and decision making sound and reasonable in the circumstances, Centra's portfolio served Manitoba customers very well in 2013/14 given the exceptional market conditions of the 2013/14 winter, including extremely cold weather in Manitoba and North America, and severe depletion of North American gas storage inventories including record low storage inventories in Michigan and Illinois, both of which coincided with the market's first year of experiencing Mainline pricing discretion.

[redacted]

Mr. Stauft correctly recognizes that one of the inherent limitations faced by Centra in the recovery of its unutilized pipeline demand charges in the secondary markets is the highly variable and uncertain nature of its customers' load requirements. [redacted]

[redacted]

[redacted]

[redacted]

## 11.0 CENTRA IS CONFIDENT IN THE RELIABILITY, COST-EFFECTIVENESS, FLEXIBILITY AND DIVERSITY OF ITS ASSET PORTFOLIO

For all of the important reasons noted above, Centra does not support Mr. Stauft's conclusions as outlined in his evidence. Centra's extensive experience in the secondary transportation market does not support [redacted] Over the long-run, this alternative approach is not expected to be in the interests of Manitoba ratepayers from a reliability, economic or risk management perspective. Such an approach would conservatively result in more than $5 million in additional total portfolio costs to be recovered from ratepayers on an annual basis in anything other than an outlier event such as the 2013/14 Gas Year.

It would not be reasonable or prudent for Centra to design a portfolio specifically around an outlier event like the winter of 2013/14, which was one of the coldest in recorded history across North America and which would entail lower reliability and increased supply risk as [redacted]

[redacted]

[redacted]

[redacted]

## 12.0 CONCLUSION

The test to measure the reasonableness of Centra's approach prior to and during the unprecedented 2013/14 winter is straight-forward.. An LDC, such as Centra, must exercise good judgment and make decisions which are reasonable at the time they are made, based on information the LDC knew or ought to have known at the time the decisions were made. In making decisions, an LDC must take into account the best interests of its customers.

A review of the reasonableness of Centra's decisions is not to be based on hindsight nor is it to be assessed against the actual events which were not known and could not have reasonably been known at the time Centra was required to come to a decision.

As the PUB is aware, it must not impute knowledge to Centra that Centra could not have reasonably known at the time Centra made the actual decisions. However, that is exactly what CAC is attempting to do. As part of that approach, Mr. Stauft employed the wrong test when reviewing the reasonableness of Centra's conduct in relation to the 2013/14 winter.

It is also clear that the 2013/14 winter was extraordinary and unprecedented for all natural gas market participants in North America, including Centra. After hearing extensive evidence in the RH-001-2014 proceeding on the market impact that the NEB's RH-003-2011 Decision had during the 2013/14 winter, the National Energy Board found:

> *"The Board notes that pricing discretion has been described as unique and unprecedented by all parties, and that the degree of success of pricing discretion **<u>was not anticipated by anyone</u>**, including TransCanada and MAS (Market Area Shippers being Union, Enbridge and Gaz Metro)." (Page 32)*

> *"The NEB notes that the first year of pricing discretion coincided with one of the coldest winters in 35 years, when below average temperatures significantly increased demand and storage levels, particularly in Eastern Canada. This, combined with regional pipeline bottlenecks, resulted in higher natural gas commodity prices."* *(Page 32 and 33)*

Mr. Stauft's evidence is based solely on an after the fact, pure hindsight review of Centra's actions. Such an approach is inconsistent with the law and is at no time appropriate. The inappropriateness of this approach is particularly clear in this case given the extraordinary, unprecedented winter conditions in 2013/14 that were not, and could not have reasonably been, anticipated by anyone within the North American natural gas industry and market.

Importantly, even if one were to accept Mr. Stauft's evidence and apply the hindsight review utilized by him, what is Mr. Stauft's ultimate position and recommendation to the PUB? Centra/CAC-I-1a asked Mr. Stauft to "Please confirm what, if any, specific recommendations Mr. Stauft is making to the PUB as part of this proceeding?" He replied:

> "My understanding is the CAC is interested in the issue of whether Centra has responded appropriately to the changes that have taken place in the market since the RH-003-2011 Decision, as well as the prudence of the decisions that led to Centra accumulating a $45 million deficiency in its Non-Primary PGVA accounts for 2013/14. Whether Centra's actions and decisions were prudent is a matter for argument. My evidence sets out my analysis of the reasonableness of Centra's approach, describes an alternative approach that I believe Centra should reasonably have taken given the information it had, and analyzes the likely cost to customers of Centra taking **a different and less reasonable approach**. The analysis and calculations that I have undertaken for those purposes are set out in my evidence and Attachments."

After analyzing "the likely cost to customers of Centra taking **a different and less reasonable approach**", Mr. Stauft ultimately opines that Centra ought to have reasonably taken his high level alternative approach before the 2013/14 winter, which as noted above was developed with the full hindsight knowledge of an extraordinary and unprecedented winter.

However, and most significantly to the PUB's review of the reasonableness of Centra's actions, Mr. Stauft does not opine or recommend in any portion of his evidence that the approach that Centra employed or the decisions that it took were in fact unreasonable or not in the best interests of its customers based upon the information that was, or ought to have been, available to it at the relevant time. What he opines is that Centra's approach was less reasonable than the one he now, after the fact, recommends.

In other words, Mr. Stauft's evidence does not in any way establish that the actions or approach taken by Centra during the winter of 2013/14 were, in fact, unreasonable.

The reason for this is simple. As demonstrated by this Rebuttal Evidence and Centra's evidence in total, it is clear that all of the decisions by Centra were made with sound and reasonable judgment with the sole motivation of securing a reliable and cost effective supply of natural gas towards the best interests of Manitobans in direct accordance with its mandate.