

MANITOBA PUBLIC UTILITIES BOARD

Re: CENTRA GAS
2011/'12
COST OF GAS APPLICATION

Before Board Panel:

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

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
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Pages 1 to 16

APPEARANCES

1
2 Bob Peters) Board Counsel
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4 Marla Boyd) Centra Gas
5
6 Brian Meronek, Q.C.) CAC/MSOS
7
8 Glenn Boone) BP Canada Energy Company
9
10 Nola Ruzycki (np)) Just Energy
11
12 John Wingate (np)) Koch Fertilizer
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1 --- Upon commencing at 9:39 a.m.

2

3 THE CHAIRPERSON: Good morning, everyone.
4 Welcome to the pre-hearing conference for Centra Gas
5 Manitoba's 2011/'12 Cost of Gas Application. Centra's
6 application was filed with the Board on January the 21st
7 of this year, and the copy of the public notice and the
8 notice of the pre-hearing conference was subsequently
9 served on all franchise granting municipalities, all
10 registered brokers of natural gas, all parties at the
11 last Centra general rate application, and as well all
12 parties of record at the last Centra Gas cost of gas
13 application.

14 The public notice and notice of this pre-
15 hearing conference was also served on special contract
16 customers and all interruptible main line and high-volume
17 firm customers. Additionally, Centra published the
18 public notice and the notice of the pre-hearing
19 conference in both daily and weekly newspapers.

20 My name is Graham Lane and I'm Chairman of
21 the Public Utility Board. I'm sitting here today by
22 myself but on the panel itself there'll be also Dr. Len
23 Evans and Ms. Monica Girouard, my colleagues.

24 In this application Centra is seeking a
25 number of approvals from the Board, and these include

1 approval of supplementary gas transportation to Centra
2 and distribution to customers, sales and transportation
3 rates, those to be effective May 1st of this year. These
4 proposed new rates would result in typical residential
5 consumers' annual bill decreasing by 1.5 percent or the
6 equivalent of fourteen dollars (\$14).

7 Other customers would also see annual bill
8 decreases, depending on consumption and load
9 characteristics. Also approval of gas costs for the past
10 gassed year. I probably do not have to remind you that
11 the gassed year is from November 1st to October 31st,
12 which is different from Centra's fiscal year which ends
13 on March the 31st of each year.

14 Centra is also seeking approval of the
15 resulting PGVA balances in disposition, approval of
16 forecast gas costs for the November 1st, 2010 to October
17 31st, 2011 gas year, approval of a change in the weather
18 normalization methodology, approval of changes to the
19 eligibility for transportation service, and approval of
20 various rates that have been approved on an interim
21 basis.

22 The matters that I have numerated from
23 Centra's application deal with gas-cost matters.
24 However, the Board is also currently sitting on
25 Manitoba's Hydro's General Rate Application for

1 electricity rates and has received significant
2 information about Manitoba Hydro's costs. The Board is
3 therefore also concerned with Centra's non-gas costs and
4 before getting to today's pre-hearing conference the
5 Board asked a series of questions of Centra with respect
6 to its non-gas costs and its financial position.

7 For the completeness of the record, that
8 correspondence should be shared by Centra with
9 Intervenors that are approved by order of this Board
10 following this pre-hearing conference.

11 The purposes of today's pre-hearing
12 conference is to hear from parties interested in
13 intervening, and also hear any issues as to scope of the
14 application, and as well hear all comments as to the
15 timeline for the hearing to be conducted.

16 The Board notes that Centra is proposing
17 to proceed by way of a written hearing with no oral
18 evidence, cross-examination, or submissions. Of course,
19 Centra's position in all of these matters is also sought
20 by the Board in today's pre-hearing conference.

21 With that background, I now turn to Board
22 counsel, Mr. Bob Peters, to hear the suggested procedures
23 for today's pre-hearing conference.

24 Mr. Peters...?
25

1 OPENING COMMENTS BY MR. BOB PETERS:

2 MR. BOB PETERS: Thank you, and good
3 morning, Mr. Chairman. As you say, if today is Friday
4 this must be Centra Gas. It's been a busy week for the
5 Board and busy months.

6 For the record, my name is Bob Peters, and
7 I'll appear this morning, as well as throughout, as
8 counsel to the Public Utilities Board with respect to
9 Centra's 2011/'12 Cost of Gas Application.

10 The Board has received, Mr. Chairman, a
11 number of Intervenor applications, or notices of
12 intentions to intervene. I believe there are four (4) in
13 total. The first is from the Consumers Association of
14 Manitoba and Manitoba Society of Seniors who are seeking
15 to continue their joint interventions before this Board
16 on utility matters. Today they are represented by none
17 other than Mr. Brian Meronek, QC.

18 The second Intervenor who has indicated an
19 interest in an -- an application to apply is BP Canada
20 Energy Company, represented today by Mr. Glenn Boone of
21 BP Canada from Calgary. As indicated in the materials,
22 BP Canada is a large supplier of natural gas to both
23 transportation, or as we call it, T-service customers, as
24 well as the western transportation service, or WTS
25 customers. And Mr. Boone has provided his written

1 material, and that's before the Board and also with
2 Centra.

3 The third Intervenor request form came
4 from Just Energy Manitoba Limited Partnership, and
5 they've requested Intervenor status by way of a February
6 14th letter, an Intervenor request form from Just Energy
7 Manitoba Limited Partnership. It was from Ms. Ruzycki
8 who is familiar to the Board.

9 Although Ms. Ruzycki is not able to be in
10 attendance today, I want to raise Just Energy Manitoba
11 LP's request to the Boards and to Centra's attention. I
12 can also indicate that in her usual efficient manner, and
13 in anticipation of Just Energy Manitoba Limited
14 Partnership being granted Intervenor status, Ms. Ruzycki
15 has also forwarded the information requests that she
16 would like the Corporation to deal with.

17 The fourth intervention request is from
18 Koch Fertilizer Canada Limited. This company is located
19 primarily in Brandon, Manitoba, and they have requested
20 Intervenor status by way of their letter of February
21 18th, 2011. And as Koch Fertilizer Canada, Inc., is not
22 in attendance today, I raise their request to the Board
23 and to Centra's attention.

24 With that introduction of the parties
25 seeking Intervenor status, Mr. Chairman, I suggest the

1 Board call on Mr. Meronek to obtain his client's position
2 on the reasons for Intervenor status being sought
3 together with their views on the scope of the hearing and
4 the proposed time table by Centra, and which time table,
5 as you note, proposes a written hearing process.

6 As I've indicated, BP Canada's materials
7 are before the Board, and BP has no current intention to
8 speak further to the matters, although is available to
9 answer any questions should there be any. Likewise, Just
10 Energy and Koch Fertilizer's materials are before the
11 Board in written form.

12 So I suggest after hearing from Mr.
13 Meronek that you call on Centra's counsel, Ms. Boyd, for
14 the position of Centra Gas Manitoba, Inc., as to the
15 applications for Intervenor status, the scope of the
16 hearing, and the time table for the orderly exchange of
17 information.

18 Thank you, Mr. Chairman and Board members.
19 Subject to any questions you'd have of me, those are my
20 opening comments.

21 THE CHAIRPERSON: Thank you, Mr. Peters.
22 So we will go to Mr. Meronek for CAC/MSOS. Welcome back.
23

24 OPENING COMMENTS BY MR. BRIAN MERONEK:

25 MR. BRIAN MERONEK: Thank you, Mr.

1 Chairman. In a perverse way, it's kind of nice to be
2 back. It's kind of like old home week.

3 THE CHAIRPERSON: The temperature the way
4 it is, too.

5 MR. BRIAN MERONEK: I don't know who Ms.
6 Boyd is though. Things have changed. Things have
7 changed. Unfortunately, Mr. Saxberg, who's a familiar
8 face here on behalf of CAC/MSOS, couldn't make it because
9 he was in court on another matter. The bad news is I
10 could make it, but less people are fearful. Apparently
11 Mr. Peters has cancelled a trip to Frostfire (phonetic)
12 with his son to be here to monitor my activities, so I
13 think things are safe.

14 The reason for our intervention is -- is
15 because we are vitally interested in these proceedings
16 and have been historically. It doesn't look from a brief
17 glance that the application -- that -- that there's a
18 whole bunch of controversial matters, so I -- I think the
19 way we're approaching it is more of a information-
20 gathering exercise to find out the extent to which the
21 application is solid.

22 And some of the issues that we've
23 identified is the usual suspects, are the results of the
24 hedging, the -- the re-contracting of all assets. I
25 guess that's euphemistically called the blank-page

1 analysis. Somebody must have writer's cramp because it's
2 been a blank page for years.

3 But in any event -- and I might just note
4 that you know you're getting old when the ANR (phonetic)
5 contract, which is -- I think it was about eighteen (18)
6 years, is about to be due, and you've been around -- you
7 were around at the beginning. It's very scary.

8 But in any event, I -- I -- there's
9 interest in the followup on the ConocoPhillips contracts,
10 capacity management, the decontracting of firm service,
11 and the fixed rate offering. So those are some of the
12 items that, you know, we'll be interested in -- in
13 pursuing. We've engaged Mark Stauff, and he's going to
14 be advising us as to what appropriate questions should be
15 asked.

16 We might indicate that we're not opposed
17 to a written hearing as long as it's certainly noted from
18 this side of the room that that's in no way to be a
19 precedent or an abdication of the importance of these
20 particular hearings, but -- but we will not oppose any
21 written application.

22 But with that important concession we
23 would ask that we have an extra round of information
24 requests, noting that without the -- the ability to be
25 able to produce ha -- test evidence under oath, it puts

1 us at a little more of a handicap.

2 I have a -- cobbled together a schedule
3 that -- that I think can accommodate that. I don't know
4 when it's your will to have that. It's in writing, Mr.
5 Singh. I -- I have to verbalize it. So I don't know if
6 you want me to do that now or at some other point.

7 THE CHAIRPERSON: Please.

8 MR. BRIAN MERONEK: What I've cobbled
9 together is a -- a -- the receipt of the first -- and I'm
10 going off Centra's proposal, the receipt of the first
11 round of information requests I've changed from March 3
12 to March -- or proposed to change from March 3 to March
13 7; the filing of a response from March 25 to March 17;
14 second round, March 24; reply to the second round on
15 March 31. And it's the Intervenor's proposal for a final
16 submission from April 12 to April 8, and Centra's final
17 submission, April 15.

18 I've done that to accommodate what I -- I
19 perceive will be Centra's concern to get the -- the rates
20 in place at a -- at an efficient time. And I -- I'm
21 fairly certain that given the -- the just -- the --
22 sorry, the gist of the -- the application, that the
23 information request will probably be fairly spartan as
24 opposed to voluminous, so I -- I think condensing the --
25 the timeline to accommodate an extra round won't be

1 onerous for anybody.

2 So that's my proposal. Unless there are
3 any questions in that regard, I think that's all I have
4 to say for now.

5 THE CHAIRPERSON: And you'll be receiving
6 some material from Centra that might assist you, as well,
7 after the -- after this --

8 MR. BRIAN MERONEK: I understand.

9 THE CHAIRPERSON: -- pre-hearing
10 conference, and that might provide you an opportunity to
11 put a little bit more detail to your budget, for example.

12 MR. BRIAN MERONEK: Right. Exactly.

13 THE CHAIRPERSON: Thank you, Mr. Meronek.
14 Ms. Boyd...?

15

16 OPENING COMMENTS BY MS. MARLA BOYD:

17 MS. MARLA BOYD: Good morning, Mr.
18 Chairman, thank you. And I'm here today with a new hat
19 on; not the electric one (1) that has been taking a lot
20 of our time of a lot of the people in this room, but I'm
21 appearing on behalf of Centra Gas this morning.

22 With me is Greg Barnlund, for the record.
23 He is the manager in the regulatory area. And behind us,
24 Terri Bercier and Ashley Jansen who are the regulatory
25 coordinators who will be overseeing this application.

1 With respect to the applications for
2 Intervenor status, Centra has no objection with respect
3 to any of the applications which have been filed. We
4 welcome BP and Mr. Boone to the process.

5 With respect to the scope of the hearing,
6 I'm not sure that there's anything in particular you
7 wanted me to address. Centra has filed this as a cost of
8 gas application, and we are interested in passing on the
9 rate decreases that are available on May 1st, being our
10 preferred date of implementation.

11 With respect to the additional information
12 that's been provided to the Board, the financial
13 information, we will follow your direction and distribute
14 that once the Intervenors are all approved here. You're
15 well aware of the financial circumstances, given the
16 ongoing process with Manitoba Hydro at this point, and
17 that information has been supplemented and supported by
18 the material that was filed on behalf of Centra.

19 With respect to the timetable, and the
20 revisions proposed by Mr. Meronek this morning, I --
21 Centra's only concern, I suppose, would be the fact that
22 the proposed timetable leaves a ten (10) day turnaround
23 with the first round of IRs, and that will be very much
24 dependent on the number of IRs. If -- if the numbers are
25 spartan, as Mr. Meronek put it, then we can accommodate

1 that. If they are not spartan, we are left with a
2 difficult situation where we're not necessarily able to
3 meet those deadlines, but certainly given the
4 understanding that they would be rather limited, we would
5 work to accommodate that.

6 Given that proposal, I don't think that
7 there's any objection from this side of the room in terms
8 of a second round of information requests. As Mr.
9 Meronek said, we don't generally view that to be -- we
10 wouldn't view it as precedential to -- to copy Mr.
11 Meronek's words but, given the nature of the process and
12 the fact it would be written, we wouldn't object to that
13 at this point.

14 Our goal is to implement May 1st, so
15 assuming that the move from the 12th to the 15th doesn't
16 impede the Board in terms of accommodating that, the rest
17 of the schedule appears satisfactory.

18 THE CHAIRPERSON: Thank you, Ms. Boyd.
19 In the matter of the scheduling, Mr. Peters will work --
20 work with the various parties to ensure that the
21 timetable basically works for everyone, as much as we can
22 arrange that.

23 Mr. Peters, do you have anything else to
24 say?

25 MR. BOB PETERS: No, Mr. Chairman, I

1 believe that covers it all, and I -- I indicate again I -
2 - I took the liberty of speaking on behalf of Mr. Boone,
3 and thank him for that, but I believe all the -- all the
4 points have been put forward, and those are my -- my
5 matters.

6 THE CHAIRPERSON: Okay. So before we
7 adjourn, I want to indicate the Board's intention to
8 grant Intervenor status to CAC/MSOS, to Just Energy
9 Manitoba LP, to BP Canada Energy Company, and to Koch
10 Fertilizer Canada, Inc.

11 While the Board will issue a procedural
12 order, the now -- now to be approved Intervenors should
13 well consider preparing their information requests for
14 Centra as soon as possible.

15 So with that, thank you. We stand
16 adjourned.

17

18 --- Upon adjourning 9:56 a.m.

19

20 Certified Correct,

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25 _____
Cheryl Lavigne, Ms.