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MANITOBA PUBLIC UTILITIES BOARD

RE:

CENTRA GAS MANITOBA INC.  
2009/10 TO 2010/11  
GENERAL RATE APPLICATION

Before Board Panel:

Graham Lane (np) - Board Chairman  
Monica Girouard - Board Member (Acting Chair)  
Len Evans (np) - Board Member

HELD AT:

Public Utilities Board  
400, 330 Portage Avenue  
Winnipeg, Manitoba  
February 9, 2009

APPEARANCES

1  
2 Bob Peters ) Board Counsel  
3  
4 Marla Murphy ) Centra Gas  
5 Greg Barnlund )  
6  
7 Kris Saxberg ) CAC/MSOS  
8  
9 Rick Forster (np) ) Direct Energy  
10  
11 Nola Ruzycki (np) ) ESMLP  
12  
13 Lindsay Kaspic (np) ) Koch Fertilizer Canada  
14 Scott Flucke (np) ) ULC  
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1 --- Upon commencing at 9:00 a.m.

2

3 THE CHAIRPERSON: Good morning, ladies  
4 and gentlemen. If I can have your attention I will call  
5 this pre-hearing conference to order.

6 My name is Monica Girouard and I will be  
7 chairing this pre-hearing conference for Centra's  
8 2009/'10 and 2010/'11 General Rate Application. The full  
9 panel for the GRA will consist of Chairman Graham Lane,  
10 along with myself and Len Evans. Both Mr. Lane and Evans  
11 are out of -- Mr. Evans, are out of town at the moment  
12 and unable to join us today.

13 The Board will be assisted by Mr. Peters  
14 as board counsel, advisors, which Mr. Peters will  
15 introduce, and by Board staff, namely Hollis Singh,  
16 associate Board secretary and Gerry Gaudreau, Board  
17 secretary.

18 Centra has filed Volume I of the 2009/'10  
19 and 2010/'11 General Rate Application with the Board.  
20 Centra has further indicated that it has plans to file  
21 Volume II in February and a cost of gas update in May.

22 The Application requests an approximate 1  
23 percent rate increase, effective May 1st, 2009, to be  
24 implemented on August 1st, 2009, along with rate changes  
25 for supplementary gas, transportation, and unaccounted

1 for gas. The application further requests an additional  
2 1 percent increase, effective May 1st, 2010. Centra's  
3 Application indicates that this will generate a projected  
4 net income of \$3 million in both the 2009/'10 and  
5 2010/'11 fiscal years.

6 At this pre-hearing conference the Board  
7 expects to hear from interested parties requesting to be  
8 approved as Intervenor in the process, including their  
9 areas of interest that they will address during the  
10 course of their intervention. The Board will then  
11 entertain discussion concerning the processes and the  
12 issues related to the GRA, including the timetable for  
13 the proceedings, which has been distributed by Centra on  
14 January 29th.

15 Mr. Peters...?

16 MR. BOB PETERS: Thank you and good  
17 morning, Board Member Girouard, ladies and gentlemen.  
18 For the record, my name is Bob Peters and I'm acting as  
19 counsel to the Public Utilities Board, with respect to  
20 Centra Gas Manitoba Inc.'s 2009/'10 and 2010/'11 General  
21 Rate Applications. The Board will also be assisted by  
22 its accounting advisor, Roger Cathcart, CA, on my left,  
23 as well as its engineering advisor Brady Ryall,  
24 Professional Engineer, on my right.

25 As mentioned by the acting chairperson,

1 Centra has to date filed Volume I of its two (2) test  
2 year General Rate Applications. The last determination  
3 by this Board of Centra Gas' costs and non-gas costs were  
4 made in Board Orders 99 of '07 and 101 of '07. That was  
5 with respect to Centra's fiscal 2008 and fiscal 2009 test  
6 years. As a result of changes in Centra's non-gas costs,  
7 sales volumes, and non-primary gas costs since Order  
8 101/'07, Centra is requesting new rates for supplemental  
9 gas, transportation to Centra, distribution to customer,  
10 and basic monthly charges.

11 As you noted, Board Member Girouard, the  
12 requested non-gas rate increase of approximately 1  
13 percent for each of the two (2) test years are to  
14 generate additional annual revenues of 6.5 million,  
15 including net income of approximately 3 million in each  
16 of the test years. In addition to the non-gas revenue  
17 requirements, there's an indication in the filing that  
18 Centra will also be seeking new gas related rates with  
19 the exception of primary gas rates, as those primary gas  
20 rates are set by the Board on a quarterly basis.

21 While Volume I of Centra's application  
22 deals with the non-gas related matters, there's an  
23 indication from Centra that Volume II will be filed later  
24 this month and tentatively planned for February 24th on  
25 the draft schedule that will be discussed this morning.

1 Volume II will be expected to include Centra's  
2 information with respect to cost of gas, cost allocation,  
3 and rate design, as well as terms and conditions of  
4 service, and Centra's responses to prior Board  
5 directives.

6                   With that brief background, I want to turn  
7 to the two (2) procedural matters that are the focus of  
8 today's pre-hearing conference. First, there's an  
9 opportunity for interested parties affected by Centra's  
10 applications to request Intervenor status, to enable  
11 their participation in the testing of the evidence and  
12 the issues and providing assistance to the Board. The  
13 second procedural purpose of today's pre-hearing  
14 conference will be to try and establish a timetable for  
15 the orderly exchange of evidence leading up to the oral  
16 public hearing related to Centra's General Rate  
17 Applications.

18                   In turning -- in turning to the  
19 applications for Intervenor status, I can inform the  
20 Board and the parties that I have been provided with  
21 information from five (5) interested parties who seek to  
22 advance four (4) separate interventions.

23                   Firstly, the Consumer's Association of  
24 Canada Manitoba Ltd., and also secondly, Manitoba Society  
25 of Seniors, as has been the case previously, these two



1 (2) parties seek to advance a joint intervention. I will  
2 suggest that Mr. Saxberg speak further to their  
3 application for Intervenor status when he is called on.

4 Thirdly, Direct Energy Marketing Limited  
5 has filed a letter of January 30th, 2009, requesting  
6 Intervenor status, and also indicating that Direct Energy  
7 will not be seeking an award of costs. A representative  
8 of Direct Energy is not expected at this pre-hearing  
9 conference.

10 Fourth is Energy Savings Manitoba LP and  
11 they have filed a letter dated February 5th, 2009, also  
12 requesting Intervenor status and also indicating that  
13 Energy Savings will not be seeking an award of costs for  
14 its participation in Centra's GRA proceedings. A  
15 representative of Energy Savings is not expected to be in  
16 attendance this morning.

17 Fifth, Koch Fertilizers Canada ULC, with  
18 its facilities in Brandon, Manitoba, has been in contact  
19 with my office and has also submitted to the Board, on  
20 February 6th, 2009, an Intervenor request form. Koch  
21 Fertilizers Canada ULC also indicates it will not be  
22 seeking an award of costs for its participation in the  
23 GRA proceedings, and a representative of Koch Fertilizers  
24 Canada ULC is not expected to attend the pre-hearing  
25 conference this morning.

1                   Subject to any additional applications for  
2   Intervenor status that may have come in or may still come  
3   in, those are all of the current requests by the  
4   interested parties to be granted Intervenor status.

5                   Before I conclude my comments, I also want  
6   to indicate that a draft timetable has been circulated by  
7   Centra's counsel, Ms. Murphy, and I would suggest that if  
8   any party has comments or suggested revisions they should  
9   so advise the Board this morning or as soon as possible.

10                  Lastly, Board Member Girouard, with  
11   respect to exhibits for the record, I want to propose  
12   that that public notice of Centra's General Rate  
13   Application and this pre-hearing conference be marked as  
14   PUB Exhibit 1.

15

16   --- EXHIBIT NO. PUB-1:           Public notice of Centra's  
17                                       General Rate Application and  
18                                       pre-hearing conference

19

20                  MR. BOB PETERS:   That -- as PUB Exhibit 2  
21   would be the Rules of Practice and Procedure.

22

23   --- EXHIBIT NO. PUB-2:           The Rules of Practice and  
24                                       Procedure

25

1                   MR. BOB PETERS:    And PUB Exhibit 3 would  
2   be the proposed timetable that I referenced.

3

4   --- EXHIBIT NO. PUB-3:           Proposed timetable

5

6                   MR. BOB PETERS:    I would also ask Ms.  
7   Murphy, when she is on the microphone, to just provide an  
8   indication to the Board as to whether there will be  
9   affidavits of publication coming at a later date, and if  
10   so we can reserve an exhibit number for those.

11                   So, Board Member Girouard, subject to any  
12   questions you have of me at this time or any time this  
13   morning, those are my comments.   Thank you.

14                   THE CHAIRPERSON:   Thank you, Mr. Peters.  
15   We will now call on each party to introduce themselves,  
16   indicate who they represent and whether or not they are  
17   seeking costs along with some indication of a preliminary  
18   budget.

19                   Once that phase is complete, we'll move on  
20   to discuss the GRA and any comments that you might have  
21   on the proposed proceedings or timetable.   We will then  
22   conclude with Ms. Murphy and Centra's remarks.   Let's  
23   begin with Mr. Saxberg of CAC/MSOS.

24

25   SUBMISSIONS BY CAC/MSOS:

1                   MR. KRIS SAXBERG:    Thank you, Board  
2   Member Girouard, and good morning to everybody.  It's  
3   nice to see everyone once again for a few years.  I'm  
4   here with Gloria Desorcy, who's the executive director of  
5   CAC.

6                   We are applying for Intervenor status.  
7   The intervention will involve CAC and MSOS and it --  
8   there's an outside possibility that it may also involve  
9   Winnipeg Harvest; a decision in that regard is pending.  
10  We will be seeking costs.  My clients remain impecunious  
11  and I guess the only thing that's changed on that score  
12  is that with the world markets I'm impecunious myself and  
13  probably most people in this room.  I'm not sure whether  
14  that's going to affect the cost or not but we can always  
15  keep our fingers crossed.

16                  In terms of a budget, we're going to have  
17  to wait until the second volume comes out.  At this point  
18  in time, we see the issues -- we see one (1) issue, with  
19  respect to the forecasts and whether they align with the  
20  proposed rate increase, and we've retained one (1) expert  
21  to deal with that, and that's Greg Matwichuk.

22                  And so in terms of the second part of the  
23  application, the cost of gas, we haven't -- haven't  
24  retained anyone formally and we don't know what the  
25  issues are until we see the application.  So what we

1 propose is to finalize a budget after -- shortly after  
2 receipt of that second volume.

3 In terms of the schedule I can -- I could  
4 talk about that now or I could -- could wait. I...

5 THE CHAIRPERSON: Did you want to speak  
6 to something at this point?

7 MR. KRIS SAXBERG: Yeah, I -- I don't  
8 have a -- any issue with the start date of the Hearing.

9 THE CHAIRPERSON: Okay.

10 MR. KRIS SAXBERG: I have -- there are a  
11 couple of problems from Mr. Matwichuk's perspective, in  
12 terms of timing, and so what I've done is put together a  
13 revised schedule, which I think is -- is fair, but that's  
14 probably my biased opinion. So I'll maybe circulate  
15 that and then I'll just explain some of the changes I've  
16 made and -- and why I've made them.

17 THE CHAIRPERSON: Okay, please do.

18

19 (BRIEF PAUSE)

20

21 THE CHAIRPERSON: Okay. If everyone has  
22 it, perhaps you'd like to explain, Mr. Saxberg.

23 MR. KRIS SAXBERG: Sure. What I've done  
24 is -- is simply changed the dates on the -- in the right-  
25 hand column. I haven't added any additional steps.



1 Centra some breathing room, in terms of responding, and  
2 added in an extra date of April 3rd, 2009 to give Centra  
3 some more time to answer the Volume II Information  
4 Requests.

5                   And then really just -- I don't think I've  
6 done anything else after that, except the only other  
7 problem we had was with respect to the date of evidence.  
8 Having only retained one (1) expert, we only know his  
9 schedule and his schedule did not permit the filing of  
10 evidence any earlier than May 15th. So we've added that,  
11 we've extended the date that Intervenor evidence was due  
12 to May 15th and then also given Centra some additional  
13 time to file Information Requests and then to file a -- a  
14 reply if necessary.

15                   So I'll just leave that out there and say,  
16 of course on the record, that we are prepared to do  
17 everything we can to co-operate to try to get out  
18 Information Requests in earlier if that's possible in  
19 every situation, and perhaps get the evidence in earlier  
20 if we can do it. So this would -- would represent to us  
21 sort of a worse case scenario, in terms of what, you  
22 know, what the furthest dates are that we would need to -  
23 - to provide our -- our materials.

24                   And of course throughout the whole process  
25 we're -- we'll be working co-operatively with Board

1 counsel and with Ms. Murphy.

2 THE CHAIRPERSON: Thank you, Mr. Saxberg.

3 Ms. Murphy, would you please, on behalf of  
4 Centra, comment on the Intervenor applications, related  
5 matters, and other concerns raised by the parties  
6 present, including the timetable changes?

7

8 SUBMISSIONS BY CENTRA GAS:

9 MS. MARLA MURPHY: Certainly. Thank you,  
10 good morning. I'll just take a minute perhaps to  
11 introduce formally on the record, Mr. Greg Barnlund who  
12 is seated with me. Mr. Barnlund is taking over Ms.  
13 Derksen's role in her absence, so he'll be responsible  
14 for the management of this Application throughout the  
15 process. Immediately behind me is Ms. Tracy Morrison.  
16 Tracy is the regulatory co-ordinator who will be  
17 proceeding with this application as well.

18 And for the record, although I don't think  
19 there's anybody who doesn't know, I'm Marla Murphy and I  
20 appear on behalf of Centra Gas in this application.

21 With respect to the applications for  
22 Intervenor status, Centra has no objection to any of the  
23 applications that have been filed. With respect to Mr.  
24 Saxberg's comments this morning, I note that there's no  
25 budget filed, which makes it a bit difficult for us to



1 comment in respect of that. So I just ask that we  
2 reserve our right to make any comments we might have, in  
3 respect to that matter, once we've received the budget.

4 The timetable presents a bit of a  
5 difficulty. Unfortunately I -- I would have appreciated  
6 the opportunity to discuss that off the record and I did  
7 provide Mr. Saxberg with our draft timetable at the end  
8 of January and hadn't heard anything further, so expected  
9 that this was going to be a relatively simple matter this  
10 morning.

11 We are not in a position to accept the  
12 proposed timetable that's been offered by Mr. Saxberg.  
13 Although he indicates that he's tried to be nice to  
14 Centra, I see a number of difficulties in that respect.  
15 The time for filing of the Information Request has been  
16 extended. The only additional time that's been offered  
17 to Centra has been three (3) days during spring break,  
18 which is not going to be sufficient for us to be able to  
19 respond to those. We had proposed time for filing of  
20 those Information Requests that's almost a month away  
21 still. If that's not workable I don't think it's  
22 reasonable to expect that Centra's going to have them  
23 responded to in less than three (3) weeks.

24 Mr. Saxberg also noted that he didn't  
25 think he made any other changes. I note down at the

1 bottom that Intervenor evidence is going to be filed on  
2 Friday, May the 15th. He's suggesting that we file  
3 Information Requests of that evidence three (3) working  
4 days later on Wednesday, May the 20th. That's not going  
5 to be workable from our perspective.

6                   There are some difficulties in trying to  
7 get this Hearing started on the 2nd of June and to -- to  
8 have it completed in a timely fashion. I do have some  
9 issues with availability of the policy witnesses in the  
10 second week of June, so we'll need to have some  
11 discussions I think. And I would suggest that we do it  
12 between counsel off-line and provide the Board with an  
13 updated schedule, hopefully later today.

14                   THE CHAIRPERSON: Okay, thank you for  
15 that, Ms. Murphy. And so we will now hear from the  
16 parties present, respecting any concerns they have on the  
17 application itself, the rules of procedure to be  
18 followed.

19                   Did you have any comments on that, Mr.  
20 Saxberg?

21                   MR. KRIS SAXBERG: I have no further  
22 comments. Thank you.

23                   THE CHAIRPERSON: Thank you all for your  
24 comments. The Board will rely on counsel to work  
25 together to finalize any issues with respect to the

1 timetable. An Order arising from the pre-hearing  
2 conference will be issued including a finalized timetable  
3 which will be appended to that procedural order.

4 With that, we will bring this pre-hearing  
5 conference to a close and thank you, everyone, for  
6 attending this morning.

7

8 --- Upon adjourning at 9:19 a.m.

9

10 Certified correct,

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Cheryl Lavigne, Ms.

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